ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED
(Company Registration No. 200411055E)

Sustainability Report 2018

Date of issue: 28 December 2018

Table of Contents

This sustainability report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this sustainability report.

This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report including the correctness of any of the statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone number: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Part 1

Overview

Part 1: Overview

- *GRI: 102: General disclosures*

1.A. Organizational Profile

Atlantic Navigation Holdings (Singapore) Limited (the "Company" and together with its subsidiaries, "Atlantic Group") is listed on the Catalist board ("Catalist") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

This report was prepared in order to comply with first year sustainability reporting requirements under Catalist Rules 711A and 711B, read with Practice Note 7F Sustainability Reporting Guide of the Catalist Rules.

- *GRI: 102-1: Name of the organization*

Atlantic Navigation Holdings (Singapore) Limited

- *GRI: 102-2: Activities, brands, products, and services*
- *GRI: 102-7: Scale of the organization*

We are an integrated offshore service provider principally engaged in the provision of marine logistic services, ship repair, fabrication and other marine services. We operate out of the United Arab Emirates ("UAE") and in Malaysia, serving primarily customers in the Middle East, ASEAN region and Africa. We operate through our subsidiaries, namely Atlantic Maritime Group FZE (which is based in Hamariyah Freezone, Sharjah, UAE) and Atlantic Ship Management LLC (based in Abu Dhabi, UAE), as well as through our associated company, Astra Offshore Sdn. Bhd. (based in Kuala Lumpur, Malaysia).

Listed on the Catalist, the Company had changed its name to Atlantic Navigation Holdings (Singapore) Limited on 31 July 2012, following the completion of the reverse acquisition by Fastube Limited.

Atlantic Group's history dates back to 1997 when our operations began under Atlantic Marine Services LLC ("AMS LLC") in Dubai, UAE. The principal business activities of AMS LLC were to provide ship repair, fabrication and other marine services to ship owners in the UAE region. Today, we are an integrated offshore service provider principally engaged in the provision of marine logistics services, ship repair, fabrication and other marine services.

Over the years, our dedicated services have enabled us to establish strong and stable relationships with various leading oil companies, offshore contractors, survey companies, ship owners, ship yards and ship brokers/charterers in the region.

Our Industry

Primary

- Oil & marine
- Shipownership & ship management (MLS Division)

Secondary

- Ship repair & maintenance (SRM Division)

Our Fleet

As at the date of this report, our Marine Logistics Services ("MLS") Division is supported by our own fleet of 21 vessels and 2 jointly-owned vessels, which comprise a variety of AHT, AHTS, MSV, liftboats and accommodation barges, offshore cargo barges, towing tugs and utility vessels. In addition, our MLS Division also manages a fleet of assorted vessels. We also cross charter vessels from third parties to serve the specific needs of our customers.

Our MLS Division also acts as broker, intermediary, and negotiator between ship owners and charterers to secure vessels for charterers for their purpose, or between buyers and sellers.

Our fleet includes the following types:

#	Fleet type
1	Anchor Handling Tugs / Supply Vessels (DP1)
2	Liftboats and Accommodation Barges
3	Multipurpose Support Vessels (DP2)
4	Tug and Utility Vessels
5	Offshore Flat Top Deck Cargo Barges
6	Crew Boat
7	Platform Supply Vessel
8	45m Utility Vessel
9	Shallow Draft AHTSS
10	Vessels under construction
11	Key Managed and cross-chartered vessels

Our Services: Marine Logistics Services ("MLS")

Our MLS Division currently has a young fleet of assorted vessels under our ownership and management and offers a comprehensive range of services to the marine and offshore industry such as:

- Supporting seismic survey operations
- Supporting subsea surveys, including Remotely Operated Vehicles ("ROV") operation
- Supporting offshore diving operation
- Providing chase boat activities
- Transporting materials and structures for offshore construction and installation
- Assisting pipe-laying, cable-laying, jacket commissioning or decommissioning
- Anchor handling operation
- Towage of drilling rigs, construction barges etc.
- Providing standby duties such as fire-fighting duties and anti-pollution and prevention measures
- Providing supply services for production and maintenance operation
- Providing support for Single Bouy Mooring ("SBM") operation and maintenance
- Providing support for tanker berthing
- Cross chartering and management of third parties vessels to serve the specific needs of our customers
- Providing shipbroking services, acting as intermediaries or negotiators between shipowners and charterers to secure vessels for charterers for their purpose, or between buyers and seller

Our Services: Ship Repair, Fabrication and Other Marine Services ("SRM")

Our SRM Division provides in-house afloat and dry-dock repair and maintenance services for vessels utilized in our MLS Division, and ensures that idle time due to maintenance and breakdown for the fleet is kept at a low level.

The types of SRM services provided include:

- Mechanical works
- Electrical works
- Air-condition works
- Steel works
- Blasting and painting
- Carpentry

- *GRI: 102-6: Markets served*

We are a pre-qualified marine support and service provider to national oil and gas companies, oil majors and other clients in the offshore oil and gas sectors. We have several key clients, such as:

- Saudi Arabian Oil Company (ARAMCO)
- Abu Dhabi National Oil Company (ADNOC)
- Oil & Natural Gas Corporation (ONGC)

We also deal with our clients' engineering, procurement, and construction ("EPC") subcontractors, such as:

- McDermott
- SAIPEM
- SUBSEA 7
- National Petroleum Construction Company (NPCC)

- *GRI: 102-3: Location of headquarters*

Our headquarters are in Singapore, where we are registered as a listed entity on the Catalist. The registered headquarters office details are as follows:

Address: 6 Battery Road #10-01, Singapore 049909
Tel: +65 6381 6868
Fax: +65 6381 6869

Furthermore, our share registrar's location is the following:

Name: Boardroom Corporate & Advisory Services Pte. Ltd.
Address: 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

- *GRI: 102-4: Location of operations*

While we are registered and headquartered in Singapore, our main operations are in the Middle East, principally the UAE and the Kingdom of Saudi Arabia ("KSA").

The business office address of our subsidiary, Atlantic Maritime Group FZE, is as follows:

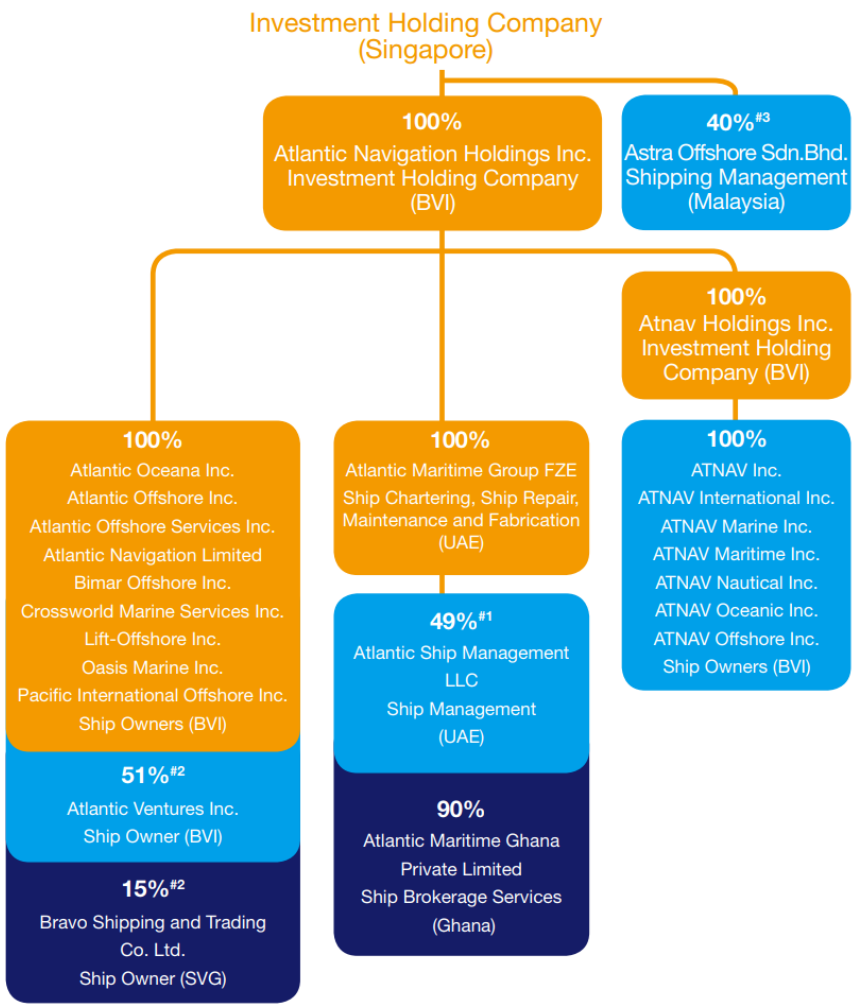
Address: P.O. Box 6653, Sharjah, United Arab Emirates
Tel: +971 6 5263577
Fax: +971 6 5260292

