



SUSTAINABILITY REPORT 2020

Contents

- INTRODUCTION 3
 - ABOUT US..... 3
 - OUR PROFESSIONALISM 4
 - MEMBERSHIP OF ASSOCIATION..... 4
 - CONTACT US 4
- ABOUT THIS REPORT 5
 - SCOPE OF THE REPORT 5
 - IN SCOPE ENTITIES 6
- MESSAGE FROM BOARD 7
 - BOARD STATEMENT 7
- MATERIALITY ASSESSMENT 8
 - MATERIAL ASPECTS AND INDICATORS IDENTIFIED..... 8
- ENGAGING OUR STAKEHOLDERS 9
- OUR ECONOMIC PERFORMANCE..... 9
 - HIGHLIGHTING OUR ECONOMIC PERFORMANCE..... 9
- CHAMPIONING ENVIRONMENTAL STEWARDSHIP 10
 - OUR APPROACH 10
 - COMPLYING WITH ENVIRONMENTAL STANDARDS 10
- PUTTING OUR PEOPLE FIRST..... 11
 - EMBRACING OUR DIVERSE WORKFORCE 11
 - PROTECTING OUR EMPLOYEES’ WELLBEING 13
 - SAFEGUARDING OUR CUSTOMERS’ HEALTH AND SAFETY 14
 - DEVELOPING A SKILLED WORKFORCE..... 15
- CULTIVATING A CONDUCIVE WORK ENVIRONMENT 16
 - CORPORATE GOVERNANCE 16
 - MANAGING RISKS 16
 - WHISTLEBLOWING..... 16
- GRI CONTENT INDEX 17
 - TABLE OF GRI CONTENT INDEX..... 17

INTRODUCTION

ABOUT US

Sin Heng Heavy Machinery Limited (“Sin Heng”, the “Company” or “We”) was founded in 1969 and is a public company listed on the Main Board of Singapore Exchange (“SGX-ST”), with its core business activities revolving around the rental and trading of cranes, aerial lifts, and other heavy lifting equipment. Having its headquarters in Singapore for its region-wide business operations has enabled Sin Heng to secure a strong presence in Singapore, Malaysia, Indonesia, Myanmar, and Vietnam. With years of experience in the field, Sin Heng has also grown into an established provider of substantial lifting services in Singapore and boasts regional distributorships rights granted by world-renowned crane manufacturers. The Group is also involved in providing turnkey project engineering services as well as managing the sales and distribution of related equipment parts to support its customers.



Figure 1: Our customers

Having accumulated know-hows from its five-decade involvement in the field, the Group continues to strive to enhance its experience and expertise in providing comprehensive lifting services. Through these efforts, Sin Heng has successfully established an active market presence within the region which enabled it to leverage on a wide range of customer portfolio from the infrastructure and geotechnics, construction, civil engineering works, offshore and marine as well as oil and gas industries as shown in Figure 1.

“The Group is firmly committed to providing its customers with the **best lifting services**. Its vision is to provide **high quality and reliable services** to its customers in Asia.”

- Our Vision

A component of The Group's support services across Asia involves the management of the sales and distribution of its products. Through continuous dedication and commitment to reliability, the Group has won the regional distributorship rights for a variety of its equipment. This helped to boost the confidence its significant customer portfolios have in the Group.

Apart from regional distributorship rights, the Group also owns dealership rights for the sales and distribution of cranes and parts for Kobelco (specialist in Japanese crawler cranes), Kato (specialist in hydraulic cranes), and Grove (specialist in European all-terrain cranes). Being a global company, Sin Heng ensures and maintains its quality of overseas operations by engaging experienced professionals and equipping itself with varieties of quality cranes and aerial lifts.

OUR PROFESSIONALISM

The Group believes that investing in our workforce contributes to successful business operations. Apart from aiming to engage a team of highly skilled professionals, the Group also plans to invest in targeted training. These efforts strive to empower employees to run business operations as well as enhance their sense of ownership on various processes. Moving forward, the Group's reputation would stand to benefit as employees take pride in their work and increase their work quality in satisfying evolving customer demands. Sin Heng has established a strong foothold in delivering excellent safety, operational, and services to our customers by leveraging on our extensive technical expertise and outstanding after-sales services.

