



SUSTAINABILITY REPORT 2021



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1. About Penguin International Limited

Penguin International Limited (“Penguin”) is a Singaporean publicly listed designer-builder-owner-operator of aluminium high-speed marine craft. The company was incorporated in 1976 and listed on SGX in 1997.

Since 1995, we have delivered over 200 aluminium vessels comprising crewboats, patrol boats, passenger ferries, fireboats and windfarm support vessels to ship owners around the world. These include some 150 of our proprietary-designed “Flex” offshore crewboats and security boats.

Penguin is the world’s most prolific builder¹ of mid-sized crewboats/security boats for the offshore and maritime security industries. In some markets, our “Flex” brand has become *the* industry standard.

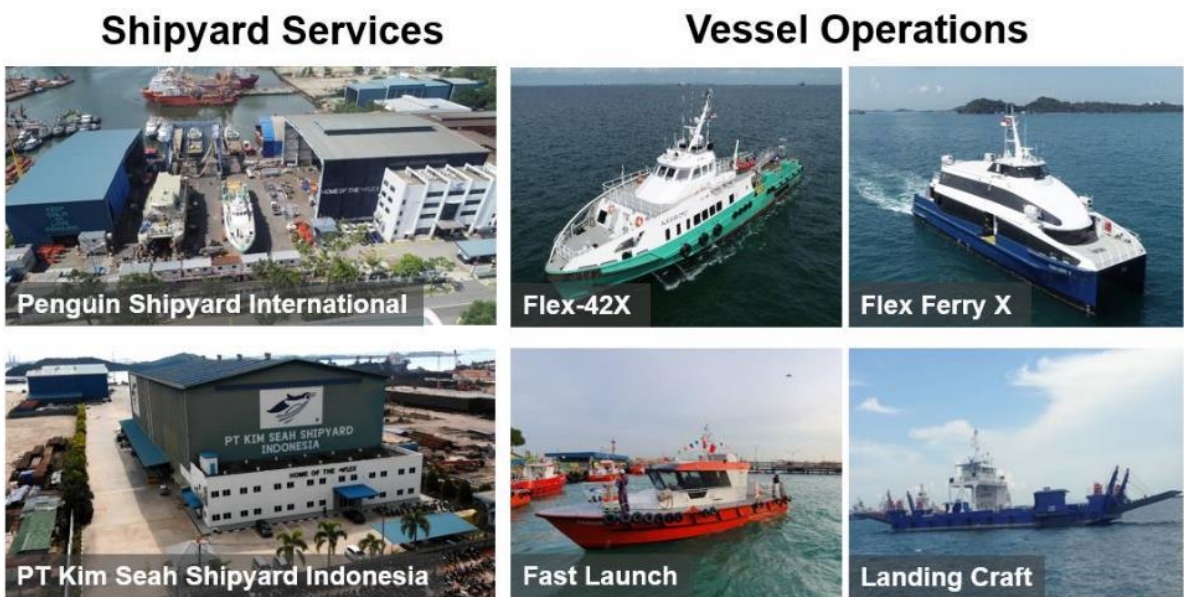
Our shipyards in Singapore and Batam build vessels for stock and to order, funded mostly by the company’s internal cash reserves. They also undertake a variety of repair and conversion projects.

In addition, we operate a fleet of our own “Flex” crewboats, passenger ferries and general workboats. These vessels primarily serve oil companies and government/corporate charterers around Southeast Asia.

Our owned-and-operated fleet are well maintained and professionally managed by an in-house ship management team, backed by our own shipyards.

Above all that we say and do, we prize *people over profit* and we abide by international standards of health, safety, environment and quality, corporate governance and sustainable business practices.

Figure 1: Penguin's Products and Services



¹ According to data compiled by IHS Sea-Web, an independent subscription-based database that captures all IMO-registered vessels worldwide.

2. About the Report

It is our pleasure to present you our FY2021 Sustainability Report (SR2021) covering the period 1 January 2021 to 31 December 2021. This report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards – Core Reporting Requirements and the SGX-ST Mainboard Listing Rule 711(B). We chose to follow the GRI Standards as they are a globally recognised reporting framework consisting of a comprehensive list of disclosures that are well suited to Penguin’s business and the industry that we operate in.

