



SUSTAINABILITY REPORT

FINANCIAL YEAR 2025

Building Resilience Through Sustainable Lifting Solutions

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About Us

Our Vision

We are committed to providing our customers with the best lifting services available. Our vision is to provide high quality and reliable services to our customers throughout Southeast Asia.

Our Legacy and Commitment

Founded in 1969 and publicly listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Main Board since 2010, Sin Heng Heavy Machinery Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**Sin Heng**”) has evolved from a regional lifting equipment provider into a sustainability-focused industry leader. Our core business encompasses the rental and trading of cranes, aerial lifts, and specialised heavy lifting equipment across Singapore, Malaysia, and Indonesia.

Over five decades of operational excellence have established Sin Heng as the trusted regional distributor for world-renowned manufacturers including Kobelco (crawler crane specialist) and Kato (hydraulic cranes specialist). This recognition reflects not only our technical capabilities but also our unwavering commitment to quality, safety, and sustainable business practices.

Integrated Service Excellence

Beyond equipment provision, Sin Heng delivers comprehensive lifecycle support through maintenance services and genuine parts distribution. This integrated approach ensures operational reliability while minimising environmental impact through preventive maintenance and equipment longevity optimisation.

Our client portfolio spans critical sectors driving regional development:

- Infrastructure and geotechnical engineering
- Large-scale construction projects
- Civil engineering and public works
- Offshore, marine, and energy sectors

Sustainability as Strategic Imperative

In FY2025, Sin Heng has deepened its commitment to environmental, social, and governance (“**ESG**”) excellence. We recognise that the heavy machinery sector faces unique sustainability challenges—from emissions reduction to resource efficiency—that demand innovative, proactive solutions. Our sustainability journey reflects a strategic transformation where environmental stewardship, social responsibility, and economic resilience converge to create long-term stakeholder value.

Through strategic investments in clean technology, workforce development, and transparent governance, Sin Heng aims to redefine industry standards and demonstrate that sustainable operations and business growth are mutually reinforcing objectives.

Board Statement

Dear Stakeholders,

I am pleased to present Sin Heng's ninth sustainability report (this "**Report**"), documenting our progress in FY2025 toward building a more resilient, responsible, and sustainable organisation. This year marks a significant evolution in our sustainability journey as we align our climate-related disclosures with the International Financial Reporting Standards ("**IFRS**") S2 Climate-related Disclosures, demonstrating our commitment to global best practices in sustainability reporting.

Navigating Complexity with Purpose

The global transition toward a low-carbon economy presents both challenges and opportunities for the heavy machinery sector. Singapore's commitment to achieving net-zero emissions by 2050, reinforced through progressive carbon pricing mechanisms, underscores the urgency of climate action. At Sin Heng, we embrace this transformation as an opportunity to innovate, collaborate, and lead by example.

In FY2025, we have enhanced our climate-related risk assessment, strengthened our emissions management framework, and invested in energy-efficient technologies. While no new initiatives were introduced during the year, we focused on embedding and scaling existing programmes to advance environmental stewardship while maintaining operational excellence.

Governance and Accountability

Our Board of Directors provides strategic oversight on all sustainability matters, integrating, ESG considerations into corporate decision-making. All directors have completed mandatory sustainability training prescribed by SGX, enhancing our collective capability to navigate emerging risks and opportunities.

Through rigorous materiality assessments, we have reaffirmed our key sustainability focus areas for FY2025. Our material topics remain aligned with stakeholder priorities while reflecting evolving regulatory expectations and industry dynamics. This disciplined approach ensures that our sustainability strategy addresses the issues that matter most to our business resilience and stakeholder trust.

Performance Highlights and Forward Commitments

FY2025 achievements include:

- Reduction in Greenhouse Gas ("**GHG**") emissions by 28% from FY2024.
- Zero reported incidents of work-related injuries and ill health cases.

While we celebrate these accomplishments, we acknowledge the complexities ahead. Climate adaptation, water stewardship, circular economy principles, and social equity require sustained investment, innovation, and collaboration. We remain committed to setting ambitious targets, measuring progress transparently, and engaging stakeholders authentically.

Enhanced Climate Disclosures

This year, we have significantly expanded our climate-related disclosures in alignment with International Financial Reporting Standards Sustainability Disclosure Standards S2 (“**IFRS S2**”) building on the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) framework. Our enhanced reporting provides stakeholders with comprehensive insights into how climate risks and opportunities influence our strategy, operations, and financial planning.

Gratitude and Commitment

On behalf of the Board, I extend sincere gratitude to our employees, whose dedication and professionalism drive our sustainability progress. I also thank our shareholders, customers, suppliers, and community partners for their continued trust and collaboration.

As we advance our sustainability agenda, we remain guided by our core values: excellence, integrity, innovation, and stewardship. Together, we are building a resilient future—one that honours our heritage while embracing the transformative potential of sustainable business practices.

Yours faithfully,

Tan Ah Lye

Executive Director and CEO

About This Report

Reporting Period and Scope

Sin Heng is pleased to present our ninth annual Sustainability Report covering the financial year ending 31 December 2025 ("FY2025" or the "Reporting Period"). This Report details our sustainability strategy, initiatives, and performance from 1 January 2025 to 31 December 2025, unless otherwise indicated.

In-Scope Entities

This Report covers the following entities of the Group during the Reporting Period:

S/N	Country	Entity
1	Singapore	Sin Heng Heavy Machinery Limited
2		Sin Heng Aerial Lifts Pte Ltd
3		SH Equipment Pte Ltd ¹
4	Malaysia	SH Heavy Machinery Sdn Bhd ¹
5		SH Equipment Holdings Sdn Bhd ¹
6		Bestari Industrial Holdings Sdn Bhd ¹
7	Vietnam	Sin Heng Vina Co. Ltd ¹
8	Indonesia	PT SH Machinery Indonesia ¹
9	Myanmar	SH Equipment (Myanmar) Company Limited ¹

Reporting Framework and Standards

This Report has been prepared in accordance with Rules 711A and 711B of the SGX-ST Listing Rules. Sin Heng has reported the information cited in the Global Reporting Initiative ("GRI") Standards with reference to the GRI Standards. The GRI framework remains our primary reporting standard due to its global recognition, comprehensive coverage of sustainability topics, and alignment with stakeholder expectations. Further details on the respective GRI Standards disclosures can be found in the GRI Content Index at the end of this Report.

Additionally, this Report was prepared in alignment with the climate-related disclosure requirements of the IFRS S2 Climate-related Disclosures. This builds on our disclosure on the recommendations of the TCFD framework, and reflect our commitment to advancing climate transparency and decision-useful financial information for investors and stakeholders.

GRI Reporting Principles

The content of this Report is defined by the four reporting principles established by the GRI Standards:

- 1. Stakeholder Inclusiveness:** The contents of this Report were determined through comprehensive stakeholder engagement and internal strategic reviews, ensuring material topics reflect diverse perspectives.

¹ Environmental and social disclosures are not included in scope due to the limited operations of the entities.

2. **Sustainability Context:** This Report covers the Group's performance across ESG dimensions, contextualised within broader sustainability challenges such as climate change, resource scarcity, and social equity.
3. **Materiality:** Material topics in this Report were determined through stakeholder engagement and rigorous internal assessment. All relevant factors were weighed according to their significance to stakeholders and their impact on Sin Heng's business strategy and long-term value creation.
4. **Completeness:** This Report covers the material impacts that Sin Heng contributes to during the Reporting Period, using relevant data and information collected from across our operations.

IFRS S2 Climate-Related Disclosures Alignment

The Group has previously aligned its reporting practices with the TCFD Framework, incorporating its recommendations into its disclosure processes. In anticipation of evolving reporting standards and more rigorous disclosure expectations, in FY2025, Sin Heng has voluntarily enhanced our climate-related disclosures by referring to the IFRS S2 in our Climate-related Disclosures. This shift is intended to strengthen the transparency of the Group's communication on climate-related risks and opportunities that may influence its financial performance, while offering a more data-driven view of the potential effects of climate change on its operations, and demonstrates our commitment to providing investors and stakeholders with decision-useful information on climate risks and opportunities that could reasonably affect our business prospects and financial performance.

Our IFRS S2 disclosures cover the four core pillars:

- **Governance:** Board oversight and management's role in climate-related matters
- **Strategy:** Climate-related risks and opportunities (“CRROs”) affecting our business strategy and financial planning
- **Risk Management:** Processes for identifying, assessing, and managing climate-related risks
- **Metrics and Targets:** Key performance indicators, GHG emissions data, and climate-related targets

Report Content and Quality

This Report seeks to provide a comprehensive, balanced overview of the Group's sustainability initiatives and strategies for responsible business growth. We present quantitative targets and qualitative insights to support our corporate values while addressing stakeholder concerns and emerging challenges.

To maintain consistency and content quality, we have applied GRI's eight principles of report quality:

S/N	GRI Principle	Description
1	Accuracy	Information is sufficiently accurate and detailed for stakeholders to assess performance.
2	Balance	The Report reflects both positive and negative aspects of performance.

S/N	GRI Principle	Description
3	Clarity	Information is presented in an understandable and accessible manner.
4	Comparability	Information is presented consistently to enable analysis over time and benchmarking.
5	Completeness	Coverage is sufficient to reflect material impacts and enable stakeholder assessment.
6	Sustainability Context	Performance is presented in the broader context of sustainability challenges.
7	Timeliness	Information is reported on a regular schedule to enable informed decisions.
8	Verifiability	Information is gathered, recorded, and analysed to support external review.

Reporting Boundary and Changes

In FY2025, environmental and social disclosures of SH Heavy Machinery Sdn Bhd has been excluded from the scope of this Report. The entity is currently near-dormant, with only one employee and no material operational activities. As a result, it records no measurable energy or water consumption and has an immaterial environmental footprint. Given its negligible impact on the Group's overall sustainability performance, inclusion of this entity would not meaningfully influence the disclosures or data presented in this Report.

Assurance

Sin Heng has relied on internal monitoring and verification processes to ensure the accuracy of data quality and information disclosed in this Report. We have not sought external assurance for FY2025, but may consider doing so in future reporting periods as our sustainability reporting practices mature.

Contact Us

We are committed to engaging transparently with our stakeholders. We welcome feedback, suggestions, and inquiries regarding this Report and any aspect of our sustainability performance. Please direct all communications 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

Website: www.sinheng.com.sg

Sustainability at Sin Heng

Our Sustainability Strategy

Sustainability represents more than regulatory compliance at Sin Heng—it embodies our strategic commitment to creating enduring value for stakeholders while addressing the defining challenges of our time. As a leading heavy machinery provider operating across Southeast Asia, we acknowledge both our environmental footprint and our unique opportunity to drive positive change within the construction and infrastructure sectors.