The business office address of our subsidiary, Atlantic Ship Management LLC, is as follows:

Address: P.O. Box 37288 Abu Dhabi, Unit 205, Al Salam Street, Al Salam HQ Building, Abu Dhabi, United Arab Emirates
Tel: +971 2 4453838
Fax +971 2 4453837

- *GRI: 102-5: Ownership and legal form*
- *GRI: 102-45: Entities included in the consolidated financial statements*

Our ownership & legal form is described in the diagram below:



#1) This represents the legal interests of the Group in Atlantic Ship Management LLC. The Directors consider Atlantic Ship Management LLC a subsidiary of the Group as the Group has control over the financial and operating policies and activities of this entity.

#2) The Group has 51% and 15% interests respectively in the ownership and voting rights in 2 joint operations, Atlantic Ventures Inc. and Bravo Shipping and Trading Co. Ltd.. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

#3) Associate of the Group

- *GRI: 102-8: Information on employees and other workers*

Atlantic Group currently employs 40 permanent staff in the MLS Division, and 100 employees (mostly laborers) in the SRM Division.

There are also 350 crewmembers aboard the vessels, but they are not considered as permanent employees. The crewmembers are hired on a "3 months on, 3 months off" basis. However, old crewmembers may (and are encouraged to) re-join after their 3-month rest period.

- *GRI: 102-9: Supply chain*
- *GRI: 102-10: Significant changes to the organization and its supply chain*

Supply chain issues and significant changes are discussed in detail in the ESG Material Topics sections. (Reference: Part 3 to Part 5 of this report**)**

- *GRI: 102-12: External initiatives*

Atlantic Group has aspects that are in line with external initiatives. Specifically, many aspects of our operations and our priorities and activities are in line with Global Reporting Initiative ("GRI") indicators, United Nations Sustainable Development Goals ("UNSDGs"), and other global initiatives. (Reference: **2.D. Sustainability Reporting Frameworks**)

Furthermore, Atlantic Group is committed to several global industrial standards and codes, such as IMO, SOLAS, MARPOL, and others. (Reference: **3.A. Material Topic #1: Environment**)

1.B. Strategy

1.B.i. Strategy - General & Outlook

With the increase in the oil price and the Middle Eastern National Oil Company's ("MENOC") commitment to increase production levels, activity in the Middle East exploration and production sectors (our primary markets) is increasing and new field development programs which were on hold are starting up again. We expect charter rates in our region to remain competitive but we expect our fleet utilization to improve due to the deployment of 7 new vessels to support contracts secured by the Group and a greater demand across the region in line with the increase in activity and stated growth and production strategies of the MENOCs.

We expect continuing competitive pressure on charter rates due to the influx of excess tonnages from other more adversely affected regions into the Middle East. We continue to align ourselves to this situation and have been focusing on maintaining and protecting the high level of utilization of our existing fleet and securing employment for its vessels at competitive market rates. The focus on cost control will continue without sacrificing operational efficiency or service level. We continue to explore and receive new businesses opportunities with existing and new clients. We also continue to evaluate its capital structure to ensure that we will be able to undertake these new businesses and meet all our obligations.

1.B.ii. Specific Goals, Plans & Strategy Elements

1) To ensure that the last 2 vessels of 7 new vessels for a MENOC's 10 vessels project is delivered to the MENOC, and the chartering will start by end of December 2018. Atlantic Group had previously taken the delivery of the 2 vessels in October 2018, and the vessels had just arrived at our home port for inspection and crew training. Atlantic Group had taken the delivery of 5 of the new vessels in April 2018, and the vessels started on their contracts in June 2018.

2) Having recently completed a US$45 million deconstruction project, the first of its kind in the Middle East, with our joint venture partner, the goal now is to continue to work with strategic partners on such project to diversify our business and reduce reliance on our core MLS Division.

3) To build up our organization in Saudi Arabia, both administratively and operationally, so as to compete more effectively for new contracts, while focusing on one of our largest clients: Saudi Aramco.

4) As the MLS Division is a capital-intensive industry, Atlantic Group had paid off US$17.3 million in principal and interest on a convertible loan carrying 15% interest to:

a) reduce our leverage and interest cost; and
b) improve our margin and profitability.

5) To support new projects secured in the near future only with our own vessels or chartered-in vessels. We also plan not to invest in new assets until charter rates are at a more acceptable level, and there is higher certainty in the oil & marine industries.

6) To invest in system, processes and training for higher efficiency and cost effectiveness, especially in our administrative and operational departments.

7) To aggressively review and lower operational expenditures, without sacrificing operation and service quality.

1.C. Board Statement

- *GRI: 102-14: Statement from senior decision-maker*
- *GRI: 102-32: Highest governance body's role in sustainability reporting*

Board Statement

"The board of directors (the "Board" or the "Directors") of the Company is of the view that the sustainability report provides a reasonable and transparent presentation of the Company's sustainability performance, specifically shedding light on its environmental, social, and governance ("ESG") impacts. In this respect, we affirm that our sustainability reporting is in compliance with the first year reporting requirements under the Catalist Rules.

This statement also conforms with Singapore Code of Corporate Governance (issued on May 2, 2012) (the "CG Code"), and specifically Principle 1 of the CG Code, which states that the Board is collectively responsible for the long-term success of the Company. Furthermore, in line with Guideline 1.1 of the CG Code, we affirm that that the Board has fulfilled its role in considering and determining the material sustainability issues throughout this report, and has considered and will continue to consider and further assess ESG factors on an ongoing basis of the Atlantic Group's strategic formulation and direction.

The Board's close interaction with management has enabled us to satisfy ourselves on the way sustainability governance is structured and functioning through the various levels of management (for example, in setting the company's values and standards) and we plan to collaborate even closer with management in order to endeavor together towards our holistic sustainability goals. In this regard, we currently provide oversight over management through the lens of sustainability performance, and continuously strive to improve in this respect by reviewing on a quarterly basis the Group's material ESG factors

Concerning future reporting, the Board is in correspondence with the management and other stakeholders in order to determine what needs to be done to improve sustainability reporting for the next periods. For the upcoming sustainability report, we stress the need for full compliance with second year reporting requirements under the Catalist Rules, adoption of Global Reporting Initiative ("GRI") reporting framework to meet at least the core requirements, improved materiality and stakeholder engagement methodologies, among others.

Overall, the Board has ultimate responsibility for the Atlantic Group's sustainability practices. Should any questions arise concerning the report, the Board would be certainly addressed."

1.D. Ethics & Integrity

- *GRI: 102-11: Precautionary principle or approach*
- *GRI: 102-16: Values, principles, standards, and norms of behavior*

We recognise that our industry is sensitive in the area of ethics and corruption. Any such issues can lead to significant reputational damage, legal consequences and loss of customers to our business.

We have no tolerance for bribery and corruption in our business. We aim to achieve the highest levels of corporate ethics and transparency through sound corporate governance and appropriate internal controls.