The SR2021 highlights our Economic, Environmental, Social and Governance (“EESG”) material matters that impact our business performance and key stakeholders across two business segments: (1) charter services, and (2) shipbuilding, ship repair and maintenance in Singapore, Batam and Malaysia.

This report was prepared by members of our Sustainability Reporting Committee in accordance with sustainability reporting requirements, principles and identified materials.

As our partner in our sustainability reporting journey, we appreciate your support and we welcome you to contact our Sustainability Reporting Committee at sr@penguin.com.sg with feedback, if any. You may also visit our corporate website www.penguin.com.sg for more information, and our previous sustainability reports may be accessed [here](#).

3. Our Key Accomplishments in FY2021

5th annual

Sustainability Report published, disclosing Economic, Environmental, Social and Governance (“EESG”) material matters that impact our business performance and key stakeholders.

↓ **17.3%**



less energy consumed and less GHG emissions from our yards.

Upgraded



All our Flex crewboats now come with **business class seating** and **personal USB charging ports** as standard.

Sustainable Profits

Against the odds, we remained **profitable** in FY2021, posting a net profit of \$12.7M.

Zero confirmed cases of corruption

and non-compliance to all applicable regulatory laws and legislations in environmental and socioeconomic areas.



Sustainable Shipping

- **Fuel Cells:** Penguin and Shell Bukom are working together to trial a hydrogen fuel cell project on board a Penguin LCT, Penguin Tenacity.
- **Electrification:** We are designing and building Singapore’s first pure electric ferries and a high-voltage fast charger for Shell Bukom.



Sustainable Safety ZERO

reportable incidents on board our vessels.

We prioritise people over profits

Signatory to Employers’ Pledge of Fair Employment Practices since



2014

Awarded **LowCarbonSG Status** by Carbon Pricing Leadership Coalition Singapore.



Headcount of

670

with employees from 9 countries.

