



Sin Ghee Huat Corporation Ltd

SUSTAINABILITY REPORT
2019

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About Sin Ghee Huat

Sin Ghee Huat Corporation Ltd (“the Company”) is a public company listed on the mainboard of Singapore Exchange Securities Trading Limited. We have a track record of more than 30 years in the sales and distribution of stainless steel products.

The Company and its subsidiaries (“the Group”) hold a comprehensive range of stainless steel and specialty metal products, with in depth product knowledge and solutions catering to the specific requirements of oil and gas, petrochemical, marine, engineering, construction, food processing and other industries.

Our main warehouse facilities are located at 62 Tuas Basin Link and 32 Gul Crescent in Singapore. The warehouse facility at 32 Gul Crescent is currently undergoing redevelopment. Our customers are mainly in Singapore, South East Asia, Asia Pacific and the Middle East.

Board Statement

The Board is pleased to present the Company's second Sustainability Report (the "Report").

We recognise the importance of sustainability and how integrating sustainability into our business operations would contribute to the long-term growth of the business. Good management of our sustainability risks and opportunities not only strengthens our corporate governance and enhances our operational efficiency, but also improves our stakeholders' satisfaction.

We consider sustainability as part of our strategic formulation as we maximise long-term returns to our shareholders. We incorporate sustainability into our business operations as we strive to create mutual, enduring value for our stakeholders.

The Board oversees the management and monitoring of the Group's material environmental, social and governance ("ESG") factors. This year, a materiality review was conducted to validate the relevance of material ESG factors identified previously. Arising from the review, we have identified an additional material factor relevant to our business and stakeholders as well as three new disclosures. The materiality review exercise allows us to ensure that our material ESG factors and sustainability progress are aligned with our business strategy.

We will continue to take a phased approach to progress along our sustainability journey as we grow our business. We look forward to progressively enhance our sustainability performance to strengthen the growth of our business in the long-term.

About this Report

This Sustainability Report complies with SGX-ST Listing Rules 711A and 711B.

The Report has been developed in accordance with the GRI Standards: Core option. The GRI Standards is selected as the reporting framework because its principles and specific disclosures are relevant to our business and sustainability issues. Information disclosed in this Report reflects our ESG efforts for the period from 1 July 2018 to 30 June 2019 (“FY2019”). The scope of the Report covers Sin Ghee Huat Corporation Ltd and its operations in Singapore.

We welcome your feedback on this Report. Please provide your feedback to: enquiries@singheehuat.com.sg

Sustainability Approach

The Group aligns our sustainability approach with our long-term vision to be Asia’s strongest stainless steel partner and our objective in creating values for our shareholders, customers and other stakeholders.

Our brand values of Unity, Accountability, Integrity and Excellence underpin our sustainable business culture. These values provide guidance to our people and reinforce our commitment in embracing and upholding the highest standards of ethical values and principles in our business activities.

We seek to maintain a reasonable balance between our economic and financial achievements and our ESG responsibilities. Hence, we take a practical approach to integrate sustainability in our daily operations, focusing on what are most relevant to our business and stakeholders. Our three sustainability focus areas are summarised as follows:

 <h3>Prioritising efficiency</h3> <ul style="list-style-type: none">• Use of technology to increase efficiency e.g. use of barcode to identify products and track product location in the warehouse	 <h3>Operational Health & Safety</h3> <ul style="list-style-type: none">• Focus on employees’ safety as a means of minimising injury rate• Influence employee behaviour to cultivate a safe working environment	 <h3>Client-centric operations</h3> <ul style="list-style-type: none">• Maintain ISO 9001:2015 Quality Management System• Source materials from reputable suppliers to assure quality for clients• Ensure customer satisfaction and reliability within our operations
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Snapshot of Sustainability Efforts at Sin Ghee Huat in FY2019

Aspect	Material Factor	FY2019 Performance
Economic	Economic Performance	Generated Group revenue of \$49.86 million
Environmental	Environmental Performance	Recorded zero incidents of non-compliance with environmental regulations
Social	Health and Safety	Recorded: <ul style="list-style-type: none"> • Injury rate¹ of 12.88 per million working hours • Lost day rate² of 125.61 per million working hours • Absentee rate³ of 0.03
Governance	Compliance with Laws and Regulations	Recorded zero incidents of non-compliance with relevant laws and regulations

¹ Injury rate = No. of workplace accidents reported/No. of man-hours worked X 1,000,000. It is assumed that the number of hours worked per week is 40 hours per employee.

² Lost day rate = No. of man days lost to workplace accidents/ No. of man-hours worked X 1,000,000. It is assumed that the number of hours worked per week is 40 hours per employee.