MEMBERSHIP OF ASSOCIATION

Presently, Sin Heng owns a membership in the Master Builders Association Malaysia ("MBAM"), which strives to provide a synergy of services to members for the betterment of the construction industry. This plays a key role in enabling Sin Heng to create value for its stakeholders as it provides a platform for it to forge strategic relationships within the industry.

CONTACT US

Sin Heng welcomes your questions and values your feedback on this report as we continue to strive towards improving our sustainability journey. Please address all feedback to:

Chief Financial Officer
Yang Yung Kang
Sin Heng Heavy Machinery Limited
26 Gul Road
Singapore 629346
Tel.: (65) 6861 6111
Fax: (65) 6863 8616
E-mail: yungkang@sinheng.com.sg

ABOUT THIS REPORT

SCOPE OF THE REPORT

Sin Heng is delighted to present its fourth Sustainability Report (“SR”) for the financial year ended 31 December 2020 (“FY2020”). This SR covers the sustainability strategy, initiatives, and performance of our operations for the financial year 2020 (“FY2020”), from January 1, 2020, to December 31, 2020, unless otherwise stated.

The Group strives to incorporate sustainable practices across its operations through various economic, environmental, and social initiatives. We refresh our Environmental, Social, and Governance (“ESG”) aspects annually to ensure relevancy against current business operations. To promote transparency and accountability, the Group is dedicated to disclosing its sustainability performance to its stakeholders responsibly.

The report has been prepared following the Global Reporting Initiative (“GRI”) Standards 2016: Core Option – the international standard for sustainability reporting, and with reference to the Singapore Exchange Securities Limited Listing Rules 711A and 711B on a ‘comply or explain’ basis.

The content of this report is developed based on the four reporting principles established by GRI Standards:

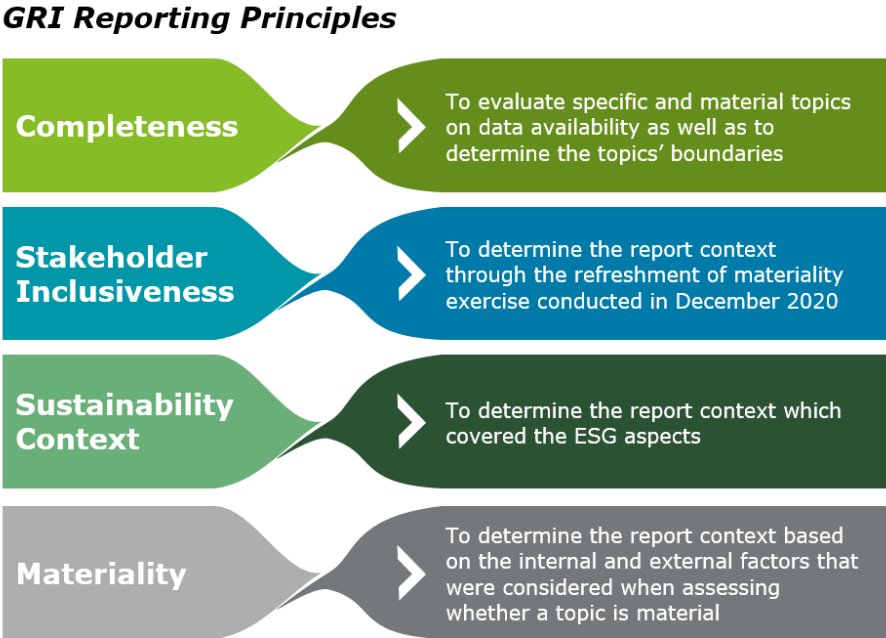


Figure 2: GRI reporting principles

Although the information reported in the current financial year has not obtained any independent assurance, Sin Heng will continue to enhance its data collection and sustainability reporting processes. Moving forward, as its sustainability reporting efforts mature, the Group may consider obtaining independent assurance.