1

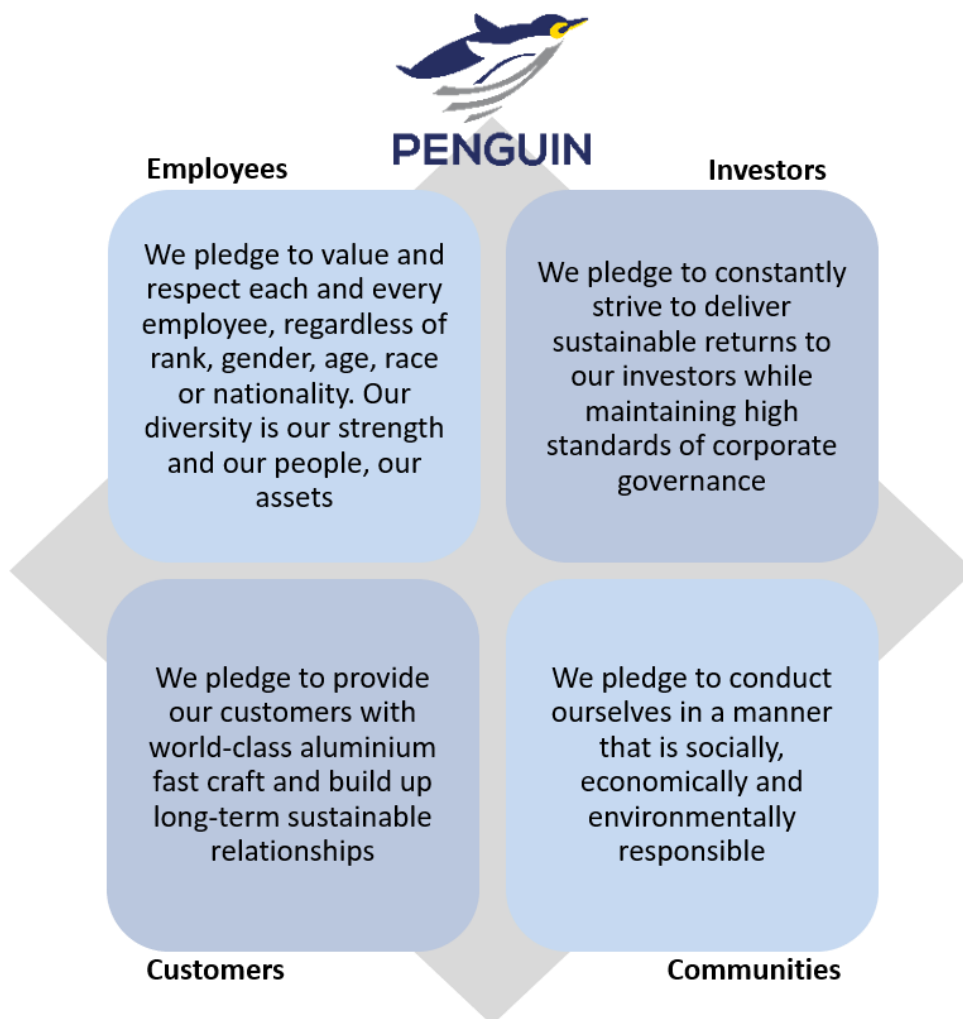


Family

The Penguin Sustainability Statement

“As a global citizen, we believe in conducting our business in a sustainable and socially responsible manner. We believe that sustainability helps us achieve our full potential to become the world’s leading provider of aluminium fast craft.”

Our activities are aimed at creating value for all our stakeholders - Employees, Investors, Customers and the Communities in which we operate.



4. Our Approach to Sustainability

Sustainability lies at the core of Penguin. We prioritise *people over profit*. We believe in true value creation, which transcends the pure profit needs of the present and leads to the betterment of people, community and society.

From our goals and visions to our business model to our long-term strategic plans to our day-to-day operations, we strive to adopt and implement measures which result in and contribute to sustainable growth.

Through our visionary management team led by the principles of servant leadership and our unique collective capabilities as an integrated designer-builder-owner-operator of high-speed aluminium vessels, we embrace challenges and change, and we strive for constant improvement and innovation.

Together, we stand strong in the face of adversity as we work together to stay close to our clients and ahead of our competitors, as we pursue sustainable returns for all our stakeholders.

a. Sustainability Governance

Penguin’s Board of Directors (the “Board”) oversees our sustainability strategy and the management of critical sustainability matters. Under the leadership of our Managing Director, the Sustainability Committee comprises our Finance and Administration Director, key executives and senior staff. The committee ensures the implementation of our sustainability strategy and the evaluation of progress against our commitments.

Department and unit heads ensure the successful implementation of our strategies through integration of sustainable practices into our day-to-day operations and provide regular feedback and updates to the committee for evaluation of performance and advice where needed.

The Board reviews our sustainability performance annually in February, as part of our overall enterprise risk management process. The review includes key elements and materials for sustainability reporting to ensure their continued relevance.

For more information on overall Corporate Governance, please refer to pages 29 to 54 in our 2021 Annual Report.

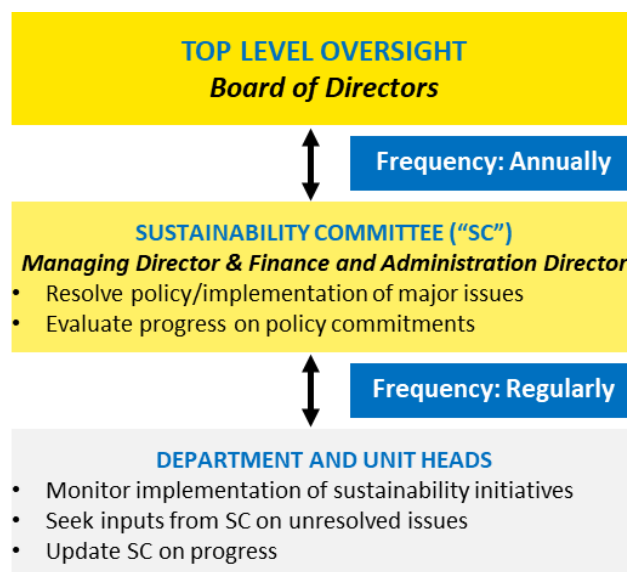


Figure 2: Our Sustainability Governance Structure

Board Statement

The Board is pleased to present its fifth Sustainability Report prepared in accordance with GRI Standards and SGX-ST’s Sustainability Reporting Guidelines for listed companies in Singapore. The Board, together with the Sustainability Committee considers sustainability matters as part of the Group’s growth strategy. The Board has approved the material ESG factors and determined them to be relevant for the current year. The Board shall ensure that these ESG matters are monitored and managed.