³ Absentee rate = Total hours of absence/ No. of man-hours worked

Stakeholder Engagement

The Group recognises the importance of our stakeholders' interests and expectations in driving the success of our business as well as our sustainability performance. We have identified the key stakeholder groups which have the most significant impact on the success of our business and in turn impacted by our activities. The following table presents our engagement methods with our key stakeholders and their key topics of concern.

Stakeholder Group	Key Topics of Concern	Engagement Methods	Frequency
Customers	<ul style="list-style-type: none"> • Availability and delivery of products • Pricing and quality of products 	<ul style="list-style-type: none"> • Emails • Phone calls • Company website • Customer visits 	Throughout the year
Suppliers	<ul style="list-style-type: none"> • Sin Ghee Huat's requirements for material supplies 	<ul style="list-style-type: none"> • Emails • Phone calls • Meetings with suppliers 	Throughout the year
Employees	<ul style="list-style-type: none"> • Work environment • Use of technology • Fair compensation and benefits 	<ul style="list-style-type: none"> • Meetings with employees • Internal circulars 	Throughout the year
Investors	<ul style="list-style-type: none"> • Economic performance • Shareholders' returns • Corporate governance 	<ul style="list-style-type: none"> • Annual General Meeting • Announcements via SGXNET • Announcements on company website • Annual Reports 	Periodically
Membership of Associations⁴	<ul style="list-style-type: none"> • Fair employment • Warehouse practices 	<ul style="list-style-type: none"> • Dialogues with relevant associations 	When required

⁴ Sin Ghee Huat is a member of the Association of Process Industry (ASPRI), Singapore Metal & Machinery Association (SMMA), Singapore National Employers Federation (SNEF), Singapore Business Federation (SBF).

Materiality Assessment

The Group conducted a materiality review session supported by desktop research results of market trends and peer benchmarking. The review session confirmed the relevance of FY2018's material factors and identified a new material factor, Compliance with Laws and Regulations, and three additional disclosures. Compliance with Laws and Regulations has been identified to be material to the Group as we carry out our business with integrity and are committed to upholding the highest standards of ethical values and principles of behaviour in our business activities. To further enhance transparency on our sustainability approach and integration, we have added descriptions around Green Product, Supply Chain Management and Use of Technology as additional disclosures in this year's Report. The material factors and additional disclosures for FY2019 are presented in the table below.

Sustainability Categories	Material Factors	Detailed Information
 Economic	<ul style="list-style-type: none"> ▪ Economic Performance 	<ul style="list-style-type: none"> • Financial Review and Financial Statements, pages 5-10 and pages 38-101 in the Annual Report • Sustainability Report, page 8
 Environment	<ul style="list-style-type: none"> ▪ Green Product* 	<ul style="list-style-type: none"> • Sustainability Report, page 8
	<ul style="list-style-type: none"> ▪ Environmental Compliance 	<ul style="list-style-type: none"> • Sustainability Report, page 8
 Social	<ul style="list-style-type: none"> ▪ Occupational Health and Safety 	<ul style="list-style-type: none"> • Sustainability Report, page 9
	<ul style="list-style-type: none"> ▪ Supply Chain Management* 	<ul style="list-style-type: none"> • Sustainability Report, page 10
	<ul style="list-style-type: none"> ▪ Use of Technology* 	<ul style="list-style-type: none"> • Sustainability Report, page 10
 Governance	<ul style="list-style-type: none"> ▪ Compliance with Laws and Regulations 	<ul style="list-style-type: none"> • Sustainability Report, page 11 • Corporate Governance Report, pages 13-29 in the Annual Report

*Non-GRI additional disclosure

Economic

Economic Performance

Positive economic growth is the cornerstone of our business. The Group strives to enhance financial performance through sound financial management process and seek opportunities for business growth.

For the financial year 2019, the Group reported a revenue of \$49.86 million, an increase of \$12.17 million compared to the previous financial year's \$37.69 million. Details of the Group's financial performance are in our Annual Report from pages 5-10 and pages 38-101.

Environmental

The Group recognises the impact that our business activities have on the environment and we strive to play our part in protecting it. The nature of our business revolves around stainless steel, a green product which contributes towards a sustainable future. Our ISO 14001: 2015 certification provides us with a framework to manage our environmental initiatives and ensure the compliance of relevant environmental laws and regulations.

Green Product

As a stainless steel specialist, the Group's business includes the sales and distribution of stainless steel products. Stainless steel is composed of significant recycled materials and can be economically recycled. Its long-lasting and reusable nature contributes towards a circular economy. Stainless steel is usually not coated with toxic material and does not produce any toxic runoff. It also requires minimal use of cleaning agents to be properly maintained.