Our sustainability strategy integrates three fundamental dimensions:

Environmental Stewardship

Minimising our ecological impact through energy efficiency, emissions reduction, water conservation, and responsible waste management. We are committed to advancing the transition toward low-carbon lifting solutions through strategic equipment modernisation and operational innovation.

Social Responsibility

Prioritising employee well-being, workplace safety, diversity and inclusion, professional development, and community engagement. Our people are our greatest asset, and we invest deliberately in creating a workplace culture that values dignity, growth, and collaboration.

Governance Excellence

Upholding the highest standards of ethical conduct, transparency, anti-corruption, risk management, and stakeholder accountability. Strong governance provides the foundation for sustainable business practices and stakeholder trust.

In FY2025, we have strengthened our integration of ESG considerations into strategic planning, capital allocation, and operational decision-making. This holistic approach ensures that sustainability is embedded across our value chain—from equipment procurement and fleet management to customer partnerships and end-of-life equipment handling.

Sustainability Governance Framework

Effective governance is fundamental to achieving our sustainability ambitions. The Board of Directors holds ultimate accountability for the Group's sustainability performance and provides strategic oversight on ESG matters. This governance structure ensures that sustainability considerations inform business strategy, risk management, and resource allocation.

Board Oversight and Accountability

The Board is responsible for:

- Setting the strategic direction for sustainability, including approval of material topics, targets, and initiatives
- Overseeing CRROs as integral components of enterprise risk management
- Reviewing sustainability performance metrics and progress against established targets
- Ensuring adequate resources, capabilities, and governance structures support sustainability objectives
- Approving annual sustainability disclosures and maintaining reporting transparency

To strengthen the Board's sustainability expertise, all directors have completed SGX-mandated sustainability training programs, enhancing collective knowledge on climate risks, ESG integration, and stakeholder engagement best practices.

Management Implementation and Execution

The Board has delegated day-to-day sustainability implementation to Mr. Tan Ah Lye, Executive Director and CEO, who is supported by a cross-functional sustainability team comprising department heads from Operations, Finance, Human Resources, and Risk Management. This structure ensures that sustainability initiatives are integrated into core business functions rather than operating as isolated activities.

The sustainability team's responsibilities include:

- Developing and executing the sustainability roadmap and action plans
- Monitoring performance against sustainability targets and KPIs
- Coordinating data collection, analysis, and reporting processes
- Engaging stakeholders and incorporating feedback into sustainability planning
- Identifying emerging risks and opportunities related to sustainability trends
- Promoting sustainability awareness and capability development across the organisation

Board Committees Supporting Sustainability

The Board has established three specialised committees to support effective governance and oversight:

Audit and Risk Committee

Oversees enterprise risk management, including CRROs, internal controls, and compliance with regulatory requirements. The committee reviews sustainability risks as part of the integrated risk assessment framework and ensures appropriate mitigation strategies are in place.

Nominating Committee

Ensures the Board possesses the appropriate mix of skills, experience, and diversity—including sustainability expertise—to provide effective oversight. The committee considers sustainability competencies when evaluating board composition and succession planning.

Remuneration Committee

The Remuneration Committee is currently exploring the incorporation of sustainability-related considerations into its qualitative assessment of performance, taking into account factors such as ethics and conduct, workplace safety, regulatory compliance, and progress on relevant initiatives. The Committee has not established specific sustainability-linked key performance indicators for executive remuneration, in view of the evolving nature of sustainability metrics and the potential for unintended outcomes.

The Committee will continue to assess the appropriateness of integrating such considerations into remuneration practices over time, having regard to the Company's business strategy, risk management framework, and evolving regulatory expectations.

Enterprise Risk Management and Climate Integration

Sin Heng maintains a comprehensive Enterprise Risk Management (“ERM”) framework that systematically identifies, assesses, monitors, and mitigates risks across our operations. In FY2025, we have deepened the integration of CRROs into our ERM processes, recognising that climate change presents both physical and transition risks that could materially affect our business resilience.

Our ERM framework encompasses:

- **Risk Identification:** Systematic review of operational, financial, strategic, and sustainability-related risks through cross-functional assessments and scenario planning
- **Risk Assessment:** Evaluation of likelihood and potential impact using consistent criteria, including climate scenario analysis
- **Risk Mitigation:** Development and implementation of controls, policies, and strategic initiatives to reduce risk exposure and enhance resilience
- **Risk Monitoring:** Ongoing tracking of risk indicators, emerging trends, and effectiveness of mitigation measures, with regular reporting to the Audit and Risk Committee and Board

Detailed CRROs analysis, including physical and transition risks under multiple scenarios, is presented in the dedicated Climate-Related Disclosures section of this Report.

Stakeholder Engagement

Meaningful stakeholder engagement forms the cornerstone of our sustainability strategy. Our stakeholders include individuals or groups that have interests that are affected or could be affected by the operations of the Group. Key stakeholders of the Group comprise of employees, investors, customers, suppliers and regulators. We recognise that our stakeholders possess diverse perspectives and expectations that inform our priorities and drive continuous improvement. Through systematic, transparent dialogue, we aim to build trust, understand evolving needs, and create shared value.

Engagement Approach and Principles

We strive to establish a two-way dialogue when engaging our stakeholders to understand their feedback and to proactively share updates in relation to our sustainability efforts. Our stakeholder engagement framework is guided by principles of inclusiveness, materiality, responsiveness, and impact. We engage stakeholders through multiple channels—ranging from formal reporting and structured consultations to ongoing operational interactions—ensuring that diverse voices inform our sustainability journey.

In FY2025, we leveraged our established digital communication channels to maintain consistent stakeholder dialogue, focussing specifically on targeted consultations regarding climate adaptation strategies and emissions reduction pathways.

Key Stakeholder Groups and Engagement Methods

The following table summarises our primary stakeholder groups, their key interests and concerns, our engagement methods, and the frequency of engagement activities:

Stakeholder Group	Key Interests and Concerns	Engagement Methods	Frequency
Employees	<ul style="list-style-type: none"> • Career development and growth opportunities • Workplace safety and well-being • Fair compensation and benefits • Job security and organisational stability • Diversity, inclusion, and equal opportunity 	Performance reviews and development conversations	Annually
		Town halls and dialogue sessions with senior management	Ad-hoc
		Training programs and skills development workshops	Ongoing
		Team-building activities and recognition events	Annually
Investors and Shareholders	<ul style="list-style-type: none"> • Financial performance and return on investment • Business strategy and growth prospects 	Annual General Meetings and Extraordinary General Meetings	Annually/As needed
		Half-yearly financial results announcements	Bi-annually

Stakeholder Group	Key Interests and Concerns	Engagement Methods	Frequency
	<ul style="list-style-type: none"> • Corporate governance and risk management • Management of CRROs • ESG performance and transparency 	Annual and Sustainability Reports	Annually
		SGXNet announcements and corporate website updates	Ad-hoc
		Investor relations meetings and conference calls	Ad-hoc
Customers	<ul style="list-style-type: none"> • Equipment reliability and service quality • Safety standards and compliance • Competitive pricing and value for investment • Technical support and responsiveness 	Customer satisfaction surveys and feedback mechanisms	Ongoing
		Service quality reviews and continuous improvement discussions	Ongoing
Suppliers and Business Partners	<ul style="list-style-type: none"> • Long-term partnership stability and growth • Fair procurement practices and payment terms • Occupational health and safety alignment • Collaborative innovation opportunities 	Supplier performance reviews and business planning sessions	Quarterly/Annually
		Supplier audits and compliance assessments	Ongoing
		Partnership forums and industry collaboration events	Ongoing
Regulators and Industry Bodies	<ul style="list-style-type: none"> • Regulatory compliance and reporting accuracy • Corporate governance best practices • Industry standards and safety protocols • Sustainability disclosure and transparency • Market conduct and fair business practices 	SGXNet announcements and regulatory filings	Annually
		Annual General Meetings and corporate circulars	Annually
		Consultations with SGX, MAS, and other regulatory authorities	Ongoing
		Annual and Sustainability Reports submission	Annually

Insights gathered through stakeholder engagement directly inform our sustainability strategy, materiality assessment, target-setting, and operational improvements.

We remain committed to evolving our engagement approach, leveraging technology to enhance accessibility, and ensuring that stakeholder perspectives continue to shape our sustainability journey.

Materiality Assessment

To remain updated on significant sustainability issues, the Group conducts periodic evaluation and benchmarking of its business operations. The Group's materiality assessment is a rigorous, systematic process through which we identify and prioritise the sustainability topics that are most significant to our business and stakeholders. This assessment ensures that our sustainability reporting and strategic initiatives focus on issues with the greatest potential to influence stakeholder decisions and affect our ability to create long-term value.

Materiality Assessment Process

Our materiality assessment follows GRI's guidance and incorporates a four-stage process:

Identification

Conduct comprehensive research to identify potential sustainability topics, drawing from industry benchmarks, peer disclosures, regulatory developments, global frameworks (GRI, SASB, IFRS), stakeholder feedback, and emerging trends in the heavy machinery and construction sectors.

Assessment and Rating

Evaluate each identified topic based on two dimensions: (a) Significance of the topic's economic, environmental, and social impacts (actual and potential), and (b) Influence of the topic on stakeholder assessments and decisions. This dual assessment ensures alignment with both impact materiality and financial materiality perspectives.

Prioritisation

Rank salient sustainability topics based on their combined significance and stakeholder influence, plotting them on a materiality matrix to visualise relative priority. Highly material topics receive focused strategic attention and resource allocation.

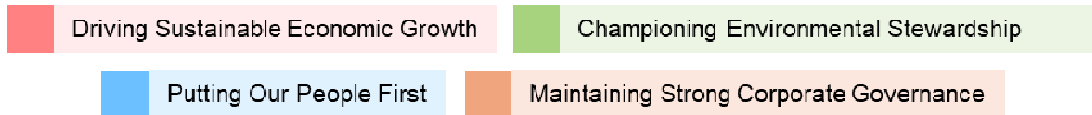
Review and Validation

Senior management and the Board review the materiality assessment results, validate the identified material topics, and approve the final list for disclosure. This oversight ensures alignment with business strategy and stakeholder expectations.

