



SUSTAINABILITY REPORT 2018

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INTRODUCTION

ABOUT SIN HENG HEAVY MACHINERY LIMITED

Sin Heng Heavy Machinery Limited ("Sin Heng", the "Company" or "We") is a public company listed on the Main Board of Singapore Exchange ("SGX-ST"). With a history dating back to 1969, Sin Heng has grown into an established provider of heavy lifting services in Singapore. Its core business activities are the rental and trading of cranes, aerial lifts and other heavy lifting equipment. Today, the Group holds regional distributorships rights granted by world renowned crane manufacturers. It also supports customers by undertaking turnkey project engineering services as well as the sales and distribution of related equipment parts.

Leveraging on five decades of experience and expertise in providing comprehensive lifting services, the Group has expanded its presence in the region and built an extensive portfolio of customers from the infrastructure and geotechnics, construction, civil engineering works, offshore and marine as well as oil and gas industries.



Figure 1: Our Customers

The Group has two core business activities which are the rental and trading of cranes, aerial lifts and other heavy lifting equipment. As part of its support services, the Group also undertakes the sales and distribution of related equipment parts to its customers in Asia. The Group holds much coveted regional distributorship rights for a variety of cranes as its dedication and reliability through the years have won the confidence of major equipment principals. The Group has 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).

Our operations are headquartered in Singapore. The Group currently has an established presence in Singapore, Malaysia, Indonesia, Myanmar and Vietnam through its wholly-owned subsidiaries. It is actively seeking to expand its business reach and network to new geographic regions. The Group's overseas operations are fully equipped with a comprehensive range of quality cranes and aerial lifts, and supported by its team of professionals.

OUR VISION

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 PROFESSIONALISM

The Group has a strong team of well-trained staff who take pride in providing prompt and effective lifting services that meet the exacting demands and requirements of customers in the most professional manner. Leveraging on its broad technical expertise and excellent after-sales services, the Group has earned a reputation for consistently delivering operational, service and safety excellence to customers.

MEMBERSHIP OF ASSOCIATION

Currently, we hold membership in the Master Builders Association Malaysia ("MBAM"). MBAM aims to provide a synergy of services to members for the betterment of the construction industry. This will allow Sin Heng to develop strategic relationships within the industry and further drive value creation for all stakeholders.

CONTACT US

As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their comments to us. For any questions or to deliver feedback about this report, please contact:

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ABOUT THIS REPORT

SCOPE OF THE REPORT

The annual Sustainability Report (the "Report") of Sin Heng has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option, the international standard for sustainability reporting. This report is prepared with reference to the primary components set in Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rules 711A and 711B on a 'comply or explain' basis. We have conducted a refreshment of the Environmental, Social and Governance ("ESG") aspects to evaluate the relevancy against current businesses operations. This report covers the sustainability performance of our operations for the financial year ended 31 December 2018 ("FY2018"), unless stated otherwise.

The content of this report was defined by the four reporting principles established by GRI Standards:



Figure 2: GRI Reporting Principles

We have not sought external independent assurance for this reporting period and will consider doing so in the future as its sustainability reporting efforts matures.

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 Lift 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 2018

MESSAGE FROM BOARD

BOARD STATEMENT

Dear Stakeholders,

Sin Heng has progressed into the second year of sustainability reporting. We believe that emphasis on sustainability will further improve our business operations and address material ESG issues relevant to our stakeholders. Our Board of Directors ("the Board") is responsible for providing leadership and establishing the Group's values and ethical standards to meet stakeholders' expectations.

This year, we have made good progress in managing the Environmental, Social and Governance ("ESG") issues in our long-term sustainable business strategies. Our occupational health and safety statistics have shown an overall improvement compared to FY2017. Both our work-related injury and lost day rate decreased by 64%. Furthermore, we also maintained our safety track record of zero workplace fatalities and occupational disease cases and have seen an improvement to the absentee rate with a decrease of 53% compared to FY2017.

We recognise the importance of maintaining a balance between economic, environmental, social and governance obligations. We will continue to integrate sustainability measures into our strategy and operations which will be complemented by quality disclosures so as to provide stakeholders with a holistic view of the Group's performance and prospects.