In addition, we have put in place a whistle-blowing policy whereby employees may, in confidence, report possible improprieties which may cause financial or non-financial loss of the Company, including but not limited to fraud, misappropriation of assets, sexual harassment, criminal breach of trust, corruption, questionable or improper accounting, misuse of confidential information, breach of Atlantic Group's policies and authorities, and acts or omissions which are deemed to be against the interest of the Atlantic Group, laws, regulations or public policies. Whistle blowers could call and/or email to the Whistle Blowing Committee directly and in confidence, and his/her identity is protected from reprisals within the limit of the law.

Our employees are briefed and have received communication on our whistle-blowing policy. There have been no cases of whistle-blowing in the Group during the reporting period. Our Group will continue to keep the whistle-blowing policy and other internal controls in place to prevent wrongful acts.

1.E. Governance

- *GRI: 102-18: Governance structure*

The principal functions of the Board are:

• reviewing the financial results of the Atlantic Group, evaluating the adequacy and integrity of the Atlantic Group's internal controls and external audit;
• reviewing the performance of the management and the remuneration packages for the Board and key management personnel;
• identifying principal risks of the Atlantic Group's business, ensuring that such risks are assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
• monitoring major investments, divestments, acquisition and disposal of assets;
• determining the Atlantic Group's values and standards including ethical standards;
• considering sustainability issues including environmental and social factors in the formulation of Atlantic Group's strategies; and
• assuming responsibility for corporate governance.

The Board members as at the date of this report include:

#	Name	Position
1	Mr. Kum Soh Har, Michael	Non-Executive Chairman
2	Mr. Wong Siew Cheong	Executive Director and Chief Executive Officer
3	Mr. Wong Chee Meng, Lawrence	Lead Independent Director
4	Mr. Goh Boon Chye	Independent Director
5	Mr. Sam Chee Leong	Independent Director

Atlantic Group's executive officers as at the date of this report include:

#	Name	Position
1	Mr. Tong Choo Cherng	Chief Financial Officer
2	Mr. Stoyan Radev Ialamov	Chief Operating Officer

1.F. Reporting Practice

- *GRI: 102-48: Restatements of information*
- *GRI: 102-49: Changes in reporting*
- *GRI: 102-51: Date of most recent report*

Since this is Atlantic Group's first sustainability report (complying with first year requirements), there is no date for previous reports, no previous report to compare changes from, and no previous report to restate information from. However, in the subsequent sustainability reports, these changes, dates, and restatements would be clearly highlighted.

- *GRI: 102-50: Reporting period*

Our financial year-end is 31 December ("FY"). Therefore, our reporting period would be from 1 January to 31 December. For the purpose of this first year report, the reporting period is 1 January 2018 to 31 December 2018.

- *GRI: 102-52: Reporting cycle*

Pursuant to Catalist Rule 711A, an issuer must issue a sustainability report for its financial year, no later than 5 months after the end of the financial year. Our reporting cycle, then, is maximum on the 31st May each year to report on the previous financial year's sustainability activities. This is to note, however, that for the first year of sustainability reporting, a longer period of up to 12 months is provided.

- *GRI: 102-53: Contact point for questions regarding the report*

For questions regarding the report, the contact point would be:

Name: Mr. Tong Choo Cherng
Position: Chief Financial Officer
Organization: Atlantic Navigation Holdings (Singapore) Limited
Telephone: +971 6 5263577
E-mail: cctong@amguae.net

- *GRI: 102-56: External assurance*

External Assurance of Sustainability Report:

As this is the first time that Atlantic Group prepares a sustainability report, there still has not been an opportunity to conduct external sustainability assurance over our sustainability report. However, this is something that we will plan for in the future.

External Assurance of Financial Reports:

External assurance over our financial reports are provided by our external auditors: Ernst & Young LLP. The opinion of our auditors over our financial statements for the FY2017 remain unqualified.

Part

2

Stakeholder Engagement, Materiality & Material Topics Alignment

Part 2: Stakeholder Engagement, Materiality & Material Topics Alignment

2.A. Stakeholder Engagement

- *GRI: 102-46: Defining report content and topic boundaries*

In order to report on the material ESG topics for Atlantic Group, it is important to first determine the important stakeholders that will form the basis of these topics. This is done through a stakeholder-centered approach that follows the following process:

<u>Stakeholder-Centered Approach to Materiality</u>

1. List potential stakeholders, classified as external or internal.
2. Impact matrix to identify high, medium, and low impact stakeholders.
3. List engagement methods for each stakeholder, based on impact importance.
4. Engage with the relevant stakeholders to conduct impact rating on a list of potentially material ESG factors.
5. Create a materiality matrix that identifies each material topic according to the stakeholder impact rating results and other best-practice benchmarking results.
6. Align the material topics to sustainability frameworks (in this case, GRI & UNSDGs) to highlight their ESG elements.
7. Report on each material ESG factor identified, focusing on the high-intensity topics on the materiality matrix.

- **Step 1:**

  - *GRI: 102-40: List of stakeholder groups*

Atlantic Group interacts with and impacts (directly and indirectly) a variety of stakeholder groups. An assessment resulted in the list of 9 potentially relevant stakeholders below, classified as to whether they are internal or external to the organization:

SN#	**Stakeholders**	**Classification**
1	Customers	External
2	Employees	Internal
3	Management	Internal
4	Shareholders	Internal
5	Creditors	External
6	Suppliers	External
7	Community	External
8	Government / Regulators	External
9	Competitors	External

  - *GRI: 102-41: Collective bargaining agreements*

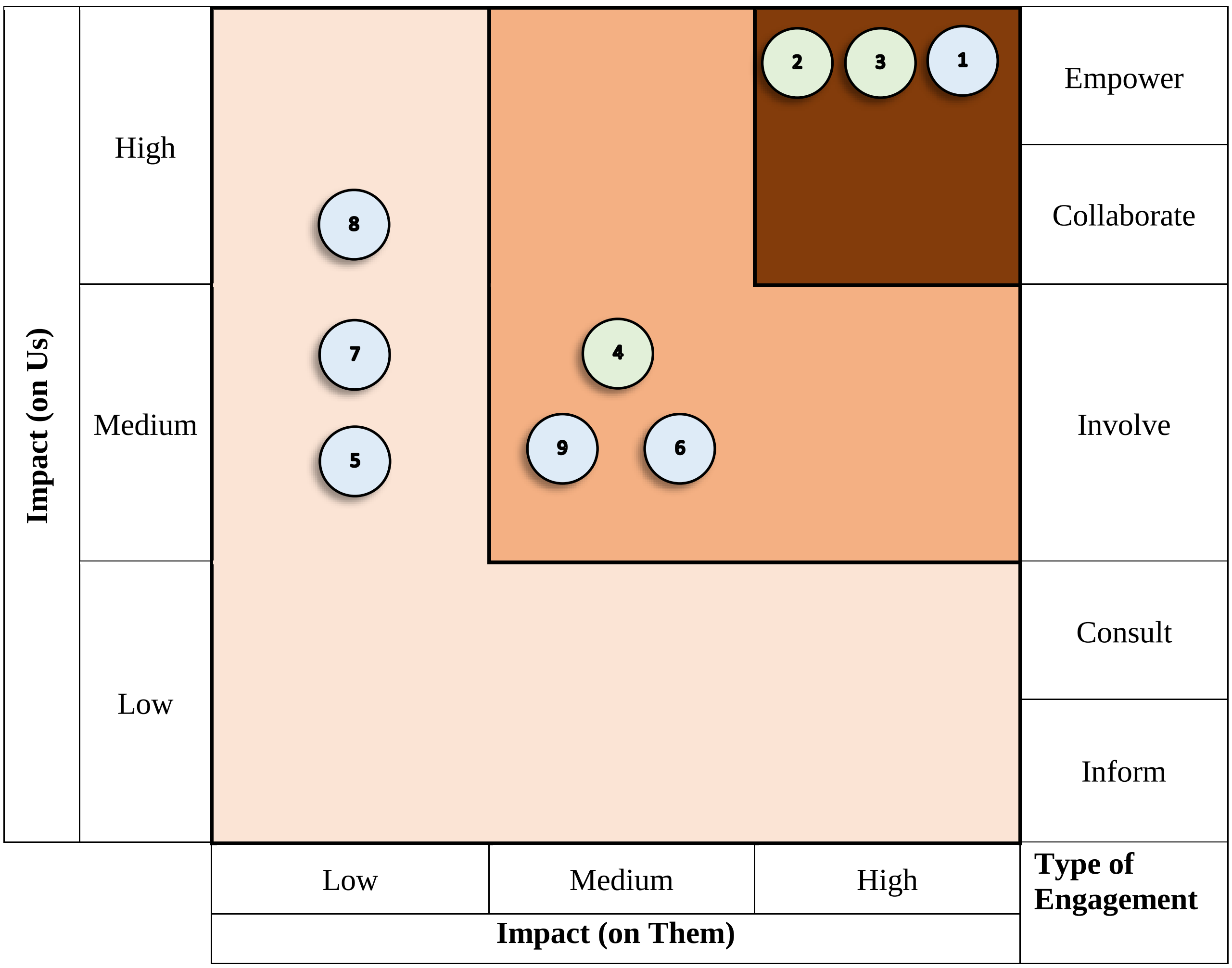
Atlantic Group does not have any collective bargaining agreements with employees or other stakeholders.

