

BENG SOON MACHINERY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1987



2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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ABOUT THIS REPORT

Report Profile

Beng Soon Machinery Holdings Limited (hereafter, the “Company”, “we” or “us”) and its subsidiaries (collectively known as the “Group”) are pleased to present our Environmental, Social and Governance (“ESG”) Report. The content of this ESG Report herein focuses on providing an overview of the ESG performance of our major operations from 1 January 2019 to 31 December 2019 (the “Reporting Period”).

The principal activity of the Group is demolition services. The Group is principally engaged in the demolition of various types of buildings and structures including power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures, and to a lesser extent, in the leasing and selling of machinery in the Republic of Singapore (“Singapore”) during the Reporting Period.

ESG Governance

The Group believes that prudent management of environmental and social issues is one of the key factors for long-term success under this rapidly changing world. To better understand the risks and opportunities for environmental protection, the Group closely conforms with the requirements and expectations of regulatory authorities through an efficient operation management, well-established policies and procedures as well as setting higher standards of energy efficient measures and waste treatment. The Group believes that our expertise, capabilities and ownership patterns can be part of the solution to some of the challenges faced by the Group.

In order to carry out the Group’s sustainability strategy from top to bottom, the Board of Directors (the “Board”) of the Company has the ultimate responsibility for ensuring the effectiveness of the Group’s environmental, social and governance policies. The Board has established certain dedicated teams to manage the environmental, social and governance issues within each business division of the Group. Designated staff has been assigned to enforce and supervise the implementation of the relevant policies.

Reporting Scope

The ESG Report covers the overall environmental and social performances of the core businesses of the Group’s headquarter located in Singapore during the Reporting Period.

Reporting Framework

The ESG Report has been prepared in accordance with the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in Singapore in the Reporting Period. In order to have a thorough performance review, we have compared the data in the Reporting Period to the data during the year ended 31 December 2018.

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Information and Feedback

For detailed information regarding the financial performance and corporate governance of the Group during the Reporting Period, please visit our official website (<http://www.bsm.com.sg>) and our annual report. Your opinion is highly valued, should you have any suggestions or comments, please contact us via email us at info@bsm.com or post at our headquarter in Singapore.

STAKEHOLDER ENGAGEMENT

As stakeholders play a crucial role in sustaining the success of our business, we make use of various communication channels to understand our stakeholders. The following table provides an overview of the Group's key stakeholders and various approaches adopted by the Group to communicate with different key stakeholders:

Stakeholders	Possible incidental issues	Communication and response
Stock Exchange	Compliance with the Listing Rules, publishing announcements in a timely and accurate manner.	Meetings, trainings, seminars, updating website and announcements.
Governments	Compliance with laws and regulations, social welfare, and prevention of tax evasion.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule and supply stability.	Site visits.
Investors	Corporate governance system, business strategies and performance, and investment return.	Organization and participation of general meetings, issue financial reports or business updates for investors, press and analysts.
Media	Corporate governance, environmental protection, and human rights.	Issue newsletters on the Company's website.
Customers	Product/service quality, fair and reasonable pricing, value of service, protection for the labour force and work safety.	Site visits and after-sale services.
Employees	Rights and benefits, employee compensation, training and development, working hours and working environment.	Conducting team activities, training, interviews, issuing staff manuals and internal memorandums.
Community	Community environment, employment and community development, and social welfare services.	Organizing community activities, employees volunteering activities and community welfare services, sponsorship and donations.

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THE GROUP AND THE ENVIRONMENT

Overview

The Group acknowledges that a healthy environment is crucial to the well-being of the society, people and businesses. Our commitment to environmental stewardship and sustainability encompasses each of our businesses. We are dedicated to maintain a low level of energy consumption and emission in every single step of our operations. We also strive to enhance operational efficiency and carry out measures to reduce the impacts of our daily operations on the environment.

During the Reporting Period, the Group has fully complied with all applicable requirements as set up by the laws and regulations regarding air and greenhouse gas emission including but not limited to the “Environmental Public Health Act (Chapter 95)”, “Environmental Protection and Management Act (Chapter 94A)”, “Environmental Public Health (General Waste Collection) Regulations” and “Environmental Protection and Management (Control of Noise at Construction Sites) Regulations” of Singapore.