Looking ahead, we will continually improve our performance and proactively integrate sustainable practices into our business strategy.

STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

STAKEHOLDER ENGAGEMENT

We recognise the importance of stakeholders in maintaining our company's long-term growth, as well as responsible business development in ESG aspects. We engage our stakeholders regularly through various platforms to inform them of our sustainability initiatives, and at the same time, gain a deeper understanding of their expectations and concerns with regard to our operations. Thereafter, we can adjust our strategies and targets appropriately to achieve our sustainability goals.

RESULTS FROM MATERIALITY ASSESSMENT

A materiality assessment was conducted to identify the material ESG topics. The materiality assessment and identification of ESG topics was conducted as follows:

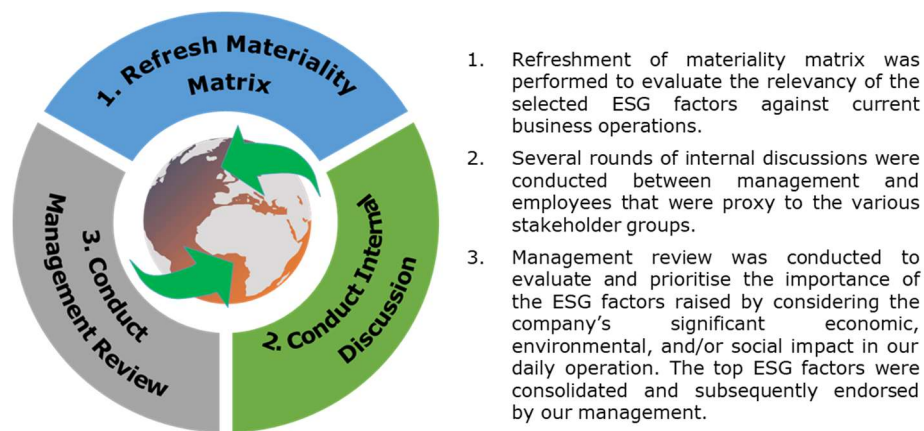


Figure 4: Materiality Assessment Process

MATERIAL ASPECTS AND INDICATORS IDENTIFIED

Material Aspects	GRI Standards ESG Indicators		Aspect Boundary ¹
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
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 404-3	Percentage of employees receiving regular performance and career development reviews	Within organisation

Figure 5: Material Aspects and Indicators Identified

¹ 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")

ECONOMIC PERFORMANCE

HIGHLIGHT ON ECONOMIC PERFORMANCE

The economic highlight of Sin Heng's performance for the year ended 31 December 2018 ("FY2018") is shown in the table below.