- **Step 2:**

    - *GRI: 102-42: Identifying and selecting stakeholders*

After listing the 3 internal and 6 external stakeholder groups that could be potentially relevant, another assessment was done to determine the stakeholders' relevance based on the impact they have on us, as well as the impact we have on them. A further steps adds a column on the right the helps determine the type of engagement with each stakeholder group based on the impact intensity (to be discussed in Step 3). The results are illustrated in the below Stakeholder Impact Matrix:

<u>Stakeholder Impact Matrix – with Engagement Type</u>



Legend

	External Stakeholders
	Internal Stakeholders
1	Customers
2	Employees
3	Management
4	Shareholders
5	Creditors
6	Suppliers
7	Community
8	Government / Regulators
9	Competitors

The results of the stakeholder impact matrix show that stakeholders with highest-intensity impact on and from Atlantic Group are 1 external stakeholder group (**customers**) and 2 internal stakeholder groups (**employees** and **management**).

1) Customers

Customers have a high impact from us since they benefit from our services and pay for them. We also have a high impact from them since our operations are ultimately aimed to enhance our quality to them, and the financial returns from them keep us going.

2, 3) Employees & Management

In terms of employees and management, they are the building blocks of Atlantic Group, interacting with the organization on a nearly daily basis for myriad hours each day. The organization provides the employees and management with ample compensation, and their performance and behavior reflect on the success and image of the organization as a whole. Furthermore, management makes decisions that could significantly alter all of Atlantic Group's operations.

8) Government / Regulators

As for government / regulators, it is shown that they have a high impact on us, since regulations can significantly affect our operations and decision-making, and we should make sure to comply with any reports and procedures required. However, we do not have as much of a high impact on this stakeholder group since the government / regulators is dealing with various other companies across Singapore and outside.

7) Community

The community has been identified as having a medium impact on us, while we may a low impact on it. The community affects us as we form a certain reputation and brand image from their perspective. This can often be so significant that it may even affect our stock price, which in itself is built largely on consumer confidence. While these elements show how community may impact us, we do not believe we have too much of an impact on the rest of the community (outside of our immediate stakeholders), especially as the community has several other organizations to deal with.

5) Creditors

Similar to the community, creditors have also been identified as having a low impact from us, but a medium impact on us. The loans we receive from creditors have a significant impact on our financial position and, by extension, our decision-making ranging from operational to strategic elements. The amount of credit we have access to and the interest rates provided affects our weighted average cost of capital (WACC), so certain debt and equity must be made to ensure an optimal financial position. On the other hand, in terms of our impact on creditors, this is determined as relatively low since creditors will likely be dealing with several other borrowers as well. Even financially, besides the principal amount paid at maturity (or before), the creditors are only paid with interest periodically. Besides these issues outlined, our creditors do not have much interaction or involvement with us.

4, 6, 9) Others

The other stakeholders include shareholders, suppliers, and competitors—which have shown to have a medium impact on us, and a medium impact on them. As for shareholders, the impact comes from their funding and shareholder meetings, though they do not often deal with any operational day-to-day issues. As for suppliers, we impact each other through the partnership we have to procure our needs; similarly, suppliers are not dealt with on a routine and direct basis, and we would likely not drastically impact each other. As for competitors, there is some impact as they should be considered throughout our decision making, especially as we operationally strive for optimal price and costing, and strategically strive for competitive advantage. However, both competitors and Atlantic Group have many other stakeholders that could have a more intense impact.

- **Step 3:**

  - *GRI: 102-43: Approach to stakeholder engagement*

After identifying the relevant stakeholders, Atlantic Group determines how these stakeholders are engaged. Using the same stakeholder impact matrix in Step 2, the type of engagement can be determined according the to the intensity of impact, where the types of engagement (from highest impact to lowest impact stakeholders) are: empower, collaborate, involve, consult, and inform.

The results of the stakeholder impact matrix (along with engagement types) show that customers, employees, and management should be engaged in an empowering way, since they are very highly significant. This means that our actions should not be aimed at simply communicating with these stakeholders, but also empowering them to be able to reap the optimal benefits for both us and them. Customers could be empowered through events and superb quality of service, while employees and management could be empowered through training, events, certain policies & procedures, etc.

Next in significant are government / regulators, who should be engaged with in a collaborative way. This means that they are not too significant to directly allocate our resources to in order to empower, yet they are significant enough to collaborate with rather than just simply communicate with. This can be done by having Atlantic Group representatives meeting with government representatives / regulators in a productive and meaningful way, especially to hear the concerns of both parties and work together towards maximizing the benefits of each.

The rest of the stakeholders should be involved with Atlantic Group—i.e. not only communicated with in an informative or consultative manner, but rather directly engaged with.

Next, after determining the engagement category for the appropriate stakeholders, the next table lists the specific engagement methods Atlantic Group applies towards each of these stakeholder groups:

Stakeholder Engagement Methods

SN#	Stakeholders	Methods of Engagement	
1	Customers	• Company website • News • Meetings	• Virtual • Social media
2	Employees	• Company website • News • Meetings • Virtual	• Employee events / programs • Training • Social media • Bulletins & circulars
3	Management	• Company website • News • Financial statements & other reports	• Meetings • Virtual • Bulletins & circulars
4	Shareholders	• Company website • News • Financial statements & other reports	• SGX-ST website • Meetings • Virtual
5	Creditors	• Company website • News • Financial statements & other reports	• Meetings • Virtual
6	Suppliers	• Company website • News	• Meetings • Virtual
7	Community	• Company website • News • Virtual	• Social media • Community events
8	Government / Regulators	• Company website • News • Government reports • Financial statements & other reports	• Singapore Stock Exchange (SGX) • Meetings • Virtual
9	Competitors	• Company website • News • Financial statements & other reports	• Virtual • Social media

- **Step 4:**

2.B. Identification of Material Topics

- *GRI: 102-44: Key topics and concerns raised*

After determining the most significant stakeholders and their engagement methods, the next step is to use the input from these stakeholders, to determine ESG topics that are most material to them. Important stakeholders, especially employees and management, were engaged by doing an impact rating of a list of potentially material ESG topics. 7 potentially material topics were extracted, and stakeholders were to rate the importance of these topics based on various dimensions of impact. Impact rating was done on a scale of 0 to 3, meaning:

- 0: No impact
- 1: Low impact
- 2: Medium impact
- 3: High impact

The table below shows how stakeholders rate the 7 preliminary topics across various dimensions:

Impact Rating of Potential ESG Material Topics

		Impact Rating (0 – 3)						
		Personal Impact	Other Stakeholder Impact	Environmental Impact	Social Impact	Governance Impact	Economic Impact	Average Rating:
Potential ESG Topics	1. Environment	1	1	3	3	2	1	**1.83**
	2. Succession Planning	2	3	1	1	3	3	**2.17**
	3. Political Risk	1	1	1	3	2	2	**1.67**
	4. Profitability & Cash flow	3	3	1	2	3	3	**2.50**
	5. Services to Clients	3	3	2	2	3	3	**2.67**
	6. Internal Processes & Procedures	3	3	2	2	3	2	**2.50**
	7. Localization	2	2	1	3	3	1	**2.00**

The results of the rating show the following ESG topics, from most material (highest rating) to least material (lowest rating):

Material Topics – by Materiality Rating

Topic #	Topic	Rating
5	Services to Clients	**2.67**
4	Profitability & Cash flow	**2.50**
6	Internal Processes & Procedures	**2.50**
2	Succession Planning	**2.17**
7	Localization	**2.00**
1	Environment	**1.83**
3	Political Risk	**1.67**

Furthermore, the table below classifies the material topics by their specific ESG elements, specifically: environmental, social, or governance & economic:

Material Topics – by ESG Classification

Topic #	Topic	ESG Classification
5	Services to Clients	Governance & Economic
4	Profitability & Cash flow	Governance & Economic
6	Internal Processes & Procedures	Governance & Economic
2	Succession Planning	Social
7	Localization	Social
1	Environment	Environmental
3	Political Risk	Social

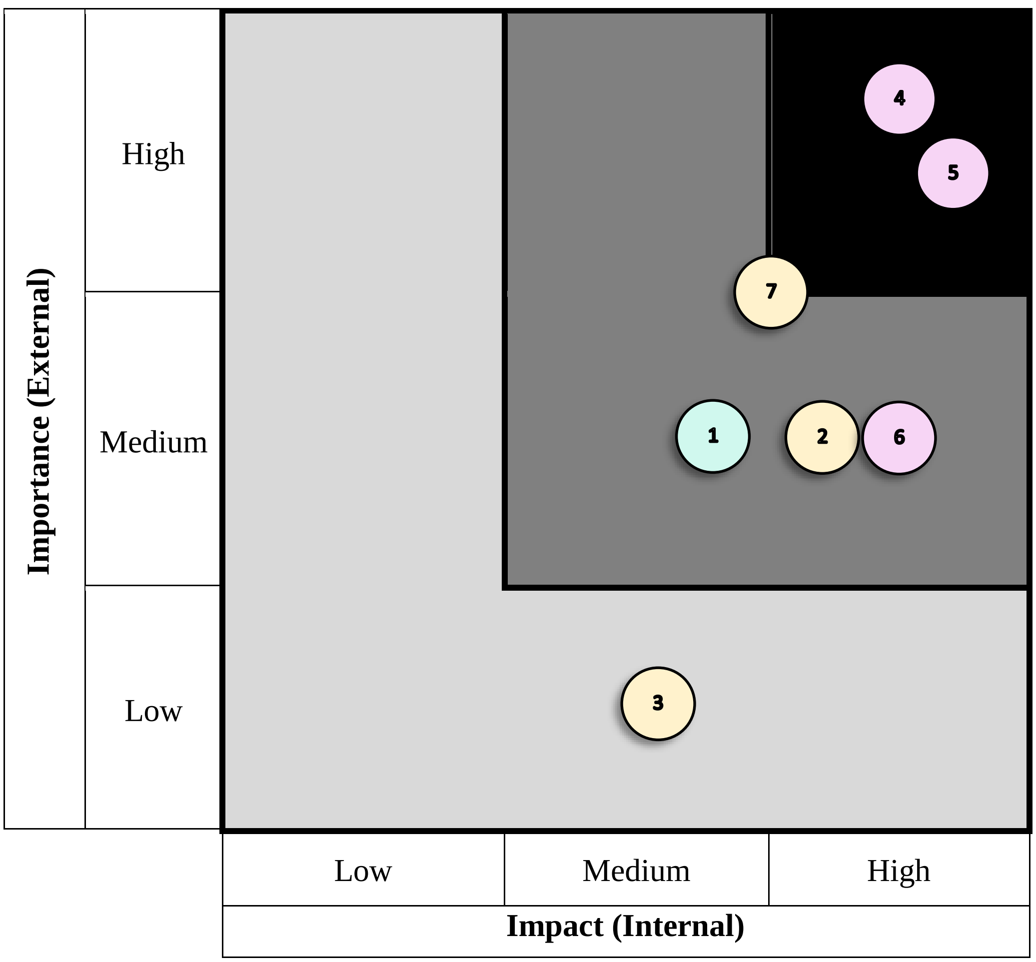
- **Step 5:**

2.C. Materiality Matrix

- *GRI: 102-47: List of material topics*

After having identified the most material ESG topics to stakeholders derived from internal stakeholders, the next step is to create a materiality matrix. This matrix has the internal stakeholders' ratings on the x-axis, and the y-axis maps these material topics with external sources to determine their importance. Specifically, these external sources include benchmarking / best practice of how these material topics (or similar topics) were rated in other materiality matrices in various other sustainability reports.

Materiality Matrix



Legend

1	Environment			Environmental
2	Succession Planning			Social
3	Political Risk			Governance & Economic
4	Profitability & Cash flow			
5	Services to Clients			Level 1 Materiality
6	Internal Processes & Procedures			Level 2 Materiality
7	Localization			Level 3 Materiality

Plotting the topics on the materiality matrix shows that the topics can be categorized into 3 levels of materiality, from level 1 (highest) to level 3 (lowest). The table below shows the levels per topic:

<u>Material Topics – Level Classification</u>

Topic #	Topic	Materiality Level
5	Services to Clients	Level 1
4	Profitability & Cash flow	Level 1
6	Internal Processes & Procedures	Level 2
2	Succession Planning	Level 2
7	Localization	Level 2
1	Environment	Level 2
3	Political Risk	Level 3

These topics will be assessed in detail throughout the report, with especially deeper focus on the highest level of material topics (i.e. services to clients, and profitability & cash flow).

- **Step 6:**

2.D. Sustainability Reporting Frameworks

- *GRI: 102-54: Claims of reporting in accordance with the GRI Standards*

After identifying the material topics with their materiality levels, the next step is to map each topic with its associated sustainability frameworks, in order to highlight on each one's ESG elements. In this case, the topics are mapped to GRI indicators, as well as to UNSDGs.

Additionally, this is to also note that besides material topic alignment to GRI, GRI is also the foundational basis upon which this report is prepared and even structured. Specifically, Parts 1 & 2 are structured on GRI General Disclosures, while Parts 3, 4, and 5 are structured on Topic-Specific GRI's.

Furthermore, though it is not required by the Catalist Rules, this report is aligned with the "Core" GRI requirements, meaning the core GRI indicators have been addressed. In terms of future sustainability reports, we aim to at least provide core GRI level and preferably "Comprehensive" level in the near future.

2.D.i. Alignment of Material Topics with GRI

The diagram below first aligns the material topics to GRI indicators:

Material Topics	GRI Indicators
1. Environment	103, 300, 301, 302, 303, 304, 305, 306, 307, 308
2. Succession Planning	102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-28, 103
3. Political Risk	102-4, 102-15, 103, 413, 416
4. Profitability & Cash Flow	102-2, 103, 200, 201, 202, 204
5. Services to Clients	102-2, 102-6, 103, 201, 202, 204
6. Internal Processes & Procedures	102-8, 103, 401, 404
7. Localization	103, 401, 401-1, 413, 419

2.D.ii. Alignment of Material Topics with UNSDG's

The diagram below then aligns the material topics to the UNSDG's:

Material Topics	SUSTAINABLE DEVELOPMENT GOALS UNSDGs
1. Environment	6, 7, 11, 12, 13, 14, 15
2. Succession Planning	8, 16
3. Political Risk	3, 8, 11
4. Profitability & Cash Flow	1, 8, 9, 12
5. Services to Clients	8, 9, 12, 17
6. Internal Processes & Procedures	4, 8, 9, 12
7. Localization	1, 8

Part 3

Environmental Factors (GRI: 300)

Part 3: Environmental Factors (GRI: 300)

3.A. Material Topic #1: Environment

3.A.1. Current policies, practices and performance

Global & Industrial Standards

As one of the leading offshore companies operating mainly in the Middle East, Atlantic Group is fully committed to implementing and complying with all of the standards and codes from:

- International Maritime Organization ("IMO") conventions
- International Convention for the Safety of Life at Sea ("SOLAS")
- Internal Convention for the Prevention of Pollution from Ships ("MARPOL"), including all 6 annexes
- Other conventions directly or indirectly related to safety and the environment in full as a minimum measure

Client Standards

All of our key clients and their EPC subcontractors require not only to comply fully with all the international regulations related to ESG (especially environmental) compliance, but also to meet and comply with their own specific standards and requirements. Most of these specific standards and requirements deal with their health, safety, and environmental ("HSE") policies.