IN SCOPE ENTITIES

In Scope Entities	Economic Performance	Environmental Compliance	Occupational Health and Safety	Training and Education
Singapore				
Sin Heng Heavy Machinery Limited	√	√	√	√
Sin Heng Aerial Lifts Pte Ltd	√	√	√	√
SH Equipment Pte Ltd	√	Not in scope	Not in scope	Not in scope
Malaysia				
SH Heavy Machinery Sdn Bhd	√	√	√	√
SH Equipment Holdings Sdn Bhd	√	Not in scope	Not in scope	Not in scope
Bestari Industrial Holdings Sdn Bhd	√	Not in scope	Not in scope	Not in scope
Vietnam				
Sin Heng Vina Co. Ltd	√	Not in scope	Not in scope	Not in scope
Indonesia				
PT SH Machinery Indonesia	√	Not in scope	Not in scope	Not in scope
Hong Kong				
SH Equipment (HK) Limited	√	Not in scope	Not in scope	Not in scope
Myanmar				
SH Equipment (Myanmar) Company Limited	√	Not in scope	Not in scope	Not in scope

Figure 3: In-scope entities for Sustainability Report 2020¹

¹ In-scope Entities refer to the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives (GRI)

MESSAGE FROM BOARD

BOARD STATEMENT

Dear Stakeholders,

Moving into the fourth year of our sustainability journey, Sin Heng actively prioritises implementing sustainability initiatives, which helps to improve our business operations and allows us to better address relevant material ESG issues. Our Board of Directors (“the Board”) mainly focuses on providing leadership guidance and establishing the Group’s values and ethical standards to meet stakeholders’ expectations.

Having strategically pursued the sustainability agenda over the years, the Group has made strides in its sustainability practices and overall business success. Sin Heng proactively strives towards long-term success through improving operational eco-efficiency and incorporating sustainability practices into our business processes. Our continuous improvements provided us with an unintended benefit of being able to regularly check in with our employees to raise awareness and refresh knowledge through education programmes.

We continuously incorporate sustainability measures into our strategy and operations as we recognise how maintaining a balance between economic, environmental, social and governance obligations plays a key role in business success. The Group’s strategy and operations will be accompanied by quality disclosures to provide stakeholders with a comprehensive understanding of the Group’s performance and prospects.

Looking ahead, we will continually endeavor to actively incorporate sustainable practices into our business strategy.

MATERIALITY ASSESSMENT

Sin Heng conducted a materiality assessment exercise by reflecting on significant economic, environmental, and social impacts that are material to the organisation. The figure below outlines the key phases and activities involved in the materiality assessment exercise.

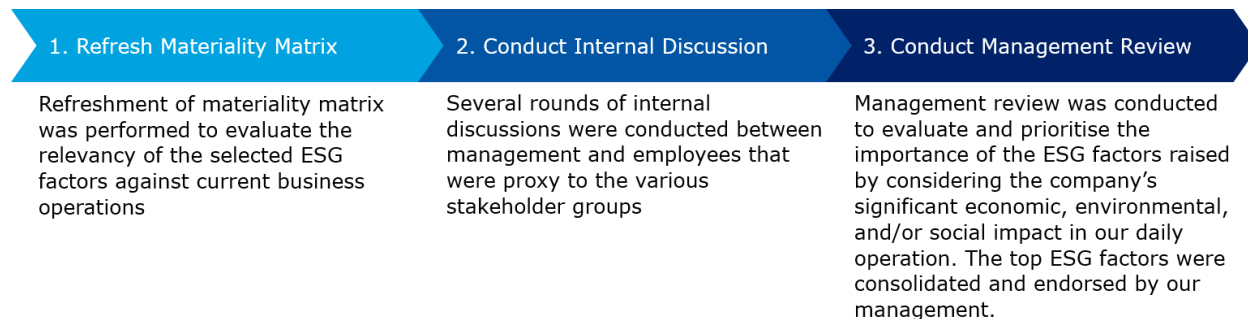


Figure 4: Materiality assessment process

MATERIAL ASPECTS AND INDICATORS IDENTIFIED

Material Aspects	GRI Standards ESG Indicators		Aspect Boundary ²
Economic Performance	GRI 201-1	Direct economic value generated and distributed	Within organisation
Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations	Within organisation
Employment	GRI 401-1	New employee hires and employee turnover	Within organisation
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	Within organisation
Training and Education	GRI 404-1 and 401-3	Percentage of employees receiving regular performance and career development reviews	Within organisation
Customer Health & Safety	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Within organisation