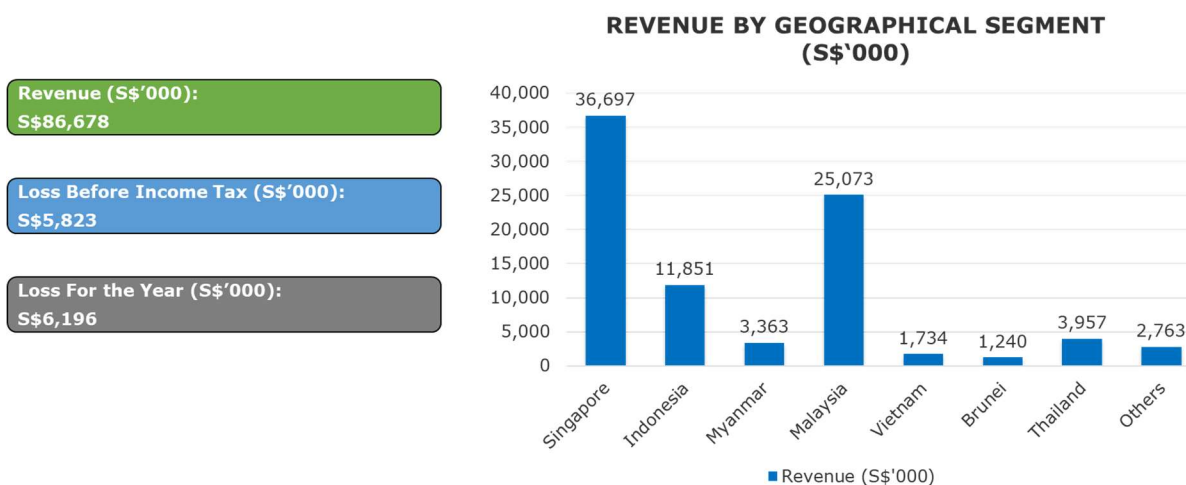


Figure 6: Financial Performance FY2018 (S\$'000)

For a more detailed breakdown of the FY2018 financial results, please refer to the relevant sections in Sin Heng Heavy Machinery Limited's Annual Report 2018 ("Annual Report").

ENVIRONMENT

OUR APPROACH

Compliance with environmental laws and regulations is a sure way of conducting business in an ethical manner and upholding principles of integrity. We understand that engaging in environmentally friendly practices not only helps to further our business goals by managing costs but believe that it is our duty as a responsible corporate citizen. By managing our business better through environmentally sustainable efforts, we also create greater long-term value for our stakeholders.

We record all reported cases of environmental non-compliance and significant cases of fines and sanctions brought to the attention of the Board.

ENVIRONMENTAL COMPLIANCE

In order to ensure legal compliance, we analyse and follow the environmental laws and regulations in the countries which we operate in closely. To effectively manage noise and emissions pollution, we comply with site requirements on our cranes. This includes abiding by 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").

NIL	▪ Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations
	▪ Total monetary value of significant fines
	▪ Total number of non-monetary sanctions
	▪ Cases brought through dispute resolution mechanisms

Figure 7: Environmental Compliance Performance

In FY2018, there were no major incidences involving significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. We aim to maintain this level of performance through continual adherence.

SOCIAL

OUR APPROACH

We pride ourselves in maintaining a harmonious and diverse workforce spanning different generations, genders, nationalities and skillsets. We have a human resource policy code of conduct that expresses the commitment to the ethical, professional and legal standards with the objectives to:

- Developing employees' working competencies through learning and development;
- Creating a well-balanced workplace to attract talent;
- Fostering fair and equitable workplace culture; and
- Caring for employees' well-being and benefits.

In FY2018, we employed 393 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.

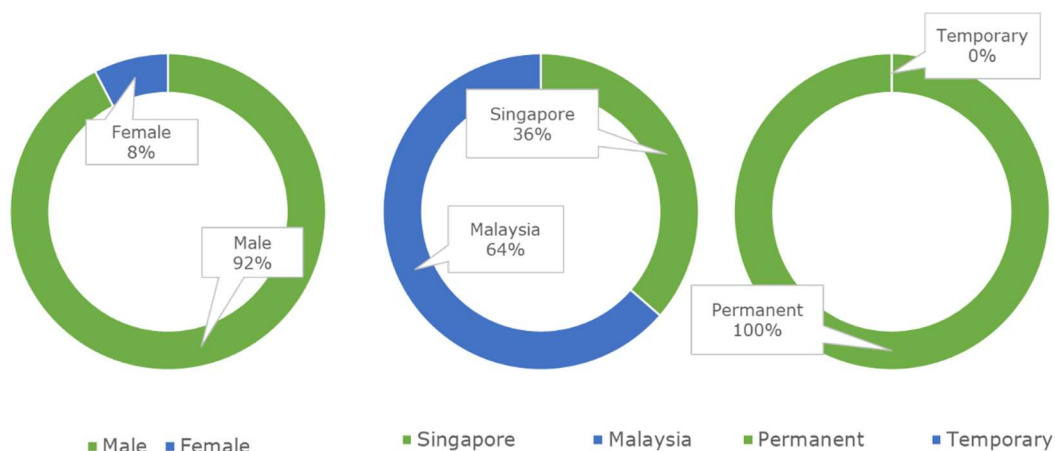


Figure 8: Employee Statistics for FY2018

In building an inclusive workplace, we advocate the importance of team integration, a positive workplace culture and work ethos. We also conduct frequent staff appraisals to encourage all our employees to engage in continuous learning and development. This allows us to combine the best of strengths and use our different experiences to our advantage.