As we make progress in our sustainability journey, we urge all our stakeholders to partake in our commitment to sustainability as we work together towards a common goal of improving the economic, environmental, and social well-being of the world that we live and work in.

b. Stakeholder Engagement

The Sustainability Committee is responsible for ensuring that channels of communication are open and accessible to all stakeholders. Through regular engagement, we are able to better identify and respond appropriately to key issues and interests. For details on our stakeholder engagement platforms, please refer to Figure 3 below.

Figure 3: Our Approach Towards Stakeholder Engagement

Stakeholder Groups	Key Concerns/Interests Raised by Stakeholder Groups	Penguin's Response	Methods of Engagement	Frequency of Engagement
Employees, Workers and Crew Members	<ul style="list-style-type: none"> Fair and inclusive workplace Safe working environment Career progression and personal development 	<ul style="list-style-type: none"> Maintaining an "open-door" culture Ensuring timely feedback and interaction between management and employees to ensure alignment of expectations between both parties Maintaining robust Health, Safety, Environment and Quality management systems Ensuring consistency in Human Resource policies across the operating entities while ensuring compliance with prevailing local labour laws Giving recognition to staff members performing supervisory roles Identification of training roadmap for skills upgrading of respective trades 	Appraisals	Annually
			Regular management and HR memos	Quarterly
			Safety toolbox meetings Safety Memo Safety Workshop	Daily Weekly Half Yearly
			Recognition ceremony to present shipyard supervisor's identifications	As and when required
			Training briefings by HoD/Trade Heads Attending courses, webinars, seminars and workshops	Quarterly briefings Relevant courses/workshops when available
Clients	Provision of consistent and <i>world-class</i> quality products and services from Penguin	<ul style="list-style-type: none"> Building long-term relationships with clients to ensure sustainable business growth Maintaining a feedback loop with clients to align expectations and improve products/services 	Regular client visits around the world	Monthly and quarterly
			Regular operations and warranty feedback	As and when required

Stakeholder Groups	Key Concerns/Interests Raised by Stakeholder Groups	Penguin's Response	Methods of Engagement	Frequency of Engagement
		<ul style="list-style-type: none"> Knowledge management of client/operator feedback and lessons learnt for product improvement Provision of service levels as per ISO 9001 	Platform for collating of client and operator feedback/lesson learnt ISO audits by external auditor	As and when required Annually
Shareholders and Investors	Provision of sustainable investment returns	<ul style="list-style-type: none"> Transparent and timely disclosure of financial information and corporate developments through company website and SGXNet. Having a dedicated channel via company website for investors' questions and feedback 	Annual General Meeting (AGM)	Annually
			Annual Report	Annually
			Financial news and announcements	As and when required
Suppliers and subcontractors	<ul style="list-style-type: none"> Creating and maintaining a symbiotic eco-system with key suppliers and subcontractors in which sacrifices and successes are equitably shared. Inculcating sustainable business practices within the eco-system 	<ul style="list-style-type: none"> Clear communication on Penguin's expectations and standards of service and product quality, as well as health, safety and environmental practices Monitoring practices to ensure compliance by suppliers and subcontractors 	Performance evaluation	Annually
			Safety meetings with subcontractors	Monthly
			On-site engagement with employees	Daily
			Ad-hoc meetings	As and when required
Regulators	Compliance to relevant laws and regulatory requirements in all jurisdictions in which we operate	<ul style="list-style-type: none"> Adopting sustainable practices and complying with workplace health, safety, and environmental practices, as well as corporate governance guidelines. Participation in Public-Private dialogues and working groups to assist in shaping sectoral policies and best practises. 	Meetings and discussions with relevant authorities	At regular Public-Private platforms As and when required
Local Communities	Singapore:		Involvement in vessel maintenance and management as well as	As and when required