Material Topics

Following a comprehensive review in FY2025, we have reaffirmed our material topics identified in the previous reporting period. This continuity reflects the enduring importance of these issues to our stakeholders and business resilience. The ten material topics are categorised by their relative priority: (i) highly critical, (ii) critical and (iii) moderate material topics:

Highly Critical Material Topics	Critical Material Topics	Moderate Material Topics
Economic Performance	Employment	Water Conservation
Anti-corruption	Diversity and Equal Opportunities	
Occupational Health and Safety	Training and Education	Complying With Environmental Standards
	Customer Health and Safety	
	Energy Efficiency and Emissions	



Performance Highlights and Targets

Measurable targets and transparent performance tracking are essential to driving continuous improvement and maintaining accountability to stakeholders. This section presents our progress against established targets across all material topics, highlighting achievements, addressing challenges, and outlining future commitments.

Our targets are structured across three time horizons:

- **Short-term (1-2 years):** Immediate operational improvements and foundational initiatives
- **Medium-term (by 2030):** Strategic transformation aligned with Singapore's Green Plan 2030 and global sustainability frameworks
- **Long-term (by 2050):** Ambitious commitments supporting Singapore's net-zero aspiration and industry leadership in sustainability

FY2025 Performance Summary

The following table summarises our performance against established targets across all material topics, highlighting achievements, ongoing initiatives, and areas for continued focus in FY2026 and beyond.

Material Topic	Targets	FY2025 Performance
Maintaining Strong Corporate Governance		
Anti-Corruption	<u>Ongoing Target</u> <ul style="list-style-type: none"> • Maintain zero incidents of non-compliance with anti-corruption laws and regulations. • Maintain zero public cases and confirmed incident of corruption of any nature brought against the Group or its employees. 	<ul style="list-style-type: none"> ✓ Achieved zero incidents of non-compliance with anti-corruption laws and regulations. ✓ Achieved zero public cases and confirmed incident of corruption of any nature brought against the Group or its employees.
Driving Sustainable Economic Growth		
Economic Performance	<u>Ongoing Target</u> <ul style="list-style-type: none"> • Maintain strong financial position subject to market conditions. • Sustainable revenue growth and profitability. 	<ul style="list-style-type: none"> ✓ Partially achieved Maintained a strong financial position and remained profitable, but Group revenue declined 12.3% to S\$44.1million due to weaker Trading sales
Championing Environmental Stewardship		
Complying with Environmental Standards	<u>Ongoing Target</u> <ul style="list-style-type: none"> • Maintain zero incidents of environmental-related fines, penalties, or violations. • Comply with environmental protection laws. • Continue providing environmental training programs for employees. 	<ul style="list-style-type: none"> ✓ Achieved zero incidents of environmental-related fines, penalties, or violations. ✓ Complied with environmental protection laws. ✓ Provided employee training on environmentally friendly practices at the workplace.

Material Topic	Targets	FY2025 Performance
Energy Efficiency and Emissions	<u>Short-term Target (1-2 years)</u> Adopt use of renewable energy sources and vehicles with lower emissions.	✓ Achieved The Group has installed solar panels on one of the rooftops of the office premise in FY2023, and continues to result in reduced electricity consumption in FY2025. GHG emissions was at 342.0 tCO ₂ e in FY2025 (28% decrease from FY2024, due to the restructuring and downsizing of our Malaysian entity.
	<u>Medium-term Targets (by 2030)</u> <ul style="list-style-type: none"> Reduce greenhouse gas emission level and emissions intensity by 5% (from base year FY2024). Perform Scope 3 emissions assessment and include disclosure of Scope 3 emissions. 	
	<u>Long-term Targets (by 2050)</u> Achieve net zero greenhouse gas emissions.	
Water Conservation	<u>Short-term Target (1-2 years)</u> Reduce water withdrawal intensity by 3% year-on-year.	✓ Achieved Water withdrawal intensity decreased by 37% from FY2024 to 73.5 m ³ /revenue (S\$' million) in FY2025, due to the restructuring and downsizing of our Malaysian entity.
	<u>Medium-term Targets (by 2030)</u> Reduce water withdrawal intensity by 5% (from base year FY2024).	
	<u>Long-term Targets (by 2050)</u> Reduce water withdrawal intensity by 10% (from base year FY2024).	
Putting Our People First		
Diversity and Equal Opportunity	<u>Ongoing Target</u> Maintain zero incidents of non-compliance with employment regulations and performance practices.	✓ Achieved zero incidents of non-compliance with employment regulations and performance practices.
Employment	<u>Short-term Target (1-2 years)</u> Improve employee retention.	✓ Achieved Turnover rate was at 9.2% in FY2025.
	<u>Ongoing Target</u> Maintain turnover below 15% subject to market conditions.	
Training and Education	<u>Short-term (1-2 years):</u> Expand training programs across all levels.	✓ Achieved an average of 4.75 hours of training per employee, an increase of 208% from base year FY2023. Our employees received various training such as forklift operation and Workplace Safety and Health in Construction Sites.
	<u>Medium-term (by 2030)</u> Increase the average training hours per employee by 10% from base year FY2023.	
	<u>Long-term (by 2050)</u> Increase the average training hours per employee by 20% from base year FY2023.	
Occupational Health and Safety	<u>Ongoing Target</u> Maintain zero incidents of non-compliance with health and safety laws and regulations concerning the health and safety of our office space.	✓ Achieved zero workplace fatalities ✓ Achieved zero instances of high-consequence injuries.

Material Topic	Targets	FY2025 Performance
		✓ Achieved zero instances of non-compliance with health and safety regulations.
Customer Health and Safety	<u>Ongoing Target</u> Maintain zero incidents of non-compliance with regulations relating to health and safety.	✓ Achieved zero instances of non-compliance with health and safety regulations.

Maintaining Strong Corporate Governance

Corporate governance excellence forms the bedrock of sustainable business operations. At Sin Heng, we recognise that robust governance structures, ethical leadership, and transparent accountability mechanisms are essential for maintaining stakeholder trust, managing risks effectively, and creating long-term value. Our commitment to governance extends beyond regulatory compliance to encompass a culture of integrity, responsibility, and continuous improvement.

Anti-Corruption

Impact on Sin Heng

Corruption and bribery pose significant threats to organisational integrity, operational efficiency, and stakeholder confidence. These unethical practices undermine fair competition, erode public trust, and expose businesses to substantial legal, financial, and reputational risks. For Sin Heng, operating across multiple jurisdictions in Southeast Asia, maintaining the highest standards of anti-corruption compliance is both a regulatory imperative and a strategic differentiator.

The consequences of corruption-related incidents extend far beyond immediate penalties. They can result in damaged business relationships, loss of contracts, regulatory sanctions, criminal prosecution, and irreparable harm to corporate reputation. Conversely, a strong anti-corruption culture enhances our competitive position, strengthens stakeholder relationships, and demonstrates our commitment to ethical business conduct.

Management Approach

Sin Heng maintains a zero-tolerance stance on all forms of corruption, bribery, fraud, and unethical conduct. Our comprehensive anti-corruption framework encompasses prevention, detection, response, and continuous improvement, supported by clear policies, robust controls, regular training, and effective oversight mechanisms.

Policy Framework and Standards

Our Employee Code of Conduct establishes comprehensive guidelines governing business ethics, conflicts of interest, gifts and hospitality, third-party relationships, and reporting obligations. The Code applies universally to all employees of the Group, ensuring consistent standards across our operations.

Key provisions include:

- **Absolute prohibition on bribery:** Employees are strictly prohibited from offering, soliciting, or accepting bribes, kickbacks, or improper payments in any form, whether directly or through intermediaries.
- **Gifts and hospitality controls:** Clear thresholds and approval processes govern the giving and receiving of gifts, entertainment, and hospitality to prevent conflicts of interest and undue influence.
- **Conflict of interest management:** Employees must disclose actual or potential conflicts and recuse themselves from decisions where personal interests could compromise objectivity.

Regulatory Compliance

Sin Heng complies fully with applicable anti-corruption legislation in all jurisdictions where we operate, including the Prevention of Corruption Act 1960 (“**PCA**”) in Singapore.

Training and Awareness

We conduct annual anti-corruption training and policy refreshers for all employees to reinforce our zero-tolerance approach and ensure personnel understand their obligations.

Training programs cover:

- Recognition of corruption risks and red flags
- Policy requirements and prohibited conduct
- Reporting mechanisms and whistleblower protections
- Consequences of non-compliance

Whistleblowing and Grievance Mechanisms

Our Whistleblowing Policy provides employees and external stakeholders with confidential, secure channels to report suspected corruption, fraud, or misconduct without fear of retaliation. The policy ensures:

- Multiple reporting channels including anonymous hotlines and designated officers
- Independent investigation of all reports by the Audit and Risk Committee Chairman and designated whistleblowing officers
- Strict confidentiality and protection against retaliation for good faith reporting
- Appropriate follow-up actions and remediation measures

Our grievance mechanisms extend to employee concerns regarding workplace issues, ensuring constructive resolution and continuous organisational improvement. The Group is committed to managing employee grievances constructively and has established an effective grievance mechanism that provides multiple channels of communication, including anonymous hotlines, to allow employees to raise grievances or flag concerns without the fear of reprisal.

The Chairman of the Audit and Risk Committee and the designated whistleblowing officers are tasked with overseeing, monitoring, and reviewing any concerns raised through this mechanism. The Whistleblowing Policy ensures that arrangements are in place for independent investigations of alleged improprieties and for appropriate follow-up action(s).

Our Performance

In FY2025, there were zero reported incidents of corruption, bribery, or non-compliance within our business operations, and zero reports were received through our whistleblowing channel.

This performance reflects our proactive approach to corruption prevention, robust control environment, and organisational culture that values integrity and ethical conduct. We take pride in maintaining this clean record and recognise it as a testament to the collective commitment of our directors, management, and employees to upholding the highest standards of business ethics.

Driving Sustainable Economic Growth

Sustainable economic performance represents the foundation upon which Sin Heng builds long-term stakeholder value. Financial resilience enables strategic investments in sustainability initiatives, supports employee development, strengthens customer relationships, and contributes to community prosperity. Our approach to economic growth balances short-term profitability with long-term value creation, recognising that sustainable business practices and financial performance are mutually reinforcing.

Economic Performance

Impact on Sin Heng

Strong economic performance directly influences our capacity to pursue sustainability objectives, invest in low-carbon technologies, enhance workplace safety, develop employee capabilities, and maintain operational excellence. Financial constraints could necessitate difficult prioritisation decisions, potentially limiting our ability to advance sustainability initiatives at the pace required to meet stakeholder expectations and regulatory obligations.