Additionally, we invest time and resources to ensure that our employees are adequately trained before undertaking their respective tasks. This includes gaining the relevant skillsets demanded of them and understanding the importance of workplace safety. We believe that this will help us to rise above our competitors in fulfillment of our vision.

OCCUPATIONAL HEALTH AND SAFETY

In compliance with the Singapore Workplace Safety and Health Act 2006 (Revised 2009), we place a large emphasis on cultivating good safety habits in all individuals. Our employees' health and safety is core to our business and workplace productivity. Any accident would have an adverse impact on our operations, in terms of work disruption, additional financial costs, legal penalties, as well as reputational damages. For our employees, the impact of safety lapses could result in permanent disabilities, or even the loss of life. Such incidents would inevitably affect their families as well.

Hence, we conduct annual trainings on safe practices at work and encourage all employees to look out for one another. We provide employees with the relevant skills to perform their roles safely, such as by sending operators to courses such as Singapore Workforce Skills Qualification ("WSQ") Construction Safety Orientation Courses. We also work closely with our client's site management teams on safety issues, send our crane operators for the in-house Safety Induction Course conducted by site owners, and monitor their feedback on our crane operators to take quick corrective actions when necessary.

Additionally, our cranes regularly undergo inspection by Authorised Examiners appointed by the Ministry of Manpower ("MOM"). This ensures that our equipment is always safe to operate and all employees comply with relevant laws, control environmental pollution, as well as increase environmental health and safety ("EHS") awareness amongst our employees.

As a result, a strong safety culture exists in Sin Heng, which extends beyond physical health to mental and emotional health as well. We wish to cultivate an environment that allows all employees to daily feel safe and happy at their workplace.

In FY2018, we had two injury incidents reported, which translate into 15 lost days per 200,000 hours worked. There were no cases of occupational diseases and work-related fatalities in the same year.

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

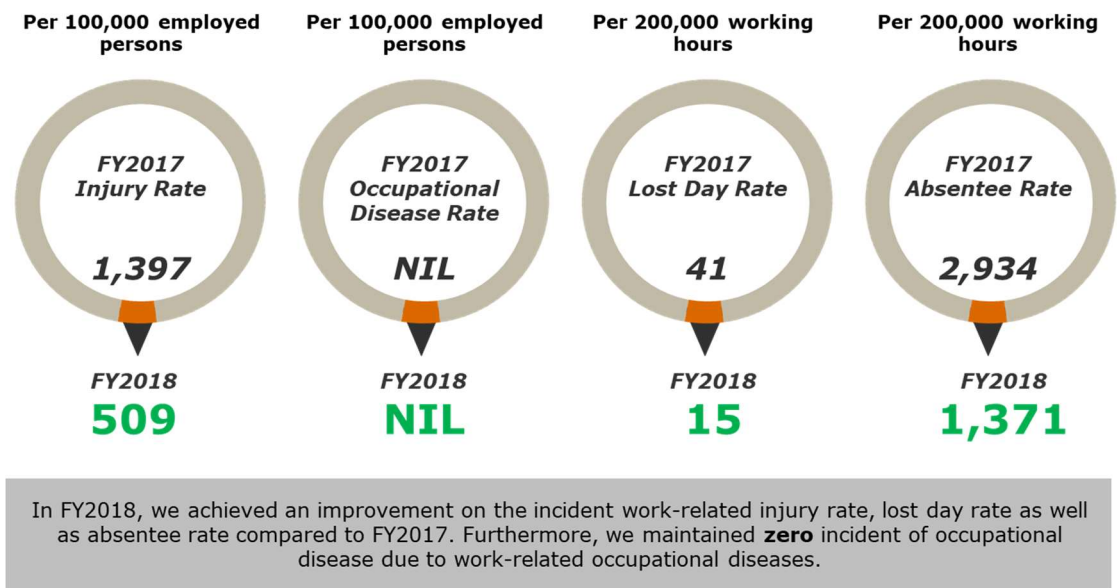


Figure 9: Occupational Heal and Safety Statistics for FY2018

We aim to continue reducing the number of injuries occurred in a year by pushing out more safety initiatives. We continuously monitor and strive to improve the performance and safety standards of the workplace environment.