Our Compliance

Atlantic Group's fleet of vessels comply fully with these regulations, standards and specific requirements from our clients and global/industrial standards.

- *GRI: 102-13: Membership of associations*

Atlantic Group has various HSE-related accreditations, including:

- International Safety Management (ISM) DOC
- International Organization for Standardization (ISO) 9001:2015
- Quality Management System (QMS)
- Environmental Management System (EMS)
- Occupational Health & Safety Assessment Series (OHSAS) 18001:2008

3.A.2. Future plans & targets

Proactive Compliance

For us, compliance with various HSE standards is critical for us to continue to serve our existing contracts and to secure and tender for new contracts from clients—whether existing and new. In order to ensure this into the future, we strive to not only meet the current standards, but to also proactively anticipate and prepare our fleet for any future possible HSE standards that may arise—whether from clients or from global/industrial initiatives. Of course, in order to achieve this proactive compliance, we must constantly be aware of HSE impacts, and must continuously plan for and implement new measures for improving HSE elements within our operations, in our fleet of vessels, etc.

HSE Accreditations

Additionally, Atlantic Group plans to widen its portfolio of HSE-related certifications, and is currently preparing to achieve at the least the following in the near future:

- ISO 22000:2018 Safe Food Management, including hazard analysis and critical control points (HACCP)
- Energy Management ISO 50001:2018

Various Possible Solutions for Lower Sulphur Content

In maritime transport, Heavy Fuel Oil ("HFO") is unfortunately still the most used fuel for ship engines. The required content of 0.10% Sulphur in the fuel, however, cannot be achieved with HFO. Therefore, many shipping companies and charterers are now using Marine Gas Oil ("MGO") instead, which is low in Sulphur content, allowing easier compliance to the required low levels of Sulphur.

We are currently in-progress in terms of adopting MGO instead of HFO in our vessels, in order to comply with the low Sulphur content levels. We plan to continue this until all of our vessels are using MGO with low Sulphur content.

Energy Efficiency Design Index ("EEDI") for New Ships

Ship exhaust gases can not only be reduced by the use of higher quality fuels or exhaust gas cleaning systems, but also by increasing the energy efficiency of a ship. For this reason, the IMO has adopted an amendment to MARPOL annex VI to increase the energy efficiency of new ships. According to this amendment, all new ships must now have a so called EEDI. The EEDI is an index for new ships indicating the CO2 emissions per ton of cargo and nautical mile sailed. The energy efficiency of tankers, bulk carriers and container ships can be calculated depending on the ship's size by a formula. There are also formulas for other types of ships such as ferries, passenger ships or special types of ships (e.g. tugs and supply vessels).

Our plans, then, are to at least ensure that EEDI is applied to at least our new ships, aiming at eventually applying it to our whole fleet of vessels (and this is currently in progress). Furthermore, we aim to comply with at least the minimum efficiency levels required by EEDI, reducing our average CO2 emissions per ton of cargo, and reduce our average CO2 emissions per nautical mile sailed.

3.A.3. Metrics

The following table includes a few key performance indicators ("KPIs") that may be used to measure our performance in this material topic – Environment:

#	KPI	Goal
1	% of Sulphur content in fuel (per vessel)	Decrease
2	# and type of HSE accreditations	Increase
3	# of HSE standards and requirements complied with	Increase
4	# of HSE standards and requirements not complied with	Decrease
5	EEDI (per vessel)	Increase
6	Average CO2 emission per ton of cargo	Decrease
7	Average CO2 emission per nautical mile sailed	Decrease

Part 4

Social Factors (GRI: 400)

Part 4: Social Factors (GRI: 400)

4.A. Material Topic #2: Succession Planning

4.A.1. Current policies, practices and performance

Atlantic Group has recently gone through various changes related to its employees, management, and Board members—meaning that succession planning arises as an important topic for the Atlantic Group. Atlantic Group recognizes that succession planning for the Board and key management positions can be a long-drawn process, with the successors having to spend time managing different aspects / departments of the Atlantic Group's business in order to ensure proper, smooth knowledge and skill transfer.

Succession planning, in particular for the Chief Executive Officer, Mr. Wong Siew Cheong ("Bill"), has been identified as a key risk, due to the following strengths that the successor would be expected to match:

i) Bill is the founder and key shareholder of the operating entity in the UAE (Atlantic Maritime Group FZE) since its formation some 17 years ago.

ii) As such, Bill is a known figure in the industry, not just in the Middle East (where we operate), but also in Singapore and Asia. Specifically, he is especially well-known in Southeast Asia, where we have our business partners and associates, and also in China, where we source and buy most of our new vessels.

iii) Through his period in charge, Bill had established a strong relationship in the Middle East with our clients and key suppliers, and this often leads to joint collaboration on works and projects.

iv) Bill had devoted much of his time on the strategic direction of Atlantic Group, and has nurtured the growth of the fleet from 12 vessels since its listing on Catalist in August 2012, to 21 vessels today.

Because of the above, Bill's resignation may leave a gap in Atlantic Group's operations and opportunities, which, if not filled appropriately, may lead to various risks and lost opportunities.

As a result, the Atlantic Group is striving to proactively address this issue as soon as possible, and had recently recruited a new Chief Operating Officer ("COO") with experience in all areas of the Group's business.

4.A.2. Future plans & targets

Concerning the general issue of succession planning, Atlantic Group plans to methodically follow specific procedures that ensure proper hand-over and knowledge / skill transfer once employees or managers leave. Furthermore, there is currently a management plan to continuously update and provide the Board with assessment on an annual basis as to the status and progress on its succession plans for key management positions.

Concerning specifically Bill's issue, the new COO is the beginning of the solution. Atlantic Group is currently nurturing the COO to lead the Atlantic Group, so as to, over time, he may gain enough holistic skills and experience to be able to lead the entire Atlantic Group. Similarly, the plan is to keep the Board up-to-date as to the COO's progress.

4.A.3. Metrics

#	KPI	Goal
1	# of empty unfilled job positions due to resignation	Decrease
2	Hours put into succession planning training & developing	Increase
3	# of reports to the Board concerning succession planning	Increase

4.B. Material Topic #6: Localization

4.B.1. Current policies, practices and performance

Importance of Localization

Atlantic Group must comply with the minimum local staffing requirements set by the governments we operate in and the clients we deal with. Specifically, we must ensure that are hiring ample numbers of Saudi and Emirati nationals, since our main operations are in the UAE and the KSA.

For us, localization is more of an opportunity than compliance requirements. It is a chance for us learn about the local environment in which we operate, and also a chance to bolster our local image and standing. Furthermore, since we are already established and complying to the localization requirements, this is currently an opportunity for us that may keep out potential market entrants in the region; in effect, the localization requirements act as a form of cabotage / barrier to entry that makes it more difficult for other foreign companies to comply, and, as a result, to secure business in the Middle East and North Africa (MENA) region.

On the other hand, while there is opportunity, there is also risk of non-compliance, in case we do not reach the required levels of localization. Besides compliance risk, we must also face the multi-ethnicity within our organization with persistent efforts to maintain cultural harmony within the organization as part of managing staff attrition rate and creating opportunities for personal development of all employees.