Environmental Compliance

As part of our environmental initiatives, we have set up internal control processes to ensure that our business operations are in compliance with the relevant environmental laws and regulations. Our environmental management is guided by ISO 14001:2015 that covers topics such as planning, operation, performance evaluation and improvement. A committee is tasked with overseeing the implementation of this management system and addressing any non-compliance issues that may arise. We also carry out periodic environmental compliance inspections to identify and minimise risks of non-compliance.

To raise awareness on environmental compliance issues, we conduct orientation briefings for new employees. Furthermore, we are aware and supportive of various national environmental initiatives such as the 2018 Year of Climate Action and the zero waste initiative in Singapore by ensuring that our day-to-day operations generate minimal waste and any leftover materials are sold as scraps or properly disposed of.

During the year, there were zero incidents of non-compliance with relevant environmental laws and regulations. We aim to continue to maintain zero incidents that may otherwise lead to fines or non-monetary sanctions for non-compliance with relevant environmental law and/or regulations in the following year.

Social

The Group recognises the importance of our employees as they play an important role in the success of the business. Our workforce contributes to our client-centric operations where we focus on customer satisfaction. We have a total of 79 employees all of whom are permanent full-time employees in Singapore. Due to the nature of our business, over 60% of our employees are male.

Occupational Health and Safety

We regard the safety of every employee with utmost importance. We endeavour to provide a safe and healthy work environment for all employees at all times. We believe that excellence in our Environmental, Health and Safety practices is critical to our employees’ well-being and essential to all aspects of our business. The committee for ISO 45001:2018, an Operational Health and Safety Management System, oversees occupational health and safety (“OHS”) matters at the workplace. The ISO 45001:2018 (transitioned from the OHSAS 18001:2007 standard) has been implemented effective 9 June 2019 as part of our risk management to provide a safe working environment for our employees. This reinforces our commitment to ensuring the health and safety and well-being of our employees. Adoption of the ISO 45001:2018 serves to standardise and guide employees’ behaviour as well as to further enhance the policies in place.

The Company is concurrently certified under bizSAFE Star, the highest rating that is part of the bizSAFE programme under the Workplace Safety and Health (“WSH”) Council.

The Company has the following focus areas on OHS Standards:

Risk Assessment	Management & Monitoring	Training & Education
<ul style="list-style-type: none"> • Identify and assess hazard risks at scheduled intervals • Perform risk assessment to mitigate risks prior to start of processes 	<ul style="list-style-type: none"> • Conduct periodic inspection, report and rectify potential risks and hazards identified during the inspections • Provide safe work procedures to guide our employees • Provide employees with necessary safety equipment required to perform their job function safely 	<ul style="list-style-type: none"> • Provide safety and orientation briefing for employees • Provide risk assessment personnel with risk assessment training • Provide an open channel of communication to gather feedbacks and comments on safety and health related issues

The following table presents our performance for occupational health and safety during the year:

Table 1 Injury rate, occupational disease rate, lost day rate and absentee rate

	Overall
Injury Rate ⁵ (per million working hours)	12.88
Occupational Disease Rate	0
Lost Day Rate ⁶ (per million working hours)	125.61
Absentee Rate ⁷	0.03

During the year, there were two injuries at the workplace, which resulted in an injury rate of 12.88 per million working hours and a lost day rate of 125.61 per million working hours. The injury rate and lost day rate are calculated based on the number of man hours worked by 79 employees.

Mitigation measures have been set in place to minimise injury incidents from occurring in the future. These include reminding employees of safety measures and avoiding short-cuts during monthly toolbox meetings, counselling for affected staff as well as putting up more posters in relation to safety measures.

It is our constant aim to have zero injury rate and zero lost day rate as we do not wish to see any of our employees get injured. However, there may be at times circumstances beyond our control which contribute to these accidents. When these occur, we always engage in a review so as to learn from it and to develop appropriate preventive measures.

Supply Chain Management

We ensure that the materials we obtain from our suppliers are of appropriate quality to suit our customers' requirements. The Company obtains most of its materials from overseas suppliers.

Our suppliers are required to provide a supplier declaration for compliance with Restriction of Hazardous Substances ("RoHS"), EU Directive (2011/65EU) for the products supplied. They are also required to declare that their products do not contain Substance of Very High Concern ("SVHC") per Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulation.

Use of Technology

We adopt a phased approach to integrate technology into our operations.

The use of technology at our warehouses increases the efficiency of our operations and minimises human errors. The use of new technology will support our business growth by increasing our competitiveness and improving profitability. For example, a barcode system is in place to locate products at our warehouses. Staff involved are trained to use the barcode system to improve work efficiency in the warehouses.

Our warehouse facilities at 32 Gul Crescent Singapore are currently undergoing redevelopment. The new facilities when completed in the ensuing year, will be equipped with an automated storage and retrieval system to optimise our warehouse operational efficiency and productivity.