Conversely, robust financial results provide the strategic flexibility to:

- Invest in fleet modernisation and energy-efficient equipment
- Expand renewable energy infrastructure (e.g., solar installations)
- Enhance employee training, compensation, and well-being programs
- Strengthen safety systems and occupational health capabilities
- Support community initiatives and industry collaborations

Economic performance also serves as a key indicator of our ability to navigate market dynamics, adapt to industry shifts, and maintain competitive positioning in an evolving business environment.

Management Approach

Sin Heng's economic strategy emphasises sustainable growth through operational excellence, customer-centric service delivery, strategic market positioning, and disciplined capital allocation. We integrate sustainability considerations into business planning, recognising that environmental stewardship, social responsibility, and governance excellence enhance long-term competitive advantage.

Strategic Focus Areas:

- **Service Excellence:** Delivering best-in-class lifting solutions, technical support, and customer service to exceed client expectations and build long-term partnerships.
- **Equipment Quality and Reliability:** Partnering with world-class manufacturers (Kobelco, Kato) and maintaining rigorous preventive maintenance programs to ensure operational reliability.
- **Market Diversification:** Serving diverse sectors (infrastructure, construction, marine, energy) across Southeast Asia to mitigate concentration risk.
- **Sustainability Integration:** Embedding ESG considerations into investment decisions, operational planning, and stakeholder engagement.

Our Performance

The following tables present Sin Heng's economic performance for FY2025, benchmarked against the previous two financial years:

Economic highlights (S\$'000)				
		FY2025	FY2024	FY2023
Revenue		44,098	50,281	66,230
Profit before Income tax		6,045	7,492	9,774
Profit for the year		5,107	6,267	7,995
Economic value generated		44,219	50,608	67,521
Economic Value Distributed	Operating costs	24,093	31,689	43,813
	Employee wages and benefits	10,476	12,851	15,238
	Payments to providers of capital	11,101	5,674	4,152
	Payments to government	545	591	2,784
Economic value retained		(1,996)	(197)	1,534
By geographical segment (S\$'000)				
Singapore		39,554	36,495	42,041
Indonesia		1,530	8,363	10,968
Malaysia		1,050	1,430	3,604
Taiwan		787	1,603	6,913
Japan		-	-	2,588
Others		1,177	1,247	116

By integrating sustainability considerations into our economic strategy, we aim to build long-term resilience, enhance competitive positioning, and create shared value for our stakeholders and the communities we serve.

For comprehensive financial information, please refer to the Group's Annual Report FY2025, available on our corporate website and SGXNet.

Championing Environmental Stewardship

Environmental stewardship represents a fundamental pillar of Sin Heng's sustainability strategy. Operating in the heavy machinery sector, we recognise our responsibility to minimise ecological impacts, contribute to climate action, and advance the transition toward a low-carbon economy. Our environmental approach integrates regulatory compliance, operational efficiency, technological innovation, and strategic collaboration to create measurable, lasting positive impact.

As Singapore and the broader region intensify efforts to achieve net-zero emissions by 2050, Sin Heng is committed to being part of the solution. Through investments in renewable energy, fleet modernisation, resource efficiency, and transparent climate reporting, we aim to demonstrate that environmental responsibility and operational excellence are mutually reinforcing objectives.

Complying with Environmental Standards

Impact on Sin Heng

Regulatory compliance forms the baseline of our environmental responsibility. Operating across multiple jurisdictions—Singapore, Malaysia, Indonesia—Sin Heng must adhere to diverse environmental protection laws, emissions standards, waste management regulations, and industry-specific requirements. Non-compliance could result in significant financial penalties, operational disruptions, reputational damage, and loss of business licenses.

Beyond avoiding negative consequences, strong environmental compliance enhances our competitive positioning. It demonstrates our commitment to responsible operations, builds trust with customers and regulators, and positions Sin Heng as a reliable partner for projects with stringent environmental requirements.

Management Approach

Sin Heng maintains comprehensive environmental management systems designed to ensure full compliance with applicable laws and regulations. Our approach encompasses preventive controls, regular monitoring, employee training, and continuous improvement.

Equipment Standards and Maintenance

All equipment delivered to project sites meets local noise and emissions criteria. We conduct rigorous preventive maintenance programs to ensure machinery operates within environmental parameters and complies with maximum age limitations stipulated by authorities such as Singapore's Building and Construction Authority (“**BCA**”).

Waste Management

Waste oil by-products from our operations are recycled in full compliance with Singapore's National Environment Agency (“**NEA**”) regulations and equivalent requirements in other jurisdictions. We engage licensed waste management contractors and maintain comprehensive disposal records.

Employee Training and Awareness

Environmental training programs help employees and crane operators understand the environmental impacts of our operations and their role in ensuring compliance. Topics include emissions management, waste handling, spill prevention, and regulatory obligations.

Our Performance

In FY2025, Sin Heng maintained its exemplary environmental compliance record:

Performance Indicator	FY2025	FY2024	FY2023
Non-compliance with environmental laws and regulations	-	-	-
Environmental fines or penalties	-	-	-
Non-monetary sanctions for environmental violations	-	-	-
Environmental complaints received	-	-	-

This clean compliance record reflects our proactive environmental management approach and the collective commitment of our workforce to responsible operations.

Energy Efficiency and Emissions

Impact on Sin Heng

Energy consumption and GHG emissions represent significant environmental and financial considerations for Sin Heng. Our operations rely primarily on diesel fuel for heavy machinery and electricity for facilities, making energy efficiency and emissions reduction critical to our climate strategy and long-term business resilience.

Climate change presents both risks and opportunities. Rising carbon prices, increasingly stringent emissions regulations, and stakeholder expectations for climate action create business imperatives for emissions reduction. Conversely, investments in energy-efficient technologies, renewable energy, and low-carbon equipment can reduce operating costs, enhance competitiveness, and position Sin Heng as a sustainability leader in the heavy machinery sector.

Management Approach

Sin Heng pursues a comprehensive approach to energy management and emissions reduction, combining operational efficiency, technological innovation, and strategic investments in renewable energy.

Energy Efficiency Initiatives

- **Renewable Energy Deployment:** Solar photovoltaic (“PV”) panels installed on office premises in FY2023 have delivered sustained electricity consumption reductions.
- **HVAC Optimisation:** Regular maintenance and servicing of air-conditioning systems ensure optimal energy efficiency and reduce electricity waste.
- **Energy Monitoring:** We monitor electricity consumption closely to enable the early identification of energy-efficiency improvement opportunities

Emissions Measurement and Reporting

We measure and report GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, using the operational control approach. Our emissions inventory covers:

- **Scope 1 (Direct Emissions):** Diesel fuel consumption from heavy machinery and vehicles.
- **Scope 2 (Indirect Emissions):** Purchased electricity for facilities in Singapore.

Our Performance

The following tables present Sin Heng's energy consumption and GHG emissions performance for FY2025, benchmarked against the previous two years:

Scope 1 GHG emissions – Fuel Consumption

The 3-year comparison of fuel consumption and GHG emissions at Sin Heng are as follows:

Energy Source	FY2025	FY2024	FY2023
Diesel (litres)	100,000.00	124,180.96	127,981.18
Petrol (litres)	-	-	4,274.12

Scope 1 emissions	FY2025	FY2024	FY2023
Total scope 1 emissions (tCO ₂ e)	271.72	337.43	357.63
Revenue (S\$ 'million)	44.1	50.3	66.2
Scope 1 GHG emissions intensity (tCO ₂ e/S\$ 'million)	6.2	6.7	5.4

Scope 2 GHG emissions – Electricity Consumption

The 3-year comparison of electricity consumption and GHG emissions at Sin Heng are as follows:

Energy Source	FY2025	FY2024	FY2023
Electricity consumed (kWh)	174,736.63	264,942.14	295,379.93

Scope 2 emissions	FY2025	FY2024	FY2023
Total scope 2 emissions (tCO ₂ e)	70.24	137.68	158.45
Revenue (S\$ 'million)	44.1	50.3	66.2
Scope 2 GHG emissions intensity (tCO ₂ e/S\$ 'million)	1.6	2.7	2.4

We recorded lower energy consumption, and corresponding GHG emissions, in FY2025, mainly due to the restructuring and downsizing of our Malaysian entity.

Water Conservation

Impact on Sin Heng

Water represents a critical shared resource under increasing stress from climate change, population growth, and industrial development across Southeast Asia. While Sin Heng's operations are not water-intensive compared to manufacturing sectors, we recognise our responsibility to use water efficiently, minimise waste, and contribute to regional water security.

Our water consumption primarily supports facility operations—cooling systems, sanitation, equipment washing, and landscaping. Rising water costs, potential supply constraints, and stakeholder expectations for resource stewardship make water conservation both an environmental imperative and a business priority.

Management Approach

Sin Heng implements practical water conservation measures designed to reduce consumption, minimise waste, and promote efficient use across our facilities:

Water Efficiency Initiatives

- **Leak Detection and Maintenance:** Regular facility inspections identify and repair leaks promptly, preventing water waste
- **Equipment Washing Optimisation:** Water-efficient cleaning processes for machinery and vehicles minimise consumption while maintaining equipment performance standards
- **Employee Awareness:** Internal communications and workplace signage promote water conservation behaviours among employees

Water Source and Discharge

All water consumed by Sin Heng is sourced from municipal supply systems in Singapore—Public Utilities Board (“**PUB**”)’s integrated supply system. We do not withdraw water from surface water, groundwater, or other environmentally sensitive sources. Wastewater is discharged to public sewerage systems in full compliance with local regulations.

Our Performance

The following table presents Sin Heng’s water withdrawal performance for FY2025, benchmarked against the previous two years:

Water Withdrawal Metric	FY2025	FY2024	FY2023
Water withdrawal (Cu M)	3,240.6	5,871.6	16,526.6
Revenue (S\$ ‘million)	44.1	50.3	66.2
Water withdrawal intensity (Cu M per S\$ ‘million)	73.5	117	250

We recorded lower water consumption in FY2025, reflecting the restructuring and downsizing of our Malaysian entity.

Climate-Related Disclosures

IFRS S2 Climate-Related Disclosures

This section details the Group’s approach to identifying, assessing, and managing climate-related risks and opportunities, guided by the IFRS S2 Climate-related Disclosures.