Emissions

During the Group’s daily operations, the usage of motor vehicles is the major activity that generates air pollutants. As at the Reporting Period, we own 21 motor vehicles and the air emission data is as follows:

Year ended 31 December	2019
NO _x emission (in tonnes) ¹	2.34
SO _x emission (in tonnes)	0.0041
PM emission (in tonnes)	0.18

¹ The vehicles used by the Group are 2 light goods vehicles that consumes diesel as the major fuel and a light goods vehicle that consumes unleaded gasoline as the major fuel.

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Greenhouse Gas Emissions

Greenhouse gases generated from human activities are one of the significant drivers of global warming which affect the lives of the present and future generations. Therefore, the Group is highly concerned about the importance of monitoring and mitigating the greenhouse gas emissions in our operations. The stationary combustion source (i.e. machineries and excavators) and mobile combustion source (i.e. motor vehicles) are the major activities that generate direct emissions from operations. Meanwhile, indirect greenhouse gases emissions are mainly caused by the consumption of electricity within the Group and business air travel by employees. The statistics of GHG emissions recorded during the current Reporting Period are detailed below.

Year ended 31 December	2019
Scope of GHG Emission	
<i>Scope 1</i>	
Direct Emission ("Stationary Combustion Source") (in tonnes CO ₂ e)	6,764.99
Direct Emission ("Mobile Combustion Source") (in tonnes CO ₂ e)	686.41
<i>Scope 2</i>	
Indirect Emission ("Purchase Electricity") (in tonnes CO ₂ e)	81.06 ²
<i>Scope 3</i>	
Other Indirect Emission ("Business air travel by employees") (in tonnes CO ₂ e)	15.14
Total GHG emissions (Scopes 1, 2 and 3) (in tonnes CO ₂ e)	7,547.60
Total GHG emission per floor area (in tonnes CO ₂ e/capita)	58.97

The Group endeavors to reduce energy consumption and emissions, which are closely related to GHG emissions. In light of reducing GHG emissions, the Group adopts green practices in its daily operations. For the details of energy efficient practices, please refer to the section "Energy Consumption" of this report.

² For Scope 2 GHG emission (indirect emission from consumption of purchased electricity), according to Energy Market Authority of Singapore, the Average Operating Margin Grid Emission Factor of Singapore was 0.4188 kg CO₂/kWh in 2018.

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Waste Management

During the Reporting Period, the Group has fully complied with all applicable requirements as set up by the laws and regulations regarding generation of hazardous waste and non-hazardous waste including but not limited to “Environmental Protection and Management Act (Chapter 94A)” and “Environmental Public Health (Chapter 95) Regulations” of Singapore. The environmental management system of our Group is certified to be in compliance with the standard under ISO 14001:2015 since 2016.

During the Reporting Period, the Group has obtained the General Waste Collector (Class A) license issued under the “Environmental Public Health (Chapter 95) Regulations” for waste treatment. The hazardous wastes of the Group are mainly asbestos. For non-hazardous waste, the major sources are general waste, rubber, pallet waste, wood wastes, tree wastes and horticultural wastes. The details of non-hazardous waste generated during the Reporting Period are as follow:

Year ended 31 December

Hazardous and non-hazardous waste

	2019
Total hazardous waste (in tonnes)	809.08
Total hazardous waste intensity (in tonnes per capita)	6.32
Total non-hazardous waste (in tonnes)	7,244.12
Total non-hazardous waste intensity (in tonnes per capita)	56.59

In response to environmental protection, our environmental management system includes specific operational procedures covering various aspects of control including air pollution control, noise pollution control, waste management and resources conservation for our employees to observe. The Group strongly advocates the 4Rs principles of reduce, reuse, recycle and replace. As a demolition services provider, we provide removal of salvage materials services by collecting recyclable demolition waste such as ferrous metal, non-ferrous metal and recycled concrete aggregate. We have contracted a waste management company to recycle salvage materials including but not limited to tree wastes, wood wastes and rubber.

To reduce the general waste in our office, we encourage reuse of office stationery and reducing the use of copier paper for administrative work. The following are the measures adopted during our daily operations:

- Double-sided printing is set as the default setting on computers, single-sided printing has to be manually selected;
- Any paper that has been used for single-sided printing, should be reused when there is no confidential information on the printed side of the paper; and
- Staff members are encouraged to circulate documents through electronic means such as email or encrypted universal serial bus (“USB”).

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Energy Consumption

The electricity consumption is mainly for office operations. The following shows the electricity consumption during the Reporting Period.