⁵ Injury rate = No. of workplace accidents reported/No. of man-hours worked X 1,000,000. It is assumed that the number of hours worked per week is 40 hours per employee.

⁶ Lost day rate = No. of man days lost to workplace accidents/ No. of man-hours worked X 1,000,000. It is assumed that the number of hours worked per week is 40 hours per employee.

⁷ Absentee rate = Total hours of absence/ No. of man-hours worked

Governance

Compliance with Laws and Regulations

The Group recognises the importance of compliance with laws and regulations. We strive to achieve strong corporate governance and comply with laws and regulations to maintain the trust of our stakeholders and to create a positive brand image.

A whistle-blowing policy has been established as a means of good corporate governance practice. The policy provides a channel for employees to report and raise their concerns about possible improprieties in financial and non-financial matters. More information on the whistle-blowing policy can be found in the Annual Report, page 25.

We also have a conflict of interest policy in place. Under the policy, employees shall never put themselves in a situation where their personal interests are in conflict with the interests of the Group. Employees are required to decline accepting unsolicited gifts, and any unsolicited gifts, if received, shall be declared to the Group at the earliest possible opportunity.

There was no breach of the relevant laws and regulations in the social and economic areas during the year. We aim to maintain this performance in the following year.

GRI Content Index

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Sin Ghee Huat Corporation Ltd
102-2	Activities, brands, products, and services	Annual Report, Company Profile Page 1;
102-3	Location of headquarters	Annual Report, Corporate Information, Page 11
102-4	Location of operations	Annual Report, Corporate Information, Page 11 About Sin Ghee Huat, Page 2
102-5	Ownership and legal form	Annual Report, Statistics of Shareholdings, Page 102 - 103
102-6	Markets served	Annual Report, Notes to the Financial Statements, Page 73 About Sin Ghee Huat, Page 2
102-7	Scale of the organisation	Social, Page 9
102-8	Information on employees and other workers	Social, Page 9 All employees of Sin Ghee Huat are permanent employees. Sin Ghee Huat does not have a significant portion of its activities being carried out by workers who are not employees. Sin Ghee Huat does not have any significant variation in employment numbers.
102-9	Supply chain	Supply Chain Management, Page 10
102-10	Significant changes to organisation and its supply chain	No significant changes to Sin Ghee Huat and its supply chain
102-11	Precautionary principle or approach	Sin Ghee Huat does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Sin Ghee Huat does not specifically subscribe to any external initiatives
102-13	Membership of associations	Stakeholder Engagement, Page 6
Strategy		
102-14	Statement from senior decision-maker	Board Statement, Page 3
Ethics and Integrity		

102-16	Values, principles, standards, and norms of behaviour	Sustainability Approach, Page 4 Compliance with Laws and Regulations, Page 11
Governance		
102-18	Governance structure	Board Statement, Page 3 Annual Report, Board of Directors, Pages 2 -3
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, Page 6
102-41	Collective bargaining agreements	Not applicable, no collective bargaining agreements are in place.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, Page 6
102-43	Approach to stakeholder engagement	Stakeholder Engagement, Page 6
102-44	Key topics and concerns raised	Stakeholder Engagement, Page 6
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual Report, Notes to the Financial Statement, Page 64
102-46	Defining report content and topic Boundaries	About this Report, Page 4
102-47	List of material topics	Materiality Assessment, Page 7
102-48	Restatements of information	There has been no restatement of figures or information disclosed in our previous report.
102-49	Changes in reporting	NA
102-50	Reporting period	About This Report, Page 4
102-51	Date of most recent report	The Sustainability Report 2018 was published on 30 October 2018.
102-52	Reporting cycle	Annual
102-54	Claims of reporting in accordance with GRI Standards	About This Report, Page 4
102-55	GRI content index	GRI Content Index, Pages 12-14
102-56	External assurance	Sin Ghee Huat has not sought external assurance on this Report.
Material Topics		
Economic Performance		
103-1	Explanation of the material boundary and topic	Economic Performance, Page 8 Annual Report, pages 5-10
103-2	The management approach and its components	
103-3	Evaluation of the management	

	approach	
201-1	Direct economic value generated and distributed	Annual Report, pages 5-10 and pages 38-101
Environmental Compliance		
103-1	Explanation of the material boundary and topic	Environmental Compliance, Page 8
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
307-1	Non-compliance with environmental laws and regulations	
Occupational Health and Safety		
103-1	Explanation of the material boundary and topic	Occupational Health and Safety, Page 9 As most of our employees are male, we did not disclose the breakdown of occupational health and safety performance by gender.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
Compliance with Laws and Regulations		
103-1	Explanation of the material boundary and topic	Compliance with Laws and Regulations, Page 11
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
419-1	Non-compliance with laws and regulations in the social and economic area	