Reporting Framework

Our climate-related disclosures follow the four core pillars established by IFRS S2, which build upon the recommendations of the TCFD Framework:

Disclosure Pillar	Disclosure Objective
Governance	Enable readers to understand the governance processes, controls, and procedures used to monitor, manage, and oversee CRROs.
Strategy	Enable readers to understand our strategy for managing climate-related risks and opportunities, including how these could affect our business model, strategy, cash flows, access to finance, and cost of capital over the short, medium, and long term.
Risk Management	Enable readers to understand our processes to identify, assess, prioritise, and monitor CRROs, and how these integrate into overall risk management.
Metrics and Targets	Enable readers to understand our performance in relation to CRROs, including progress towards any climate targets we have set, and targets required by law or regulation.

Governance

Effective climate governance ensures that climate-related considerations are embedded in strategic decision-making, risk oversight, and resource allocation. At Sin Heng, climate

governance operates through a clearly defined structure that delineates Board accountability, executive management responsibility, and operational implementation.

Board Oversight and Management's Responsibilities

The Board has the overall responsibility for the Group's sustainability strategy, including evaluating and monitoring CRROs. When reviewing the Group's long-term strategic plans, the Board accounts for sustainability consideration, including the management of CRROs. Climate matters are not delegated to a separate board committee; instead, they are integrated into the full Board's strategic oversight and risk management responsibilities.

Management's climate-related responsibilities include:

- **Climate Risk and Opportunity Identification:** Conducting regular assessments of physical and transition climate risks and opportunities relevant to Sin Heng's operations, value chain, and strategic objectives.
- **Strategy Development and Execution:** Developing climate transition plans, emissions reduction roadmaps, and operational initiatives to achieve Board-approved targets
- **Performance Tracking:** Monitoring climate metrics (GHG emissions, energy consumption, renewable energy generation), analysing trends, and identifying improvement opportunities.
- **Stakeholder Engagement:** Engaging employees, customers, suppliers, and investors on climate matters to gather feedback and foster collaborative climate action.
- **Board Reporting:** Providing regular updates to the Board on climate performance, emerging risks, regulatory developments, and strategic recommendations.

Refer to section “*Sustainability Governance Framework*” on page 10-11 of this Report for further details on climate governance as part of the overall sustainability governance of Sin Heng.

Strategy

Climate change fundamentally reshapes the operating environment for heavy machinery providers. Rising global temperatures, intensifying weather events, evolving regulatory frameworks, and shifting stakeholder expectations create both challenges and opportunities that will influence Sin Heng's business trajectory over the coming decades. Our climate strategy is designed to build resilience, capitalise on emerging opportunities, and position the Group for sustainable success in a net-zero future.

Sin Heng has embedded climate-related risks and opportunities (“**CRROs**”) into its strategic and operational planning to support continuous improvement and strengthen the organisation's resilience to climate change. Our overarching climate approach focuses on identifying, assessing, and mitigating the potential impacts of both physical and transition climate-related risks on our business. At the same time, we aim to leverage climate-related opportunities presented by the global shift towards a lower-carbon economy by 2030 and a net-zero target by 2050. We expect our strategies to evolve further as we deepen our analysis of climate-related risks and opportunities in the years ahead.

Time Horizons

In accordance with IFRS S2 guidance, Sin Heng defines climate-related time horizons aligned with our strategic planning cycles and the timeframes over which climate impacts are expected to materialise:

- **Short-term (1-2 years):** Operational planning horizon covering immediate regulatory compliance, technology adoption pilots, and incremental efficiency improvements
- **Medium-term (to 2030):** Strategic planning horizon aligned with Singapore's Green Plan 2030, encompassing fleet transformation, renewable energy scaling, and emissions reduction milestones
- **Long-term (to 2050):** Transition planning horizon supporting Singapore's net-zero commitment, requiring fundamental business model evolution and deep decarbonization

Climate-Related Risks and Opportunities

Through systematic assessment processes, we have identified material climate-related risks and opportunities that could reasonably affect Sin Heng's business model, strategy, cash flows, access to finance, and cost of capital. These are categorised as physical risks (acute and chronic climate impacts) and transition risks (policy, technology, market, and reputational shifts associated with the low-carbon transition).

We have identified the following CRROs, as well as their impacts on our business and the associated risk mitigation measures aimed at addressing these risks and leveraging on the opportunities are summarised as follows:

CRROs		Description
Physical Risks		
Acute – Increased severity of extreme weather events	Risk Description	The growing intensity and frequency of extreme weather events, such as floods, droughts, and heatwaves, pose significant risks to our operations, supply chains and stakeholder well-being.
	Impact of Risk	These events can disrupt business continuity, damage critical infrastructure, and increase operating costs due to repair, maintenance and insurance premiums.
	Existing or Planned Mitigation Actions	Develop climate-resilient policies and procedures as well as integrate them as part of our ERM efforts.
Chronic – Rising mean temperatures	Risk Description	Global temperature increase will bring about increased demand in cooling loads, particularly in urban agglomerations where heat island effects may prevail over the summer months. Lack of attention to extreme heat events may bring about overheating in buildings.
	Impact of Risk	Higher electricity costs to maintain indoor temperatures.
		Longer dry spells leading to higher water costs.
		According to research ² , to offset a 1°C rise in temperature may result in increased electricity consumption by 1 to 5%. This suggests a long-term projection of an estimated

² "Climate Change and Space Heating Demand" NCEE, https://www.epa.gov/sites/default/files/2015-01/documents/climate_change_and_space_heating_energy_demand.pdf.

CRROs		Description
		20% rise in electricity charges under the no mitigation scenario.
	Existing or Planned Mitigation Actions	Develop climate-resilient policies and procedures and integrate them as part of our ERM efforts.
Transition Risks		
Policy and legal changes	Risk Description	In the evolving regulatory environment related to climate change, stricter governmental regulations and carbon pricing mechanisms are introduced.
	Impact of Risk	Increased professional fees and training expenses to meet reporting requirements.
		As per industry expectations, it is projected that all related expenses for supporting sustainability/ climate reports will likely increase in the medium to long term.
	Existing or Planned Mitigation Actions	Sustainability reporting training for Board and Management.
Hire of external professional to guide us on the compliance requirement.		
Use of sustainable practices that are compliant with laws and regulations.		
Market	Risk Description	Changes in climate patterns, such as prolonged heatwaves, droughts or other extreme weather events can disrupt energy and water supply systems, leading to increased demand and reduced availability. This may result in higher costs for electricity and water required for business operations.
	Impact of Risk	Increase in utilities cost due to carbon tax.
		In Singapore, carbon tax was raised to S\$25/tCO _{2e} in 2024 from S\$5/tCO _{2e} previously and will be raised to S\$45/tCO _{2e} in 2026-2027, with a forecast to reaching S\$50-80/tCO _{2e} by 2030 ³ . While our Group is not directly impacted by increases in carbon taxes, these increases in carbon tax may translate to higher utilities cost for the Group.
	Existing or Planned Mitigation Actions	Prioritise the reduction of emissions and air pollutions in our value chain.
Opportunities		
Resource efficiency	Opportunity Description	By adopting more energy-efficient processes, technologies, and practices, we can not only reduce GHG emissions, but also enhance our resilience to climate-related risks.
	Impact of Opportunity	Reduce operating costs through lower fuel and electricity consumption.
		Hedge against rising energy prices and carbon costs.
Existing or Planned Mitigation Actions	Encouraging duplex printing in our operations can reduce costs.	
Energy source	Opportunity Description	Transitioning to lower emission sources, such as renewable energy or low-carbon technologies, can lead to long-term cost savings, benefiting from incentives or

³ "Carbon Pricing Act" Ministry of Sustainability and the Environment, Singapore, <https://www.mse.gov.sg/policies/climate-change/carbon-pricing-act/>.

CRROs		Description
		subsidies, and mitigating exposure to potential carbon pricing and regulatory penalties.
	Impact of Opportunity	Reduce exposure to fossil fuel price increase. Increase energy resilience.
	Existing or Planned Mitigation Actions	Enhancing energy efficiency and promoting water conservation through our operations.

Scenario Analysis and Climate Resilience

In accordance with IFRS S2 requirements, Sin Heng has conducted climate scenario analysis to assess the resilience of our business strategy under different climate futures. This forward-looking analysis examines how our operations, financial position, and strategic choices might be affected under scenarios ranging from ambitious global climate action to limited mitigation efforts.

Scenarios Considered

Our analysis considers two primary climate scenarios aligned with internationally recognised frameworks:

- **Scenario 1: Orderly Transition (1.5-2°C pathway):** Ambitious climate policies and rapid technological change drive global warming to approximately 1.5-2°C above pre-industrial levels by 2100. This scenario features stringent carbon pricing, accelerated renewable energy adoption, and comprehensive emissions regulations.
- **Scenario 2: Business-as-Usual (3-4°C pathway):** Climate policies remain fragmented and insufficient, resulting in global warming of 3-4°C by 2100. This scenario is characterised by delayed policy action, slower technological progress, and increasingly severe physical climate impacts.

These scenarios draw on analysis frameworks including the Intergovernmental Panel on Climate Change (“IPCC”) Shared Socioeconomic Pathways (“SSPs”), the Network for Greening the Financial System (“NGFS”) climate scenarios, and regional climate projections for Southeast Asia.

Scenario	Orderly Transition (1.5-2°C pathway)	Business-as-Usual (3-4°C pathway)
Description	The world manages to reduce CO ₂ emissions through several measures, such as legislation, global carbon taxes, and major shifts in consumption patterns and lifestyles.	The world fails to curb rising CO ₂ emissions by Year 2100. Impacts from extreme weather events are assumed to grow in magnitude.
Rationale	To assess the transition impacts in an economy shifting to a low carbon world. It reflects actions required to limit global warming to under 2°C.	To assess our physical risk under a high-emission scenario, consistent with a future with limited policy changes to reduce emissions.
Underlying model	International Energy Agency’s Sustainable Development Scenario ⁴	Intergovernmental Panel on Climate Change (“IPCC”) Representative Concentration Pathway 8.5 ⁵

⁴ “Net Zero Emissions by 2050 Scenario (NZE) – Global Energy and Climate Model – Analysis.” IEA, www.iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze.

⁵ “IPCC AR6 Assessment Report” IPCC, <https://www.ipcc.ch/reports/?rp=ar6>.