Year ended 31 December

2019

Energy consumption and intensity

Electricity consumption (kWh)

193,555.56

Intensity (kWh/capita)

1,512.15

With an aim to reduce energy consumption and emissions, the Group has implemented various energy-saving measures in its offices and demolition sites, and encouraged our staff members to save electricity at the workplace. We have installed motion sensors to automatically turn the lights off when they are not in use. We inform our staff members to turn off the lights during lunch hours and after working hours. Moreover, the electrical appliances should be turned off when not in use. Written notices such as "Save Energy" are put on the walls at the workplace to remind our staff members to build a healthier environment. The indoor temperature is maintained at 24 degrees Celsius or above to reduce the unnecessary use of energy.

Water Usage

The Group has complied with the "Environmental Protection and Management Act (Chapter 94A)" with an aim to prevent and control water pollution, protect and improve the environment and ensure the safety of drinking water. During the Reporting Period, we have no issue in sourcing water that is fit for purpose.

The Group treasures the preciousness of water resources. The Group is committed to achieving water conservation under the principal of saving, purifying and recycling:

- Any water wastage phenomenon is prohibited;
- Water used for washing hands or fruit is used to flush the toilet;
- Any water leakage, breakage or other potential damage of water pipes are regularly inspected and identified;
- Meter reading is checked constantly for revealing any hidden leakage phenomena;
- Water-saving education and water-saving concepts are continuously promoted among our employees.

The Group emphasizes the importance of raising the employees' awareness on water conservation initiatives and reducing water consumption in the long run.

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During the Reporting Period, the water consumption condition is shown as follow:

Year ended 31 December

Water Consumption (in m³)
Intensity (m³/capita)

2019

44,617.10
348.57

The Environment and Natural Resources

As a demolition services provider, there is no significant consumption of natural resources and therefore the Group's activities do not have any significant impact on the environment. Notwithstanding the aforementioned, the Group strives to enhance environmental sustainability and environmental awareness of its employees. We have adopted an environmental management system and policies certified to be in compliance with the standard under ISO 14001:2015 since 2016 including air pollution control, noise pollution control, waste management and resources conservation to protect the environment. We will continue to review our environmental policies and green practices from time to time.

However, the use of heavy machinery and equipment inevitably generates noise pollution at the construction sites. The Group is fully aware of the impact that our activities have on the environment and is committed to protecting our from excessive noise in their working environment. Measures taken by the Group to combat this include noise test and controls, which are performed on a regular basis before construction works commence to ensure that the noise generated is within the acceptable parameter in compliance with the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations.

THE GROUP AND THE SOCIETY

Employment

Our employees are recognized as the most valuable assets that drive the Group's business performance. During the Reporting Period, the Group strictly complied with all relevant employment laws and regulations, including but not limited to the "Employment Act", "Employees' Compensation Ordinance", "Work Injury Compensation Act (Chapter 354)", and "Central Provident Fund Act (Chapter 36)" of Singapore. Employment of foreign workers is subject to all regulations and policies including but not limited to the "Immigration Act (Chapter 133)" and "Employment of Foreign Manpower Act (Chapter 91A)" of Singapore. In accordance with the aforementioned laws and regulations, the Group has established the "Human Resources and Payroll Policies and Procedures" to ensure employment protection with regard to compensation and termination, recruitment and promotion, working hours and rest periods, payroll and compensation, training programmes, staff insurance, and compliance with labour law and relevant regulations to promote equal opportunity, diversity and anti-discrimination among employees.

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During the Reporting Period, the employee profiles by gender, age, rank and geographical location are shown as follows:

As at 31 December	2019
Total workforce	128
Breakdowns by gender	
Male	12
Female	116
Breakdowns by age	
< 25	3
25–29	15
30–39	38
40–49	33
> 50	39
Breakdowns by rank	
Top management	8
Middle management	81
General staff	39
Breakdowns by geographical location	
Singapore	128

During the Reporting Period, the staff turnover rate by gender, age and geographical location are shown as follows:

As at 31 December	2019
Employee Turnover Rate	
By Gender	
Male	100%
Female	0%
By Age	
<25	0%
25–29	23%
30–39	62%
40–49	0%
>50	15%
By Region	
Singapore	100%

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Compensation Package

The Group has established a fair and reasonable remuneration policy. Our employees are remunerated according to their qualifications, role and responsibilities and discretionary bonuses may be offered depending on their performance, the profitability of the Group and market conditions. We sponsor our employees to receive relevant training courses in relation to occupational health and safety required by the Building and Construction Authority of Singapore (“BCA”) and the Ministry of Manpower of Singapore (“MOM”).