Stakeholder Groups	Key Concerns/Interests Raised by Stakeholder Groups	Penguin's Response	Methods of Engagement	Frequency of Engagement
	Provision of services contributing to public safety and security, and jobs creation for Singaporeans	<ul style="list-style-type: none"> • Providing key operations and maintenance support for vessels deployed for national emergencies and other public essential services • Contributing to various charity organisations and community outreach programmes • Participating in sectoral manpower capability development programmes and job creation 	participating in emergency response exercises Sponsorships and donations Internship placement for tertiary level students Course sponsorship and job placement for crew	 Periodic Ongoing
	Batam: Contributing to a safe, healthy and happy community in the vicinity of the company's shipyard	<ul style="list-style-type: none"> • Maintaining a healthy symbiotic relationship with local communities through acts of consideration, compassion and kindness • Contributing to the socio-economic growth of villages through local job creation and economic spin-offs in the vicinity of the shipyard 	Offering job opportunities to villagers. Volunteering for grassroots' activities, including providing monetary and in-kind donations	Periodic

c. Materiality Assessment

Prior to embarking on our first Sustainability Report for FY2017, we conducted a formal materiality assessment in September 2017 to identify Penguin’s key economic environmental, social and governance matters. The sustainability material matters were reviewed again in FY2021 and determined to be relevant for the year.

Figure 4: Our Four-Step Materiality Assessment Process

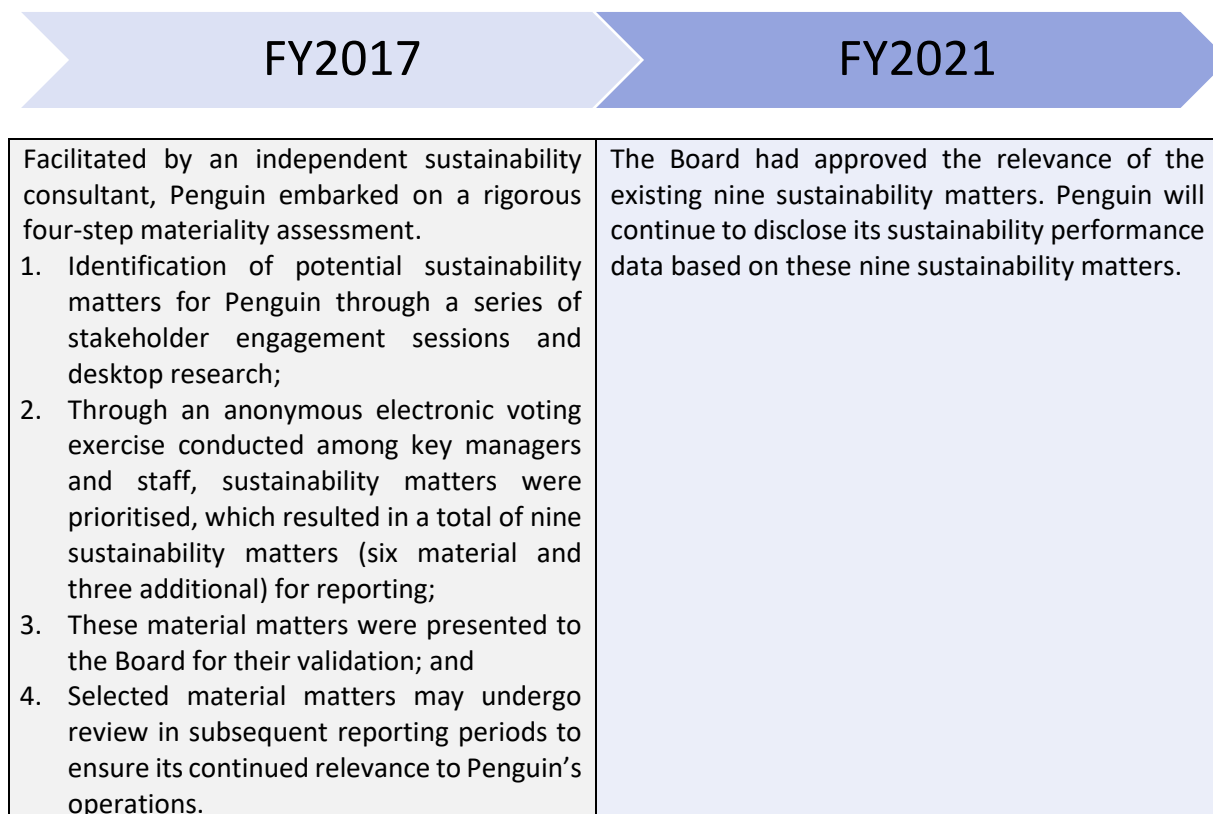


Figure 5: Our Sustainability Matters Chosen for Reporting in FY2021

Material Matters		Page	Additional Matters		Page
1	Economic Resilience	14-19	7	Product Quality & Stewardship	11-13
2	Safety ²	24-27			
3	Energy Consumption Management	28-29	8	Workplace Diversity, Fairness and Retention	20-22
4	Vessel Emission	30			
5	Regulatory Compliance	31	9	Greenhouse Gas (GHG) Emissions	28-30
6	Business Ethics	31			

For detail information on the materiality assessment process and details of each sustainability matter, please refer to our SR2017.