Scenario	Orderly Transition (1.5-2°C pathway)	Business-as-Usual (3-4°C pathway)
Used to analyse	<ul style="list-style-type: none"> • This model considers factors such as greenhouse gas emissions, energy transition scenarios, technological advancements, and policy developments. • It serves as a foundation for the Group to analyse how different climate scenarios may impact its business operations, and financial performance over the short-, medium-, and long-term time horizon. 	<ul style="list-style-type: none"> • This model considers factors such as increased frequency of extreme weather events, rising sea levels, impacts on ecosystems, and disruptions to global supply chains. • Climate models and scientific assessments play a key role in shaping the narrative of such scenarios.
Assumptions	<ul style="list-style-type: none"> • Global adoption of renewable energy, advancements in technology, regulatory frameworks, and changes in consumer behaviour. • Assumptions related to the physical impacts of climate change, such as sea-level rise and extreme weather events, are considered. • Collective global effort to mitigate climate change and transition towards a low-carbon economy. 	<ul style="list-style-type: none"> • The continuation of high greenhouse gas emissions limited global efforts to reduce carbon emissions, and a lack of significant policy measures to address climate change. • Limited technological advancements in clean energy and low levels of international cooperation to achieve climate goals.

Scenario Analysis Results

Impact Category	Orderly Transition (1.5-2°C pathway)	Business-as-Usual (3-4°C pathway)
Policy and Regulatory Environment	<ul style="list-style-type: none"> Stringent carbon pricing (\$50-150/tCO_{2e} by 2030) Mandatory emissions reporting and reduction targets Green procurement mandates for infrastructure projects 	<ul style="list-style-type: none"> Limited carbon pricing (<\$20/tCO_{2e}) Voluntary sustainability frameworks dominate Fragmented regional policy approaches
Market	<ul style="list-style-type: none"> Strong growth in demand for low-carbon equipment and services Increased customer preference for green procurement, favouring suppliers with low emissions and transparent reporting Potential for premium pricing for sustainability services 	<ul style="list-style-type: none"> Demand remains dominated by cost-sensitive, conventional equipment, with limited interest in low-carbon alternatives Market fragmentation due to inconsistent climate policies across regions High volatility in fuel markets and affecting pricing and customer budgets
Physical Climate Impacts	<ul style="list-style-type: none"> Moderate increase in extreme weather frequency Manageable operational disruptions Sea level rise⁶: 0.26-0.63m by 2100 	<ul style="list-style-type: none"> Severe intensification of tropical storms and flooding Frequent operational disruptions and equipment damage Sea level rise: 0.58-1.04m by 2100
Financial Implications for Sin Heng	<ul style="list-style-type: none"> Capital investment: High (fleet electrification) Operating costs: Initially higher, declining post-2030 Revenue opportunities: Strong (green premium, market leadership) 	<ul style="list-style-type: none"> Capital investment: Moderate (incremental upgrades) Operating costs: Rising (insurance, repairs, fuel volatility) Revenue risk: Declining competitiveness, asset stranding

Strategic Resilience Assessment

Based on scenario analysis, Sin Heng's current business strategy demonstrates resilience under both climate futures, though the pathway to success differs:

- Under the 1.5-2°C scenario:** Our proactive investments in renewable energy, fleet modernisation planning, and transparent climate disclosure position Sin Heng advantageously. Early mover advantage in low-carbon equipment capabilities, coupled with strong stakeholder trust, should enable revenue growth and market share expansion despite higher upfront transition costs.
- Under the 3-4°C scenario:** Geographic diversification, robust business continuity planning, and financial strength provide resilience against physical climate impacts. However, delayed policy action may perpetuate fossil fuel dependency, creating long-term risks of asset stranding and competitive disadvantage if market preferences shift faster than policy.

⁶ Robust Sea Level Projections for Singapore by 2100 and 2150: <https://agupubs.onlinelibrary.wiley.com/doi/pdf/10.1029/2024JC021840>

Our strategic response prioritises resilience across both scenarios by pursuing ambitious climate action while maintaining operational flexibility. This balanced approach mitigates transition and physical risks while capturing opportunities in the evolving market for sustainable lifting solutions.

Risk Management

Sin Heng's approach to managing climate-related risks and opportunities is embedded within our comprehensive ERM framework. Climate risks are not treated as standalone considerations but are integrated systematically into our processes for identifying, assessing, prioritising, and monitoring all business risks.

Processes for Identifying Climate-Related Risks

We employ multiple complementary approaches to identify climate risks and opportunities:

- **Strategic Planning Reviews:** Annual strategic planning processes incorporate climate scenario analysis, regulatory horizon scanning, and technology trend assessment to identify emerging risks and opportunities that could affect business objectives.
- **Stakeholder Engagement:** Regular dialogue with customers, investors, employees, suppliers, and regulators surfaces climate-related expectations, concerns, and emerging issues.
- **Regulatory Monitoring:** Systematic tracking of evolving climate policies across Singapore, Malaysia, and other operating jurisdictions identifies compliance obligations and regulatory transition risks.
- **Industry Collaboration:** Participation in industry associations and sustainability networks provides insights into sector-wide climate challenges and best practices.

Processes for Assessing Climate-Related Risks

Once identified, climate risks are assessed using consistent criteria aligned with our ERM framework:

- **Likelihood Assessment:** Probability of occurrence across defined time horizons (short, medium, long-term), informed by climate science, policy trends, and scenario analysis.
- **Impact Evaluation:** Potential financial, operational, strategic, and reputational consequences if the risk materialises, considering effects on revenue, costs, capital requirements, and business continuity.
- **Risk Rating:** Combination of likelihood and impact to generate risk severity ratings (low, moderate, high, critical), enabling prioritisation of management attention and resources.

Processes for Prioritising and Monitoring Climate-Related Risks

Climate risks are prioritised based on their assessed severity and potential to affect Sin Heng's strategic objectives, financial performance, and stakeholder interests:

- **Risk Prioritisation:** High and critical climate risks receive dedicated mitigation strategies, Board-level oversight, and allocation of management resources. Currently, transition policy risks (carbon pricing, equipment regulations) and physical acute risks (extreme weather disruptions) are prioritised.

- **Ongoing Monitoring:** Climate risk indicators are tracked regularly, including regulatory developments, carbon price signals, extreme weather incident frequency, stakeholder sentiment, and technology cost curves.
- **Board and Management Reporting:** Quarterly updates to the Audit and Risk Committee and Board provide visibility on climate risk profile evolution, mitigation effectiveness, and emerging issues requiring strategic response.

Integration with Overall Risk Management

Climate risks are not managed in isolation but are fully integrated into Sin Heng's ERM framework:

- Climate risks appear on the corporate risk register alongside operational, financial, strategic, and compliance risks, enabling holistic risk oversight
- Risk interdependencies are mapped—for example, carbon pricing (transition risk) interacts with fuel cost volatility (operational risk) and capital allocation decisions (financial risk)
- Mitigation strategies leverage existing risk management capabilities, such as insurance programs, supply chain resilience initiatives, and business continuity planning
- The same governance structure (Board, Audit and Risk Committee, management sustainability team) oversees both climate and broader enterprise risks, ensuring consistency and accountability

Metrics and Targets

Transparent measurement and target-setting are essential for tracking progress, driving accountability, and enabling stakeholders to assess our climate performance. Sin Heng discloses climate metrics in alignment with IFRS S2.

In addition to our existing metrics and targets, we continue to enhance our disclosures, including identifying and tracking of GHG emissions. We track, measure and disclose our environmental performance including energy, GHG emissions and water in this Report. Tracking and reporting these metrics is essential for pinpointing areas most exposed to climate-related risks and helping us focus our actions more effectively. Sin Heng's environmental metrics are detailed on pages 25 to 27 of this Report.

Progress Tracking

Annual progress against climate targets is monitored through regular GHG emissions inventories, renewable energy generation tracking, and fleet decarbonisation metrics. Performance is reported transparently to stakeholders through our annual Sustainability Report.

Transition Planning

As part of our transition planning, we recognise the urgency of climate action and are committed to continuously reviewing and strengthening our sustainability practices as our business evolves. Our approach focuses on progressively aligning operations with a low-carbon pathway, integrating climate-related considerations into strategic decision-making, and enhancing our capabilities to adapt to emerging regulatory, market, and environmental expectations. Through this ongoing commitment, we aim to ensure long-term resilience while supporting a just and orderly transition to a more sustainable future.

Putting Our People First

People are the cornerstone of Sin Heng's success. Our employees—crane operators, mechanics, administrative professionals, and managers—bring the expertise, dedication, and innovation that enable us to deliver exceptional service to customers across Southeast Asia. Beyond our direct workforce, we recognise our responsibility to the communities where we operate and the customers who trust us with their critical lifting requirements.

Our social sustainability strategy centres on creating a workplace culture where every individual feels valued, safe, and empowered to grow. We invest deliberately in talent development, champion diversity and inclusion, maintain uncompromising safety standards, and build enduring relationships with stakeholders based on mutual respect and shared success.

Diversity and Equal Opportunity

Impact on Sin Heng

Diversity strengthens organisational resilience, enhances decision-making, and reflects the multicultural communities we serve. An inclusive workplace where individuals of all genders, ages, ethnicities, and backgrounds can thrive fosters creativity, improves employee engagement, and positions Sin Heng as an employer of choice in competitive labour markets.

Conversely, discrimination or bias undermines trust, creates legal and reputational risks, and limits our ability to attract and retain top talent. Our commitment to equal opportunity is both a moral imperative and a strategic business priority.

Management Approach

When hiring, we consider various competencies and experiences of potential candidates, such as an appropriate balance of skills, industry, business experiences and competencies, gender, age, ethnicity and culture, geographical background and nationalities, tenure of services and other distinguishing qualities. These diversity elements are considered to ensure that all appointments are based on merit and fair.

Sin Heng maintains a zero-tolerance policy on discrimination, harassment, and unfair treatment. Our Employee Code of Conduct explicitly prohibits discrimination based on gender, age, race, religion, nationality, disability, or any other protected characteristic.

Equal Opportunity Practices

- **Merit-Based Recruitment:** All hiring decisions are based on qualifications, experience, and demonstrated capabilities, with structured interview processes minimising unconscious bias.
- **Fair Compensation:** Remuneration structures are designed to ensure equitable pay for equivalent roles and responsibilities, with regular reviews to address any disparities.
- **Career Development:** Training, mentoring, and advancement opportunities are accessible to all employees regardless of background, supporting professional growth across diverse talent pools.

- **Inclusive Culture:** We foster an environment where diverse perspectives are welcomed, contributions are recognised, and all employees feel respected and valued.

Grievance Mechanisms

Employees who experience or witness discrimination can report concerns confidentially through multiple channels, including direct supervisors, HR representatives, or our Whistleblowing Policy framework. All reports are investigated promptly, impartially, and with full protection against retaliation.