Our employees are enrolled in the Central Provident Fund Scheme of Singapore. They are entitled to all statutory holidays, leave and welfare as stipulated in the national and local laws and regulations, including but not limited to public holidays, sick leave and maternity leave. In addition, the Group believes that maintaining a good work-life balance is vital to the employees’ physical and mental health.

The Group also maintains a self-owned dormitory in the same building of our head office as accommodation for some of our foreign workers.

Equal Opportunity, diversity and Anti-discrimination

The Group is committed to providing a diverse and inclusive workplace where all employees are treated with dignity and respect. All employees are assessed based on their ability, job performance and contribution, irrespective of their nationality, race, religion, disability, sexual orientation, political opinion, gender, age or family status. The Group reinforces the policies on prohibiting bullying, discrimination and harassment.

Health and Safety

During the Reporting Period, the Group has complied with the “Employment Act”, and “Work Injury Compensation Act (Chapter 354)” of Singapore and other relevant laws and regulations which stipulate requirements to maintain safe production conditions and to protect the occupational health of employees. In order to strengthen the Group’s occupational safety and improve working conditions, the Group developed the “Occupational health and safety policy” in compliance with the standard under OHSAS 18001. The Group also has a system for handling and recording workplace accidents to ensure all workplace accidents are properly reported and investigated. The Group carries out health and safety risk assessments to identify potential hazards, which are conducted before the commencement of our work and regularly during the project execution stage.

Within the “Occupational health and safety policy”, our safety department, comprises of one safety manager, two safety and health coordinators and six safety supervisors, who are responsible for monitoring and implementing our health and safety policies, preparing safety reports, accident records and safety training records, conducting daily site safety meetings, handling incident reporting to the relevant authorities and carrying out safety reviews and inspections.

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At the site level, our project management team (including on-site workplace safety and health officer) is responsible for overseeing health and safety issues. Apart from one-hour routine daily safety briefings, machinery check-ups and maintenance for each working day, safety supervisors are allocated to our projects to implement our occupational health and safety policies and environmental compliance policies including conducting regular site inspections and reviews to ensure occupational health and safety.

The Group maintains safety track records, safety reports and accident statistics. The Group has installed appropriate safety equipment such as reflective vests and safety helmets for accident prevention. The Group sponsors our employees to receive relevant training courses including courses in relation to occupational health and safety, work quality and compulsory courses required by the BCA and the MOM. We also hold regular internal and external safety meetings and conduct briefings on occupational health and safety to all levels of site personnel.

As a result of our constant effort on health and safety, the Group was awarded bizSAFE Level Star. During the Reporting Period, while there was no work-related fatality, there was 1 case of reported injury resulting in 18 lost days.

Development and Training

The Group provides a series of training to our employees classified as orientation training, on-job training and specialized training, each of them caters for our employees' personal growth and job requirements. We provide construction safety orientation course training and safety induction briefings to all foreign workers and new workers (including our subcontractors). On-job training would be provided to employees on various aspects including hazardous material transport driving, occupational first aid and machinery operation. We sponsor our employees to receive training courses in relation to work quality and compulsory courses required by the BCA and the MOM.

In particular, all of our factory employees are well-trained for their upcoming job nature and requirements as they are required to attend briefing sessions conducted by their seniors who explain the operation techniques and precaution measures to be taken. These daily briefings are crucial for preventing operation accidents, reducing unqualified products that lead to wastage and ensuring the quality of the final outputs to enhance our customers' satisfaction.

During the Reporting Period, we have provided staff training for a total of 434 hours. Statistics related to development and training is detailed as follows:

As at 31 December	2019
Average hours of training per employee	
<i>By gender</i>	
Male	5.14
Female	2.00
<i>By employment category</i>	
Entry level	5.13
Middle level	5.19
Management level	4.27

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As at 31 December

Percentage of employees trained

By gender

Male

Female

By employee category

Entry level

Middle level

Management level

2019

99%

1%

33%

60%

7%

Labour Standards

During the Reporting Period, we have complied with all relevant laws and regulations such as the "Employment Act" and the "Employees' Compensation Ordinance" of Singapore. Employment of foreign workers is subject to all regulations and policies including but not limited to the "Immigration Act (Chapter 133)" and the "Employment of Foreign Manpower Act (Chapter 91A)" of Singapore.