Figure 5: Material aspects and indicators identified

² Aspect Boundary is a description of where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives ("GRI")

ENGAGING OUR STAKEHOLDERS

Through regular engagement with our stakeholders on various platforms, we can inform and update them about our sustainability efforts while better understanding their expectations and emerging sustainability trends. The insights generated from these engagements would contribute to crafting our organisation's strategy. This process places us in a better position for to ensure alignment of our sustainability strategy with those of our stakeholders.

OUR ECONOMIC PERFORMANCE

HIGHLIGHTING OUR ECONOMIC PERFORMANCE

The economic highlights of Sin Heng's performance for the year ended 31 December 2020 ("FY 2020") are shown in the table below.

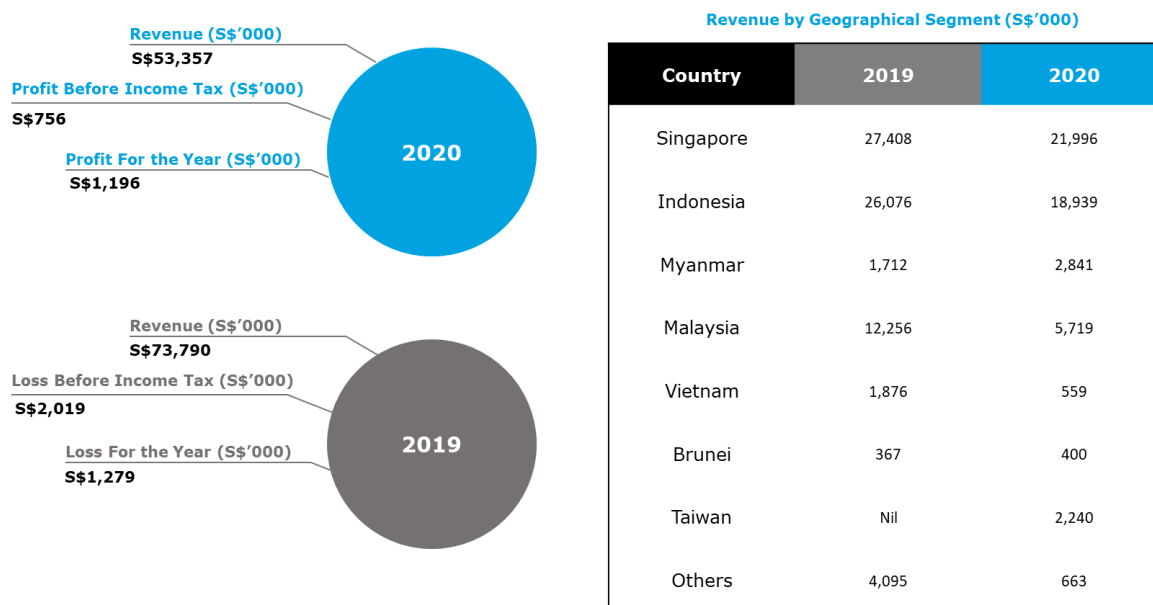


Figure 6: Financial Performance FY2019 & FY2020 (S\$'000)

For additional reference, kindly refer to Sin Heng Heavy Machinery Limited's Annual Report for FY2020 ("Annual Report").

CHAMPIONING ENVIRONMENTAL STEWARDSHIP

OUR APPROACH

The Group recognises the importance of environmental excellence and is committed to minimising environmental impact in our daily operations. Sin Heng ensures that its business and operations are carried out in a manner that is aligned with its sustainability goals while influencing business partners to also implement such safe environmental practices.

COMPLYING WITH ENVIRONMENTAL STANDARDS

Sin Heng abides by environmental laws and regulations in the countries we operate in to ensure full legal compliance. To fully comply with noise and emissions pollution regulations, the Group ensures that our cranes on-site meet the various criteria required. The criteria we adhere to include crane age limits, periodic inspection of cranes, measures to reduce noise pollution, and recycling waste oil in line with the regulations set out by the National Environment Agency (“NEA”).