The In-Kingdom Total Value Add (“IKTVA”) Program

IKTVA is Saudi Aramco’s program for encouraging Saudi localization, the ultimate aim of which is to achieve 70% localization by the year 2021. IKTVA looks at various factors, such as localized goods and services, salaries paid to Saudis, training & development to Saudis, etc.

Since Saudi Aramco is one of Atlantic Group’s key clients, we should make sure to hire ample Saudi nationals in order to contribute towards IKTVA, and in return reap current and future benefits of working with Saudi Aramco.

The In-Country Value (“ICV”) Program

ICV is ADNOC’s program for encouraging Emirati localization, aiming to improve knowledge transfer and create job opportunities for UAE nationals. As part of this, ADNOC requires its suppliers to declare their localization achievements by meeting several criteria to ultimately acquire the ICV certificate. This certificate is then verified by a third-party annually.

Since ADNOC is also one of Atlantic Group's key clients, we should make sure to hire ample Emirati nationals in order to comply with the ICV certificate criteria, and in return reap current and future benefits of working with Saudi Aramco.

4.B.2. Future plans & targets

Saudi Localization

Atlantic Group plans to grow both its operational and administrative staff to include more Saudi nationals. Specifically, we will continue to recruit and train more Saudi citizens as marine crew to ensure that we meet the quota for Saudi crew, specifically in vessels serving Saudi Aramco.

Further, we plan to procure more services from approved Saudi contractors to meet our IKTVA targets.

Emirati Localization

Atlantic Group is aiming to continue to hire ample number of Emirati nationals. We are currently working with a consultancy firm on our ICV certification to ensure that it is qualified for work with ADNOC. Specifically, in line with ICV criteria, we are planning to hire at least 100 Emirati employees in our UAE operations.

4.B.3. Metrics

#	KPI	Goal
1	# of Saudi employees	Increase
2	Compensation paid to Saudi employees	Increase
3	# of services procured from Saudi contractors	Increase
4	# of Emirati employees	Increase
5	Compensation paid to Emirati employees	Increase
6	# of services procured from Emirati contractors	Increase

4.C. Material Topic #3: Political Risk

4.C.1. Current policies, practices and performance

Political risk relates to the continuing conflict within the Gulf, which, if escalated, could result in uncertainty in the business environment—and potentially financial losses due unrest, damages, policy changes, etc.

Changes in the political environment has caused restrictions in access to a number of offshore fields and the associated activities and clients. In some cases, it actually resulted in unavailability of previously existing work opportunities and developments, and deeper isolation and restrictions in terms of accessing operating areas.

Recently, Atlantic Group's business has been further influenced by the impact of the political developments in Qatar and KSA, as we had specifically been impacted in areas of banking practices, procurement and logistics support in vessels operating in those areas.

4.C.2. Future plans & targets

Obviously, Atlantic Group cannot mitigate this risk by directly reducing the political risk in the country in which it operates. Instead, we must be able to mitigate the risk through other measures, such as risk avoidance, sharing, etc. Some ways in which we plan to deal with political risk include:

i) We are planning to enhance our awareness, foresight, and impact assessments of political situations in the countries in which we operate, in order to proactively identify and prepare for potential political risks.

ii) Coordinating with insurance companies in order to "share" the political risks in a favorable manner.

iii) Moving our operations away from politically risk locations to more politically stables ones. This is, of course, a very long term plan, and would first require Atlantic Group to be flexible enough to conveniently change location of operations.

iv) Engaging consultants to adopt business continuity and crisis management measures, such as cold/warm/hot sites to protect data.

4.C.3. Metrics

#	KPI	Goal
1	Political Risk Index (“PRI”) per country of operation	Decrease
2	Average PRI across countries of operations	Decrease
3	Hours spent assessing and dealing with political risk	Increase
4	Insurance premiums paid to “share” political risk	Increase (to a limit)
5	# of business continuity and crisis management policies & measures	Increase

Part 5

Governance & Economic Factors (GRI: 200)

Part 5: Governance & Economic Factors (GRI: 200)

5.A. Material Topic #4: Profitability & Cash Flow

5.A.1. Current policies, practices and performance

Financial Challenges

With the collapse of the oil price from over US$100 per barrel to below US$30 per barrel in 2015, the oil & marine industry have suffered greatly—and so have we. This industry is composed of a large number of companies providing support services to National Oil Companies ("NOC") around the world, with services that include: vessel ownership, shipyards, and engineering, procurement, installation and commissioning (EPIC). Many of these companies in the oil & marine industry had already gone into bankruptcies. Meanwhile, 6 of our peer companies on the SGX had gone into judicial management or in the process of restructuring, or have had their listing status suspended.

The key reason for the situation above is that while, for vessel owners, charter fees had collapsed by some 40% to 50%, operators had not been able to materially reduce operating expenses, due to the need to continue to meet the stringent criteria and demand of the NOCs—such as vessel requirements, employment requirements, etc.

Cash flow position of vessel owners had severely weakened due to the continuing need to service loans and interest payment of assets that were purchased at a high price during the boom years (before oil prices crashed in 2015).

5.A.2. Future plans & targets

Our Response

We have recently completed a proposed share subscription of US$26 million, mainly to strengthen our cash flow position to support about US$236 million of new contracts secured in FY2016 from a MENOC. As a result, Atlantic Group would position itself for an expected upturn in the industry over the next 2 years.

Specific Financial Plans

The Group's specific financial plans are to:

1) Return to breakeven, and/or be marginally profitable for FY2018.

2) Improve our performance and cash flow in FY2019. This can be done through a combination of:

i) using part of the US$26 million investment to repay US$17.2 million of convertible loan carrying 15% interest, cash and payment in kind;

ii) participating in tenders with cross-chartered vessels to increase revenue from our MLS division; and

iii) having recently completed a US$45 million deconstruction project with our joint venture partner, to continue to work with strategic partners on such project to diversify our business and reduce reliance on our core MLS business.

5.A.3. Metrics

#	KPI	Goal	Classification
1	Working Capital ratio	Increase	Cash flow indicators
2	Current ratio	Increase	
3	Quick ratio	Increase	
4	Net Profit on Sales ratio	Increase	Profitability indicators
5	Gross Profit Margin	Increase	
6	Return on Assets (ROA)	Increase	
7	Return on Equity (ROE) – adjusted to equity & debt variation	Increase	

5.B. Material Topic #6: Internal Processes & Procedures

5.B.i. Material Sub-Topic #6.A: Age of Assets (Vessels)

5.B.i.1. Current policies, practices and performance

Both ADNOC and Saudi Aramco now require that vessels servicing their offshore fields be no more than 15 years old. Our MLS Division is a capital intensive industry, and the Atlantic Group's ability to continue to meet the various demands and criteria of the NOCs requires a high internal program for maintenance, upkeep and also continuing investment and retrenchment of aging assets. Besides the requirements, this internal program is needed in order to meet NOCs requirements such as:

- More environmentally friendly vessels
- Technically advance vessels
- Vessels that are economical to run
- Stringent industry standards for HSE

The Atlantic Group had, since its listing on Catalist in 2012, grown its feet from 12 vessels to 21 vessels, and especially in higher value assets. We had over the last 2 years disposed of a number of our old and low-value vessels, specifically aiming to comply with the aging requirements.

Between April 2018 and October 2018, Atlantic Group took delivery of 7 new vessels. As such, the Atlantic Group's fleet is, on average per vessel, less than 5 years old.

5.B.i.2. Future plans & targets

The Atlantic Group will continue to, both qualitatively and quantitatively, monitor its fleet to ensure that the vessels meet the evolving requirements of our key clients. While the Atlantic Group's fleet is young, the Atlantic Group has been and will continue to divest of lower value and older vessels in its fleet and to enhance its maintenance program on the existing vessels to ensure that its fleet continues to meet its key customer's requirements.