TRAINING AND EDUCATION

We recognise that our employees contribute largely to the success of the business. As such, we believe in developing their performance capabilities. Hence, we are committed to learning and development programme to drive productivity and develop personal effectiveness of each employee. Additionally, we conduct regular performance reviews and annual career development reviews to encourage employees to reflect on their performance, learn from their mistakes and build on their strengths.

In FY2018, all of our employees received their appraisal and we aim to maintain this level of performance through continual monitoring of employees’ performance.

GOVERNANCE

CORPORATE GOVERNANCE

An extensive system of policies, processes, training, and communications is in place to protect our reputation, avoid conflict of interests in our business activities and stay on the path towards a sustainable business culture that will generate long-term value creation for all our stakeholders.

For more details on our Corporate Governance, please refer to Corporate Governance Report section of the Sin Heng Heavy Machinery Limited Annual Report 2018 ("Annual Report").

RISK MANAGEMENT

We regularly review and improve our business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. We are committed to ensuring appropriate risk management procedures are implemented across our supply chain. We review all significant control policies and procedures and highlight significant matters to the Audit and Risk Committee ("ARC") and the Board. The significant risk management policies are disclosed in the audited financial statements of the Annual Report.

WHISTLEBLOWING

A whistleblowing policy has also been established to provide employees or any other persons a safe channel to report any potential or actual improprieties in financial or other operational matters. This works for employees who have detected and wish to report instances of corruption, bribery and extortion without the fear of retaliation.

COMMUNITIES

OUR APPROACH

Within Sin Heng, we promote a family-like culture and actively encourage our employees to bond and build on their team dynamics. Festive celebrations and other company events such as Family Day and Long Service Award presentation ceremony were organised to further this objective. In FY2018, there were 4 staff who received the 15-year long service award and 10 staff who received the 10-year long service award.



Family Day 2018 held on 1 May 2018



FY2018 Long Service Award recipients

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 FY2018	
	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	102-16 Values, principles, standards, and norms of behaviour	Introduction	
GOVERNANCE			
GRI 102: General Disclosures 2016	102-18 Governance structure	Introduction	
STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups	Stakeholder Engagement And Materiality Review	

GRI 102: GENERAL DISCLOSURES 2016			
GRI 102: General Disclosures 2016	102-41 Collective bargaining agreements	Not Applicable – No collective bargaining agreement in place	
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement And Materiality Review	
	102-43 Approach to stakeholder engagement	Stakeholder Engagement And Materiality Review	
	102-44 Key topics and concerns raised	Stakeholder Engagement And Materiality Review	
REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Annual Report 2018	
	102-46 Defining report content and topic Boundaries	About This Report	
	102-47 List of material topics	Stakeholder Engagement And Materiality Review	
	102-48 Restatements of information	Not Applicable – No restatement of information for Sustainability Report FY2017	
	102-49 Changes in reporting	Not Applicable – No changes in reporting for Sustainability Report FY2018	
	102-50 Reporting period	About This Report	
	102-51 Date of most recent report	Sin Heng Heavy Machinery Limited Sustainability Report FY2017	
	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	Economic Performance	
	103-2 The management approach and its components	Economic Performance	
	103-3 Evaluation of the management approach	Economic Performance	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance	
CATEGORY: ENVIRONMENT			
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Environment	
	103-2 The management approach and its components	Environment	
	103-3 Evaluation of the management approach	Environment	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Environment	
CATEGORY: SOCIAL			
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social	
	103-2 The management approach and its components	Social	
	103-3 Evaluation of the management approach	Social	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Social	

TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social	
	103-2 The management approach and its components	Social	
	103-3 Evaluation of the management approach	Social	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Social	

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