The top management has implemented an environmental policy to better manage environmental compliance. The policy aims to grow, enforce and maintain the Group’s environmental objectives and strategic directions. Training is provided to all employees to ensure that they understand the requirements and play their part in the policy implementation.



Figure 7: Environmental compliance performance

In FY2020, Sin Heng has adhered to all the laws and regulations in place which can be supported by zero monetary value of significant fines, non-monetary sanctions, cases brought through dispute resolution mechanisms, and significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. We strive to maintain this track record in the coming years by further strengthening our policies.

PUTTING OUR PEOPLE FIRST

EMBRACING OUR DIVERSE WORKFORCE

Sin Heng believes that a strong workforce lies in attracting and retaining talent as well as ensuring it is diverse and qualified. The Group emphasises engaging with employees from their onboarding and supports various training initiatives to allow them to reach their full potential. To ensure that an inclusive, fair, and transparent recruitment practice based on merit is being implemented, we are committed to various initiatives such as having a human resource policy code of conduct that expresses the commitment to the ethical, professional, and legal standards with the objectives to:

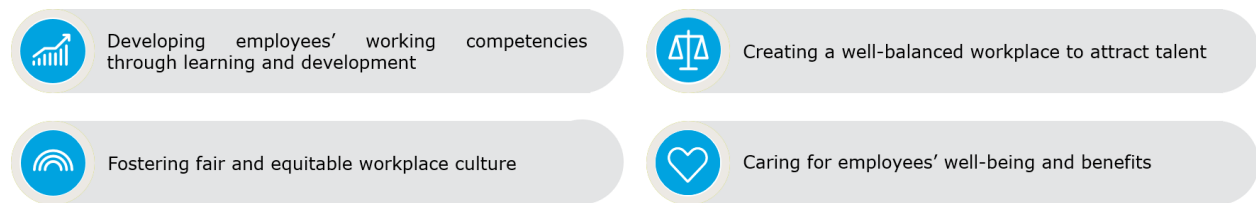


Figure 8: Objectives of human resource policy code of conduct

In FY2020, we have employed 201 full-time staff in Singapore and Malaysia. The breakdown of our labour force based on our operations in Singapore and Malaysia and by gender demographics is as follows in Figure 9. New hire and turnover breakdown is shown in Figure 9.

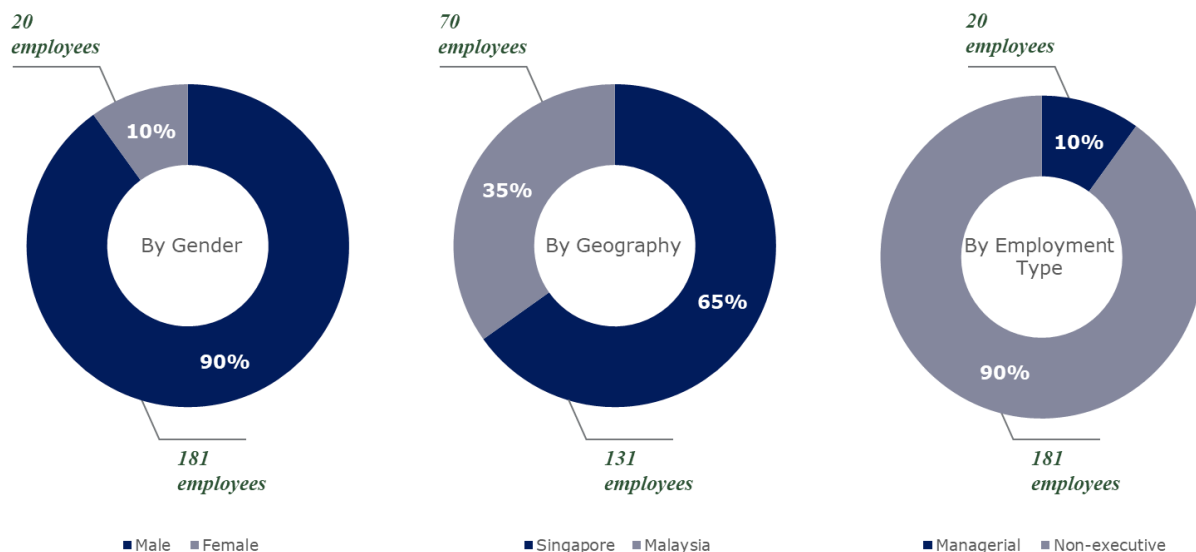
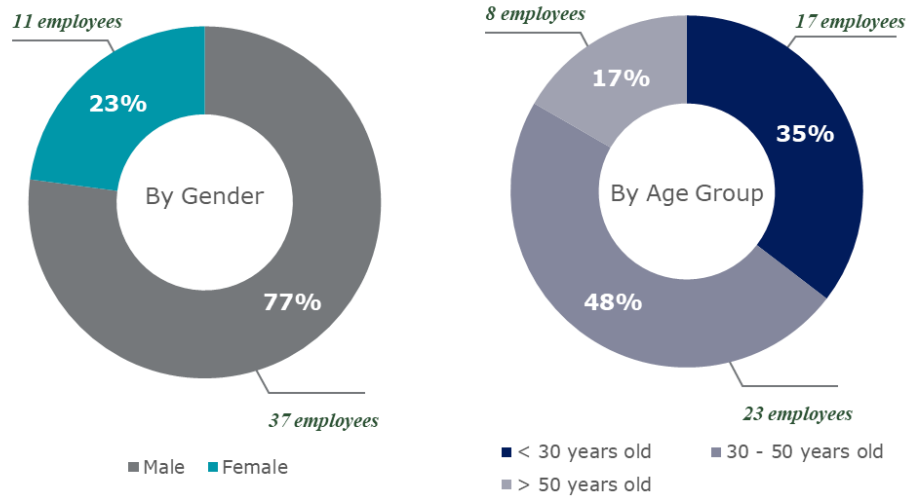