5.B.i.3. Metrics

#	KPI	Goal
1	Average age of vessel in fleet	Decrease (to a limit)
2	Expenditures towards new vessels in fleet	Increase (to a limit)
3	# of low-value vessels disposed of	Increase
4	Total value of low-value vessels disposed of	Increase
5	Expenditure towards vessel maintenance aiming to meet customer requirements	Increase (to a limit)
6	# of maintenance jobs done on vessels to meet customer requirements	Increase (to a limit)
7	# of vessels that comply with customer requirements	Increase
8	# of vessels that are incompliant with customer requirements	Decrease

5.B.ii. Material Sub-Topic #6.B: Processes, Systems, and Training

5.B.ii.1. Current policies, practices, and performance

Our operating entity, Atlantic Maritime Group FZE, having been established in the UAE for some 17 years, had relied on fundamentally legacy (old) processes and systems.

In addition, given that the UAE's population profile is about 80% expatriates, our staff, excluding crews, comes from about 10 countries with different cultures, educational backgrounds, training, and work experience.

The Group needs to, under existing and future industry environments, be more efficient, effective and competitive to ultimately be profitable moving forward, and in effect provide its stakeholders with reasons to be committed and to continue to invest in the sustainability of the Group.

The current operating procedures and practices are now being reviewed in light of implementing a process-based risk-assessed quality control system. The process-based risk analysis and assessment includes evaluation and measures to prevent failures in the different aspects of the company's business activities, including: offshore marine operations, internal communications and information flow-exchange, changes in market dynamics, client evaluation, risks from clients, etc.

The Company will upgrade and optimize the current reporting and information management system to an Enterprise Resource Planning ("ERP") solution. The currently used FOCUS program actually has a full-fledged ERP version. Thus, we will gradually evaluate and implement the modules over the following few months. At the moment we are operating only the entry level of the product, which is a version of 2 generations ago.

5.B.ii.2. Future plans & targets

The Atlantic Group plans to review, invest in (where necessary), and upgrade its processes and system, embrace new technologies, and conduct training so that its personnel can be more mobile, connected and able to react and respond to clients and operating demands in a timelier manner.

Concerning systems, we are currently reviewing one system to help us enhance our internal processes. The system under review should enable the Atlantic Group to slice and dice management, commercial, and operational data in as close to real-time as possible. The system will enable us to respond to commercial and operational requirements, while also providing the increasing mobile managerial staff with connectivity and the ability to access the necessary data, documentation, and information as soon as possible. The system will also enable the Atlantic Group to virtually connect to its partners and clients in order to provide updated information and documentation to ensure that its clients' service requirements and the Atlantic Group's obligations and commitments to the clients are met or preferably exceeded.

5.B.ii.3. Metrics

#	KPI	Goal
1	Total hours of training provided	Increase
2	# of automated processes	Increase
3	# of un-automated and manual processes	Decrease
4	# of clients' service requirements tracked by system	Increase
5	# of clients' service requirements only tracked manually	Decrease
6	Age of the system (in years)	Decrease
7	Expenditure towards automating processes and enhancing system	Increase (to a limit)

5.C. Material Topic #5: Services to Clients

5.C.1. Current policies, practices, and performance

Changing NOC & EPC Developments

The Atlantic Group's fleet composition is currently concentrated in the towing / supply sector of the offshore activities, which has become saturated with vessels that result in low utilization and low charter rates. Current charter rates and utilization cannot support the cost of an investment of such vessels. The offshore dynamics are currently developing a demand for work, vessel, high crane requirements, as well as subsea support. Not responding to these market changes will isolate the fleet into a small, low-earning sector of the offshore operations.

NOC's and EPC contractors are changing operating strategies, especially focusing more and more on cost reduction of operating costs, based on efficiency and optimization of their practices, as opposed to the just price reduction, which followed the initial market drop. The direct impacts of such practices are changes in the utilization per type of vessel and corresponding charter rates.

Changing Market Trends

This, together with the oversaturated offshore vessels market, has prompted an analysis of the Company's fleet earning potentials and the business operating model. The current fleet utilization is divided between long term contracts with Saudi Aramco, and spot market engagement with EPC contractors and offshore contracting companies. While the long term Saudi Aramco engagement is a low-risk recurring revenue stream, the spot market utilization, which is currently supporting 50% of the Company's fleet, is based mainly on the range of anchor-handling tug supply ("AHTS") units.

AHTS is currently the lower earning potential in terms of charter rate and utilization. The current market demand calls vessels related to "work" and various construction activities – including both subsea and top-site works. The market also demands vessels with more specialized operating specifications, such as large fuel capacity, draft, accommodation, crane lifting capabilities, etc.

5.C.2. Future plans & targets

The Company's analysis of the previously-mentioned changing developments from NOCs and EPCs indicates 2 main approaches in response to the said changes:

1) Routing, in the interim, contractual arrangements related to specific operations through a non-Gulf entity, and this way eliminating trade restrictions within the Gulf countries.

2) Establish independent local office(s) and presence within individual countries.

Additionally, to capitalize on the previously-mentioned changing current market demands, Atlantic Group intends to diversify on the fleet capability by expanding in support of different aspects of offshore construction, subsea, survey and topsite operations.

The Company intends to establish an access to such vessels, either through strategic alliances, or suitable charters from other vessel owners, as well as enhancing the specifications of our own existing vessels. The main element of this strategy is that the Company will engage vessels in contract routed through the Company's, where charters revenues from the end users are billed to our own accounts, while operating costs are born by the vessel owners. The Company's main contribution and associated cost is in the management of such charters. These resources, however, are shared with the resources already in place for management of our own fleet and contracts.

Enhancement of capacities for our own vessels, such as accommodation facilities, positioning services, and cargo capacities will allow the vessel to access not only the AHTS category, but also the work category. Thus, this gives preference in utilization, as well as allows for the sale of additional services to clients, and therefore, generates revenues in addition to the already low charter rates.

The above strategy will allow for higher utilization of own AHTS units, which now can be offered as part of a complete package solution, add new revenue sources from the additional services the company now offers, as well as add new market share of the offshore operations segments.

There is no requirement for capital investments, and, in terms of liability, the Company remains within the limits of its already established and controlled financial and marine offshore practices and operations.

Starting with alliances and association with subsea and contracting will also allow for additional response measures to possible future market changes resulting in reduction in the vessel operating charter of AHTS.

Depending on the market developments, and following the results from the initial contracts execution, further higher scale engagement will be evaluated.

5.C.3. Metrics

#	KPI	Goal
1	# of vessels in line with changing NOC & EPC developments	Increase
2	# of vessels in line with current market trends	Increase
3	Operational expenditure	Decrease (to a limit)
4	Total fleet utilization	Increase
5	Utilization per vessel	Increase
6	Earnings per vessel	Increase
7	Diversity: # of types of fleet services & capabilities	Increase
8	# of local offices	Increase (to a limit)
9	# of countries with presence	Increase (to a limit)

Part 6

GRI Content Index (GRI: 102-55)

Atlantic Navigation Holdings (Singapore) Limited

Part 6: GRI Content Index (GRI 102-55: GRI content index)

Atlantic Navigation Holdings (Singapore) Limited

Part 7

Index on SGX Rulebook Compliance

Part 7: Index on SGX Rulebook Compliance

Rulebook Clause	SGX Rulebook Requirement	Reference in Report
711 A	*Sustainability Report	• Throughout
711 B1 a)	*Material environmental, social and governance factors	• Part 2: Stakeholder Engagement, Materiality & Material Topics Alignment
711 B1 b)	*Policies, practices, and performance	• Part 3: Environmental Factors • Part 4: Social Factors • Part 5: Governance & Economic Factors
711 B1 c)	*Targets	• Part 3: Environmental Factors • Part 4: Social Factors • Part 5: Governance & Economic Factors
711 B1 d)	*Sustainability reporting framework	• Part 2: Stakeholder Engagement, Materiality & Material Topics Alignment → 2.D. Sustainability Reporting Frameworks
711 B1 e)	*Board Statement	• Part 1: Overview → 1.C. Board Statement
711 B2	*Primary content exclusion	• N/A