Our Performance

As at 31 December 2025, Sin Heng has employed a total of 119⁷ (As at 31 December 2024: 122) full-time staff in Singapore. The breakdown of our employee statistics are as follows:

Employee Statistics	As at 31 December 2025		As at 31 December 2024		As at 31 December 2023	
Total number of employees	119 ⁸		122		149	
By gender						
Male	99	83%	100	82%	124	83%
Female	20	17%	22	18%	25	17%
By age group						
Under 30 years old	4	3%	4	3%	11	8%
30 to 50 years old	59	50%	61	50%	75	50%
Over 50 years old	56	47%	57	47%	63	42%
By region						
Singapore	119	100%	120	98%	126	85%
Malaysia	-	-	2	2%	23	15%

⁷ We have no temporary employees, non-guaranteed hours employees and part-time employees.

⁸ In FY2025, SH Heavy Machinery Sdn Bhd is out of scope for this Report. Two employees under SH Heavy Machinery Sdn Bhd were included in the 31 Dec 2024 headcount (122 employees) but excluded from the 31 Dec 2025 headcount (119 employees), explaining the variance of two employees.

Employment

Impact on Sin Heng

Attracting, developing, and retaining skilled talent is fundamental to operational excellence and strategic execution. High employee turnover creates significant costs—recruitment expenses, training investments, productivity losses, and disruption to team dynamics. Conversely, a stable, engaged workforce drives service quality, customer satisfaction, innovation, and long-term business sustainability.

In a competitive labour market for specialised heavy machinery expertise, our employment practices directly influence our ability to build and maintain the capabilities required for market leadership.

Management Approach

Enhancing the resilience of our workforce begins with our ability to attract and retain a diverse and highly qualified talent pool. As our people constitute the foundation of our organisation, we place strong emphasis on engaging talent from the outset. In addition, our Human Resource Policy is underpinned by our commitment to ethical, professional, and legal standards that uphold and protect human rights.

Sin Heng's Human Resource Policy

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

Sin Heng's employment strategy focuses on competitive compensation, meaningful work, professional development opportunities, and a positive workplace environment that values employee contributions.

Talent Attraction and Retention

- **Competitive Remuneration:** Regular market benchmarking ensures our compensation packages remain competitive for equivalent roles and experience levels.
- **Comprehensive Benefits:** Healthcare coverage, insurance programs, leave entitlements, and work-life balance support demonstrate our investment in employee well-being.
- **Career Pathways:** Clear advancement opportunities and structured succession planning enable employees to envision long-term futures with Sin Heng.
- **Recognition Programs:** Acknowledging outstanding performance, service milestones, and exceptional contributions reinforces a culture of appreciation.

Employee Engagement

Regular employee feedback mechanisms—including surveys, dialogue sessions, and exit interviews—provide insights into workforce sentiment, identify improvement opportunities, and ensure employee voices inform management decisions.

Our Performance

Sin Heng practises meritocracy and provides equal opportunities for all employees of the Group. The Group promotes workplace diversity and inclusivity and adopts a zero-tolerance approach towards any form of discrimination based on race, gender, religion, nationality, age, political affiliations, physical and mental disability, or any other forms of discrimination. There were no incidents of discrimination reported for FY2025.

New Hires

The details of our new employee hires based on geographical, gender and age demographics are presented in the table below:

New Hires	FY2025		FY2024		FY2023	
Number of new hires	10		7		21	
Rate of new hire	8.4%		5.7%		14%	
By gender						
Male	9	90%	7	100%	16	76%
Female	1	10%	-	-	5	24%
By age group						
Under 30 years old	-	-	1	14%	7	33%
30 to 50 years old	10	100%	4	57%	12	57%
Over 50 years old	-	-	2	29%	2	10%
By region						
Singapore	10	100%	7	100%	17	76%
Malaysia	-	-	-	-	5	24%

Turnover

The details of our employee turnover based on geographical, gender and age demographics are presented in the table below:

Turnover	FY2025		FY2024		FY2023	
Number of leavers	11		34		66	
Rate of turnover	9.2%		27.9%		44%	
By gender						
Male	10	91%	31	91%	62	94%
Female	1	9%	3	9%	4	6%
By age group						
Under 30 years old	-	-	7	22%	19	29%
30 to 50 years old	6	55%	14	41%	34	51%
Over 50 years old	5	45%	13	38%	13	20%
By region						
Singapore	11	100%	13	28%	17	26%
Malaysia	-	-	21	72%	49	74%

Parental Leave

The 3-year comparison of parental leave taken by employees is presented below:

Parental leave statistics		FY2025	FY2024	FY2023
Number of employees entitled to parental leave	Male	63	65	89
	Female	13	14	16
Number of employees that took parental leave	Male	1	-	-
	Female	-	1	1
Number of employees that returned to work in reporting period after parental leave ended	Male	1	-	-
	Female	-	1	1
Number of employees that returned to work in reporting period after parental leave ended that were still employed 12 months after their return to work	Male	-	-	1
	Female	1	1	-
Return to work rate ⁹	Male	100%	-	-
	Female	-	100%	100%
Retention rate ¹⁰	Male	-	-	100%
	Female	100%	100%	-

Training and Education

Impact on Sin Heng

Continuous learning and skills development are essential for maintaining operational excellence, adapting to technological change, meeting evolving regulatory requirements, and supporting employee career progression. Comprehensive training programs enhance workforce capabilities, improve safety performance, drive innovation, and demonstrate our commitment to investing in people.

Management Approach

Our approach encourages continuous improvement and keeps our workforce adaptable, agile, and competitive. By upskilling and nurturing our employees, we seek to enhance the overall efficacy of our operations and improve productivity. Sin Heng has remained committed to equipping our employees with the necessary resources to enhance their professional growth.

Sin Heng's training strategy encompasses technical and operational skills development, safety certification, regulatory compliance, leadership cultivation, and professional growth opportunities tailored to employee roles and career aspirations.

Training Programs

- **Technical and Operational Training:** Equipment operation certifications, maintenance procedures, troubleshooting methodologies, and technology adoption programs ensure workforce competency.

⁹ Return to work rate is calculated by dividing the total number of employees that did return to work after parental leave by the total number of employees due to return to work after taking parental leave.

¹⁰ Retention rate is calculated by dividing the total number of employees retained 12 months after returning to work following a period of parental leave by the total number of employees returning from parental leave in the prior reporting period.

- **Safety Training:** Mandatory safety inductions, hazard identification, emergency response, and ongoing safety refreshers protect employee well-being (detailed in *Occupational Health and Safety* section).
- **Regulatory and Compliance Training:** Anti-corruption, environmental standards, workplace conduct, and industry-specific regulatory requirements to ensure organisational compliance.
- **Leadership Development:** Management capabilities, team leadership, strategic thinking, and communication skills to prepare high-potential employees for advancement.
- **Sustainability Training:** Climate awareness programs and resource efficiency training.

Our Performance

Employee Training

The breakdown of average training hours by employee categories and gender are presented below:

	FY2025	FY2024	FY2023
Total training hours	462.5	768	340
Average training hours	3.89	6.30	2.28
Average training hours by employee category (hours)			
Management	1.00	0.75	0.00
Non-Executive	4.09	6.68	2.41
Average training hours by gender (hours)			
Female	0.10	0.14	0.08
Male	4.65	7.65	2.73

Key training conducted during the Reporting Period include Forklift Operation and Workplace Safety and Health in Construction sites.

Performance Reviews

We conduct annual performance reviews as part of ongoing engagement with our employees to better understand their challenges and to provide effective solutions. This process helps align expectations, enhance communication, and address potential misunderstandings, ultimately improving work efficiency and fostering a more cohesive workplace. 100% (FY2024: 100%) of our employees received annual performance reviews.

Occupational Health and Safety

Impact on Sin Heng

Workplace safety is paramount. Operating heavy machinery in dynamic construction environments carries inherent risks that, if not rigorously managed, can result in catastrophic consequences—worker fatalities, severe injuries, operational disruptions, regulatory penalties, and irreparable reputational damage. Beyond moral and legal imperatives, strong safety performance is essential for employee morale, customer confidence, insurance costs, and business sustainability. Sin Heng remains firmly committed to providing a healthy and safe working environment for all employees, in full compliance with the latest regulatory requirements.

Management Approach

To ensure the safety and well-being of all employees, subcontractors, as well as to prevent wasteful, inefficient operations and damage to property and equipment, Sin Heng maintains comprehensive Workplace Safety and Health (“**WSH**”) Management System designed to prevent accidents, protect worker well-being, and foster a safety-first culture. The principles and standard operating procedures are outlined in our WSH policy, which include:

- **Risk Assessment:** Systematic identification and evaluation of workplace hazards, with controls implemented to eliminate or minimise risks
- **Safety Training:** Mandatory induction for new employees, role-specific safety training, equipment operation certifications, and regular safety refreshers
- **Personal Protective Equipment (“PPE”):** Provision and enforcement of appropriate PPE for all workers based on job requirements and risk exposure
- **Equipment Maintenance:** Rigorous preventive maintenance schedules and safety inspections ensure all machinery operates within safe parameters
- **Incident Investigation:** Comprehensive root cause analysis of all incidents, near-misses, and unsafe conditions, with corrective actions to prevent recurrence
- **Safety Culture:** Leadership commitment, employee empowerment to stop unsafe work, open communication, and recognition of safety excellence

bizSAFE Certification

Sin Heng’s WSH Management System has achieved the Level 4 certification from bizSAFE, a nationally recognised capability building programme designed to help companies build workplace safety and health capabilities. Our WSH Management System, which is applicable for all employees, operations and entities in scope, was developed in accordance with local regulations, including the Singapore Workplace Safety and Health Act 2006 (Revised 2009). This achievement demonstrates Sin Heng’s commitment to implementing robust risk management processes, conducting regular safety audits, and continuously improving workplace safety standards.

Sin Heng conducts hazard identification, risk assessment, risk control exercises and incident investigation procedures across our work activities, covering all stages of our operations including office activities, mobilisation and maintenance of cranes, hot works operations, including any emergency situations. Our employees of all levels, including but not limited to operations director, risk management team leaders, employees and engineers are assigned different components of the Occupational Health and Safety (“**OHS**”) risk management responsibilities.