The Group is well aware that child and forced labour violates fundamental human rights. Therefore, we prohibit all forms of child or forced labour. In order to prevent such occurrence, the responsible staff members perform detailed screening procedures during the staff recruitment process. Original identify proof from each candidate will be collected and carefully scrutinized to verify the legitimacy of respective documents and ensure that their age meets the requirements stipulated in the Employment Act of Singapore.

During the Reporting Period, no case related to child or forced labour was found.

Supply Chain Management

The Group emphasizes that a responsible supply chain management is vital to our businesses. We can minimize our impacts on the environment through selecting established and authorized suppliers. We also continuously monitor and review the performances of our suppliers, to ensure that the suppliers are performing in line with our business commitments and are complying with relevant legal and regulatory requirements.

The Group maintains an approved supplier list and informs suppliers of the Group's expectations and requirements that the suppliers must abide by. Moreover, the Group conducts a regular review based on the quality of services, social and environmental responsibility and business ethics through face to face interviews, site visits, web browsing or perusal of their annual report. The quality of services and environmental preferability of products, social responsibility and business ethics are also the key criterion for the selection of suppliers.

Product and Service Responsibility

The Group aspires to improve our brand reputation by ensuring the quality of products and services. For our quality control over demolition services provision and the sale and leasing of machinery and equipment, we only use or sell our machinery and equipment and machinery parts manufactured by established brands, which are sourced from authorized dealers or machinery suppliers. We also have our own team of machinery and equipment operators and in-house maintenance team responsible for regular checks and maintenance of our machinery and equipment. For any recall of sold products, we would investigate and perform checks to recall products to maintain our line of quality products and services.

As a result of the continual efforts on quality management, the group has obtained ISO 9001 since 2003.

During the Reporting Period, there were no products sold or shipped subject to recalls for safety or health reasons.

Complaints Handling Procedures

Customers' opinions and feedback help to drive continuous improvement of the Group and are vital to our pursuit of excellence. Various communication channels (e.g. via website and email) have been established, aiming to better address customers' concerns.

The Group makes every effort to promptly investigate and resolve all disputes and complaints lodged by the customers. Upon the receipt of a complaint, the responsible personnel will investigate into the matter and appropriate action will be taken in a timely manner.

During the Reporting Period, we did not receive any material complaint or request for any kind of compensation from our customers due to quality issues in relation to services provided by us or work performed by our subcontractors.

Protection of Customers' Data

The Group places vast effort on protecting the privacy of its customers, partners and employees during the collection, process and use of personal data. The Group adheres to the relevant regulations, such as the "Personal Data Protection Act" of Singapore to ensure that our customers' personal data is securely kept and processed only for the purpose of which it has been collected.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with relevant regulations and codes concerning health and safety, advertising, labelling and privacy matters relating to the provision of the Group's products and services. Simultaneously, the Group received no complaint or litigation due to violation of any national or regional laws and regulations in relation to the provision of commercial services.

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Anti-corruption

The Group is committed to conduct our businesses with integrity and high ethical standards. We have strictly complied with all relevant laws and regulations relating to bribery, extortion, fraud and money laundering, including but not limited to, the "Prevention of Corruption Act" and "Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act" of Singapore.

The Group prohibits all forms of bribery and corruption, and ensures our anti-corruption policy is clearly communicated to all of our employees. We have an independent internal audit function, which supervises, evaluates and reviews our internal control systems to detect conflict of interests. No employees are permitted to solicit or accept any advantage for themselves directly or indirectly. Directors and staff should avoid any conflicts of interest, where their private interest conflicts with the Group's interest.

During the Reporting Period, no corruption case was noted or reported.

Community Investment

The Group is well aware of the responsibilities we owe to the community at large. During the Reporting Period, the Group donated a total amount of SGD2,000 (HKD\$10,900) to City Junior Chamber to support young people's development opportunities and help create positive change. In recognition of our social duty as a good corporate citizen, we endeavor to give back to the society and continue to explore different opportunities to incorporate environmental and social elements into our operations and investment decisions. We also encourage employees to take part in community services to foster sustainable harmony in our society.