Figure 9: Employee data breakdown FY2020

Turnover Rate by Gender and Age Group



New Hire Rate by Gender and Age Group

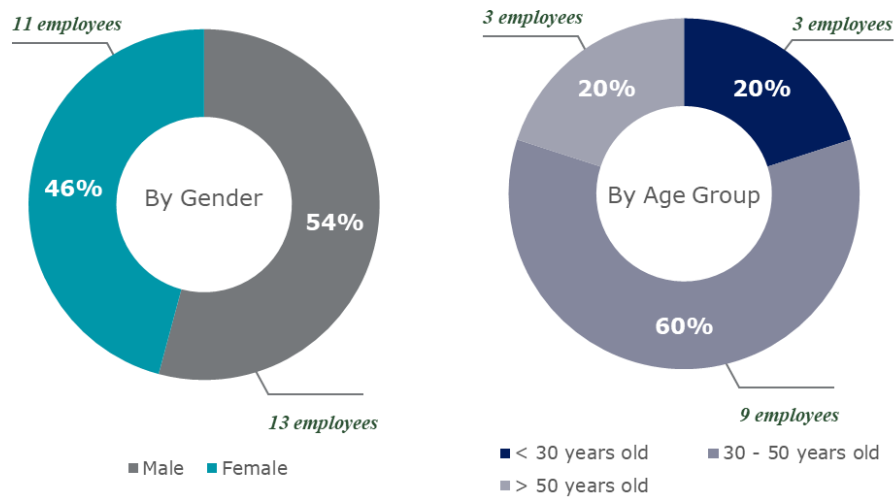


Figure 10: New hire rate and turnover rate with the gender breakdown

Sin Heng respects diversity and prioritises providing equal opportunities for all employees. The Group adopts a zero-tolerance attitude towards any form of discrimination based on race, gender, religion, nationality, age, political affiliations, physical and mental disability, or any other form of discrimination.

To ensure that employees are adequately equipped with skillsets and knowledge on workplace safety, the Group continuously invests time and resources to train employees before they take on relevant tasks. We believe that this will give us a competitive edge as well as help us to fulfil our vision.

PROTECTING OUR EMPLOYEES' WELLBEING

The Group understands the importance of providing a healthy and safe workplace for our employees and constantly strives to keep workplace accidents at a minimum. The Group provides a healthy and safe work environment for all employees and stakeholders with guidance from the Singapore Workplace Safety and Health Act 2006 (Revised 2009).