To ensure all employees are aware of the health and safety risks present, Management regularly communicates safety requirements through regular briefings and notice board displays. In addition, the Group also ensures that all lifting equipment is operationally safe and adheres to the relevant laws and regulations. Scheduled maintenances are performed on a regular basis, and the machineries are also sent in for regular inspections by Authorised Examiners appointed by the Ministry of Manpower (“**MOM**”).

Employees are trained and encouraged to report any work-related hazards and hazardous situations, and to remove themselves from these situations if necessary. Employees may report such situations to the human resource department and are protected against reprisals. We take all reports made by employees seriously and will proceed with the established investigative procedures.

The Group understands the importance of safe work practices and fosters a shared responsibility among employees in creating a secure workplace. To ensure that they are equipped with the necessary skills to carry out their work safely, we provide them with relevant training courses such as the Singapore Workforce Skills Qualification (“WSQ”) Construction Safety Orientation Course. In addition to physical health, we also monitor the mental and emotional well-being of our employees through regular communication and engagement to identify and support any employees in distress.

We ensure that all our employees are covered by workplace accident insurance and have access to public health and medical facilities.

Our Performance

Details of our work-related injuries and ill-health cases are as follows:

	FY2025	FY2024	FY2023
Fatalities as a result of work-related injury	-	-	-
High-consequence work-related injuries	-	-	-
Number of recordable work-related injuries excluding high-consequence work-related injuries	-	-	-
Number of work-related ill-health cases	-	-	-
Number of hours worked	271,648	278,616	401,544
Rate of recordable work-related injuries excluding high-consequence work-related injuries ¹¹	-	-	-

During the Reporting Period, Sin Heng achieved zero instances of non-compliance with health and safety laws. To sustain this level of excellence, the company will continue to prioritise the safety of its employees by providing training and promoting safety practices. Sin Heng will also strive to maintain a safe and wholesome work environment that enhances the well-being of all our employees.

Customer Health and Safety

Impact on Sin Heng

Ensuring the safety of customer personnel and project stakeholders who interact with our equipment is both a legal obligation and a fundamental business responsibility. Equipment failures or safety deficiencies could result in serious injuries, project delays, legal liability, and permanent damage to customer relationships and brand reputation.

Management Approach

Sin Heng is committed to delivering high-quality services to our clients and ensuring that our products and services fulfil their intended functions effectively, while safeguarding the health and safety of our customers.

¹¹ Rate of recordable work-related injuries was calculated by [number of recordable work-related injury divided by number of hours worked multiplied by 200,000].

All equipment deployed to customer sites undergoes rigorous safety inspections and certifications before delivery:

- **Pre-Deployment Inspections:** Comprehensive mechanical, electrical, and safety system checks verify equipment is fit for purpose and compliant with applicable standards.
- **Safety Certifications:** Equipment meets requirements established by regulatory authorities including Singapore's BCA, Malaysia's DOSH, and international safety standards.
- **Customer Safety Briefings:** Our crane operators are required to undergo an in-house Safety Induction Course conducted by site owners prior to entering customers' job site. Operators and site personnel receive instruction on safe equipment operation, load capacity limits, hazard awareness, and emergency procedures.
- **Ongoing Monitoring:** Regular site visits, maintenance service delivery, and customer feedback mechanisms enable continuous safety oversight.

Our Performance

During the Reporting Period, we achieved zero incidents of non-compliance with regulations resulting in a fine or penalty, zero incidents of non-compliance with voluntary codes and zero incidents of non-compliance with regulations resulting in a warning.

GRI Content Index

Statement of use	Sin Heng Heavy Machinery Limited has reported the information cited in the GRI Content Index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
General Disclosures		
2-1	Organisational details	FY2025 Annual Report (“FY25 AR”): 2 – 3, 8 – 9
2-2	Entities included in the organisation’s sustainability reporting	FY2025 Sustainability Report (“FY25 SR”): pg 6
2-3	Reporting period, frequency and contact point	FY25 SR: pg 6 – 8
2-4	Restatements of information	None
2-5	External assurance	Sin Heng has not sought external assurance for this Report.
2-6	Activities, value chain and other business relationships	FY25 SR: pg 3
2-7	Employees	FY25 SR: pg 37
2-8	Workers who are not employees	Workers who are not employees pertain to workers of sub-contractors. We will commence reporting in the subsequent financial year.
2-9	Governance structure and composition	FY25 SR: pg 10 – 11
2-10	Nomination and selection of the highest governance body	FY25 AR: pg 22 – 24
2-11	Chair of the highest governance body	FY25 AR: pg 22 – 24
2-12	Role of the highest governance body in overseeing the management of impacts	FY25 SR: pg 10 – 11
2-13	Delegation of responsibility for managing impacts	FY25 SR: pg 10 – 11
2-14	Role of the highest governance body in sustainability reporting	FY25 SR: pg 10 – 11
2-15	Conflicts of interest	FY25 SR: pg 19 – 20
2-16	Communication of critical concerns	FY25 SR: pg 19 – 20
2-17	Collective knowledge of the highest governance body	FY25 SR: pg 10 – 11
2-18	Evaluation of the performance of the highest governance body	FY25 SR: pg 9 – 11
2-19	Remuneration policies	FY25 AR: pg 29 – 32
2-20	Process to determine remuneration	FY25 AR: pg 29 – 32
2-21	Annual total compensation ratio	FY25 AR: pg 29 – 32
2-22	Statement on sustainable development strategy	FY25 SR: pg 3 – 5
2-23	Policy commitments	Our policy commitments are included in the sustainability report which is made publicly

GRI Standard	Disclosure	Location
		available on our corporate website.
2-24	Embedding policy commitments	Throughout the sustainability report.
2-25	Processes to remediate negative impacts	FY25 SR: pg 19 – 20
2-26	Mechanisms for seeking advice and raising concerns	FY25 SR: pg 19 – 20
2-27	Compliance with laws and regulations	FY25 SR: pg 43 – 44
2-28	Membership associations	Master Builders Association Malaysia
2-29	Approach to stakeholder engagement	FY25 SR: pg 12 – 13
2-30	Collective bargaining agreements	Not applicable. No collective bargaining agreements are in place.
3-1	Process to determine material topics	FY25 SR: pg 14 – 15
3-2	List of material topics	FY25 SR: pg 14 - 15
Topic-specific disclosures		
Economic Performance		
3-3	Management approach disclosures	FY25 SR: pg 21 – 22
201-1	Direct economic value generated and distributed	FY25 SR: pg 21 – 22
Anti-corruption		
3-3	Management approach disclosures	FY25 SR: pg 19 – 20
205-3	Confirmed incidents of corruption and actions taken	FY25 SR: pg 19 – 20
Water Conservation		
3-3	Management approach disclosures	FY25 SR: pg 26 – 27
303-5	Water consumption	FY25 SR: pg 26 – 27
Energy Efficiency and Emissions		
3-3	Management approach disclosures	FY25 SR: pg 25 – 26
302-1	Energy consumption within the organisation	FY25 SR: pg 25 – 26
302-3	Energy intensity	FY25 SR: pg 25 – 26
305-1	Direct (Scope 1) GHG emissions	FY25 SR: pg 25 – 26
305-2	Energy indirect (Scope 2) GHG emissions	FY25 SR: pg 25 – 26
305-4	GHG emissions intensity	FY25 SR: pg 25 – 26
Diversity and Equal Opportunity		
3-3	Management approach disclosures	FY25 SR: pg 36 – 37
405-1	Diversity of governance bodies and employees	FY25 SR: pg 36 – 37
406-1	Incidents of discrimination and corrective actions taken	FY25 SR: pg 36 – 37
Employment		
3-3	Management approach disclosures	FY25 SR: pg 38 – 40
401-1	New employee hires and employee turnover	FY25 SR: pg 38 – 40
401-3	Parental leave	FY25 SR: pg 38 – 40
Occupational Health and Safety		
3-3	Management approach disclosures	FY25 SR: pg 41 – 43
403-1	Occupational health and safety management system	FY25 SR: pg 41 – 43
403-2	Hazard identification, risk assessment, and incident investigation	FY25 SR: pg 41 – 43
403-3	Occupational health services	FY25 SR: pg 41 – 43
403-4	Worker participation, consultation, and communication on occupational health and safety	FY25 SR: pg 41 – 43

GRI Standard	Disclosure	Location
403-5	Worker training on occupational health and safety	FY25 SR: pg 41 – 43
403-6	Promotion of worker health	FY25 SR: pg 41 – 43
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	FY25 SR: pg 41 – 43
403-9	Work-related injuries	FY25 SR: pg 41 – 43
Training and Education		
3-3	Management approach disclosures	FY25 SR: pg 40 – 41
404-1	Average hours of training per year per employee	FY25 SR: pg 40 – 41
404-2	Programs for upgrading employee skills and transition assistance programs	FY25 SR: pg 40 – 41
404-3	Percentage of employees receiving regular performance and career development reviews	FY25 SR: pg 40 – 41
Customer Health and Safety		
3-3	Management approach disclosures	FY25 SR: pg 43 – 44
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	FY25 SR: pg 43 – 44

IFRS S2 Climate-related Disclosure Index

IFRS S2 Para.	Requirements	Page Reference
Governance		
¶ 5	Governance processes for managing climate risks and opportunities	Page 27 – 28
¶ 6 (a–c)	Board oversight, frequency of updates, and integration with strategy	
¶ 7 (a–c)	Management roles, responsibilities, and reporting lines	
Strategy		
¶ 9	Identify and describe climate-related risks and opportunities	Pages 28 – 34
¶ 11 (a–c)	Describe how climate-related risks and opportunities influence business model and strategy	
¶ 12 (a–c)	Disclose resilience of strategy to different climate scenarios	
¶ 13	Explain how climate considerations are integrated into overall business planning and decision-making	
¶ 14 (a–b)	Describe how transition and adaptation plans support strategy and targets	
Risk Management		
¶ 15 (a–b)	Process for identifying and assessing climate-related risks	Pages 34 – 35
¶ 16 (a–b)	Process for prioritising and managing identified risks	
¶ 17	How climate-related processes are integrated into overall risk-management framework	
¶ 18	Connection or consistency with existing internal-control and governance systems	
Metrics and Targets		
¶ 19-21	Metrics used to assess climate-related risks and opportunities	Pages 35
¶ 23 (a–c)	Quantified GHG emissions (Scope 1, 2, 3) and calculation methodology	
¶ 24	Cross-industry metrics (e.g. internal carbon price, remuneration linkage)	
¶ 25 – 26	Climate-related targets (unit, base year, period, progress tracking)	
¶ 27 – 28	How targets are derived, monitored, and aligned with strategy	