Sin Heng recognises the contribution of workplace health and safety to workplace productivity and business success. Apart from affecting our operations in terms of work disruption, additional financial costs, legal penalties, and reputational damages, our employees would bear the brunt as incidents could leave permanent disabilities or even the loss of life, inevitably affecting their families as well.

The Group places emphasises on maintaining and advocating safe practices at work by educating employees that it is a shared responsibility. Through these training, we send employees to courses such as Singapore Workforce Skills Qualification ("WSQ") Construction Safety Orientation Courses to equip them with the relevant skills to perform their roles safely. Other efforts to manage safety issues at our workplace include working closely with our client's site management teams, sending our crane operators for the in-house Safety Induction Course conducted by site owners, and evaluating their feedback on our crane operators to take quick corrective actions when necessary.

Sin Heng puts in the effort to ensure that our equipment is safe to operate and employees acknowledge and adhere to the relevant laws and regulation to manage environmental pollution and environmental health and safety ("EHS") guidelines in their day-to-day work. Such initiatives include sending our cranes for regular by Authorised Examiners appointed by the Ministry of Manpower ("MOM").

The Group strives to foster a safe and happy workplace for all employees by cultivating a holistic influential safety culture in Sin Heng which also addresses the mental and emotional aspects apart from physical health.

In FY2020, we had two injury incidents reported, which translates into 18 lost days, and there were no cases of occupational diseases and work-related fatalities in the same year.

The diagram below shows a full breakdown of our company’s occupational health and safety statistics for this year.



Figure 11: Occupational health and safety statistics for FY2020

In FY2020, there is an improvement in the lost day rate as compared to FY 2019. As we endeavour to achieve zero accident rate in our workplace, the Group will continue to observe and aim to improve the performance and safety standards of the workplace environment to ensure workplace accidents are kept to a minimum.

SAFEGUARDING OUR CUSTOMERS’ HEALTH AND SAFETY

Sin Heng recognises the importance of ensuring their products and services are delivered to their clients to perform their intended functions satisfactorily, without posing any risk to health and safety.



Figure 12: Customer health and safety compliance performance

In FY2020, the Group has adhered to all the laws and regulations in place which can be supported by zero incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services. Looking ahead, we endeavour to maintain this track record by further strengthening our policies.

DEVELOPING A SKILLED WORKFORCE

The Group believes that employee training and education is a key contributor to improve overall business productivity. Hence, we continuously support employees to improve their skills to achieve and perform at their maximum potential.

In FY2020, the total number of training hours offered to the employees was 360 hours and on average, each employee received at least more than 1.79 hours of training in our efforts to continue equipping our workforce during the pandemic crisis.

By regularly engaging with employees through the annual performance review platform, the management would be able to better manage and understand employees’ expectations and issues revolving around career development. Data as in Figure 12.

	2020		2019	
Management	13	100%	13	100%
Employees	188	100%	221	100%

Figure 13: Percentage of performance review received by employees in FY2020

In FY2020, all of our employees received their appraisal and we aim to maintain this level of performance through continual monitoring of employees’ performance.

CULTIVATING A CONDUCTIVE WORK ENVIRONMENT

CORPORATE GOVERNANCE

The Group believes that it is essential to integrate elements of corporate governance in our business strategies when achieving our sustainability goals. Through our daily operations, we strive to cultivate an environment where the highest standards of governance and best practices are upheld. Moving forward, Sin Heng aims to stay true to our core values of transparency, integrity, and accountability while successfully meeting our business objectives.

For further details on our Corporate Governance, please refer to the Corporate Governance Report section of the Sin Heng Heavy Machinery Limited Annual Report 2020 (“Annual Report”).

MANAGING RISKS

The Group can recognise areas of significant business and operation risks due to our strong and structured risk management framework. This allows us to highlight relevant internal controls and measures to the Audit and Risk Committee (“ARC”) and the Board, while adopting suitable control processes in an agile manner.

The significant risk management policies are disclosed in the audited financial statements of the Annual Report.

WHISTLEBLOWING

The Group’s whistleblowing policy reinforces our anti-corruption commitment and provides employees and other stakeholders a safe channel to report any potential or actual improprieties in financial or other operational matters. This empowers employees who wish to report instances of corruption, bribery, and extortion without the fear of retaliation. An effective grievance mechanism is also implemented to ensure that the grievances of employees are handled constructively through various channels such as anonymous hotlines.

GRI CONTENT INDEX

TABLE OF GRI CONTENT INDEX

GRI 102: GENERAL DISCLOSURES 2016			
GRI Standards 2016	Disclosure	Section Reference	Omission
ORGANISATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Introduction	
	102-2 Activities, brands, products and services	Introduction	
	102-3 Location of headquarters	Introduction	
	102-4 Location of operations	Introduction	
	102-5 Ownership and legal form	Introduction	
	102-6 Markets served	Introduction	
	102-7 Scale of the organisation	Introduction	
	102-8 Information on employees and other workers	Introduction	
	102-9 Supply chain	Introduction	
	102-10 Significant changes to organisation and its supply chain	Not Applicable – No significant changes	
	102-11 Precautionary principle or approach	Governance	
	102-12 External Initiatives	Not Applicable – No additional external initiatives being conducted in FY2020	
	102-13 Membership of associations	Introduction	
STRATEGY			
GRI 102 : General Disclosures 2016	102-14 Statement from senior decision-maker	Message From Board	
ETHICS AND INTEGRITY			

GRI 102: GENERAL DISCLOSURES 2016			
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behaviour	Introduction	
GOVERNANCE			
GRI 102: General Disclosures 2016	102-18 Governance structure	Introduction	
STAKEHOLDER ENGAGEMENT			
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Engaging our stakeholders	
	102-41 Collective bargaining agreements	Not Applicable – No collective bargaining agreement in place	
	102-42 Identifying and selecting stakeholders	Engaging our stakeholders	
	102-43 Approach to stakeholder engagement	Engaging our stakeholders	
	102-44 Key topics and concerns raised	Engaging our stakeholders	
REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Annual Report 2020, page 105	
	102-46 Defining report content and topic Boundaries	About This Report	
	102-47 List of material topics	Materiality assessment	
	102-48 Restatements of information	Not Applicable – No restatement of information for Sustainability Report FY2019	
	102-49 Changes in reporting	Not Applicable – No changes in reporting	

GRI 102: GENERAL DISCLOSURES 2016

		for Sustainability Report FY2020	
	102-50 Reporting period	About This Report	
	102-51 Date of most recent report	Sin Heng Heavy Machinery Limited Sustainability Report FY2019	
	102-52 Reporting cycle	About This Report	
	102-53 Contact point for questions regarding the report	About This Report	
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report	
	102-55 Content index	GRI Content Index	
	102-56 External assurance	About This Report	

CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Our Economic Performance	
	103-2 The management approach and its components	Our Economic Performance	
	103-3 Evaluation of the management approach	Our Economic Performance	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Our Economic Performance	
CATEGORY: ENVIRONMENT			
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Championing environmental stewardship	
	103-2 The management approach and its components	Championing environmental stewardship	
	103-3 Evaluation of the management approach	Championing environmental stewardship	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Championing environmental stewardship	
CATEGORY: SOCIAL			
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Putting our people first	
	103-2 The management approach and its components	Putting our people first	
	103-3 Evaluation of the management approach	Putting our people first	
GRI 401: Employment	401-1: New employee hires and employee turnover	Putting our people first	

<p>GRI 403: Occupational Health and Safety 2016</p>	<p>403-2 Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities</p>	<p>Putting our people first</p>	
<p>GRI 416: Customer Health & Safety</p>	<p>416-2: Incidents of non-compliance concerning the health and safety impacts of products and services</p>	<p>Putting our people first</p>	

TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Putting our people first	
	103-2 The management approach and its components	Putting our people first	
	103-3 Evaluation of the management approach	Putting our people first	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Putting our people first	
	404-3 Percentage of employees receiving regular performance and career development reviews	Putting our people first	

Note: The column of "Omission" is intentionally left blank as there are no omissions made in the Sustainability Report.