² Safety comprises “Shipboard safety for our crew and passengers” and “Occupational health and safety at our shipyards”.

d. Sustainability Strategy

Figure 6: Economic Resilience; Our People, Our Assets; Integrated Sustainability



Our comprehensive strategy incorporates key sustainability matters mapped across our unique designer-builder-owner-operator value chain. Please refer to Figure 8 in SR2017 detailing how these material matters were identified and integrated into Penguin's way of life.

5. Product Quality Stewardship

As a market leader in mid-sized aluminium fast craft, Penguin is constantly striving to stay ahead through constant improvement and innovation, from design through to construction and operation, drawing on our core capabilities as a designer, builder, owner and operator of high-speed vessels.

Here are some examples of our commitment to product quality stewardship in 2021:

“Nordlicht II” for Germany: Big, Luxurious and Comfortable

In FY2021, amidst the COVID-19 pandemic, our Batam shipyard PT Kim Seah Shipyard Indonesia (PTKS) delivered our largest and most luxurious newbuild ferry to date, a 46-metre, triple-deck 450-passenger ferry christened “Nordlicht II”. The owner AG EMS, is a 150-year-old German company that had never before built a vessel outside of Europe. The ferry is specially designed and outfitted for operations off northern Germany, with luxurious seats, bespoke carpentry and motion damping systems for passenger comfort.



The 450-passenger German ferry "Nordlicht II"

WindFlex-27 for Ireland: The Winning Edge

FY2021 also saw the sale a stock WindFlex-27 offshore windfarm Crew Transfer Vessel (CTV) to start-up Irish owner, Farra Marine.

Penguin’s WindFlex-27 can transport up to 24 windfarm workers at speeds of up to 30 knots. The vessel design is compliant with European flag state regulations and international classification rules.

Farra Marine has commented publicly that Penguin’s WindFlex-27 is their CTV of choice and their winning edge in the European windfarm market.

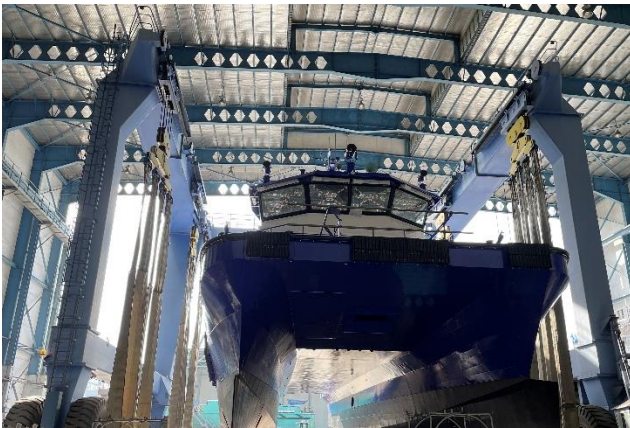


“Farra Orla”: The winning edge

First in Singapore and Southeast Asia

As we continue journeying towards our sustainable and greener future, Penguin in FY2021 undertook a landmark project to design and build Singapore’s (and Southeast Asia’s) first hybrid-electric patrol boat. The vessel was christened “MPA Guardian” by the owner, the Maritime and Port Authority of Singapore (MPA).

Working closely in collaboration with team members from MPA and Singapore’s Defence Science Technology Agency (DSTA), over 160 manhours of discussions and workshops were conducted to gather the end user’s inputs on operational and emergency management requirements.



MPA Patrol Craft (Enhanced) “MPA Guardian”

The 35m hybrid-electric catamaran-hull is designed as MPA’s multi-mission patrol vessel, capable of conducting specialised operations and catering to various rigorous demands at sea. “MPA Guardian” is built with higher endurance in mind, in order to sustain the vessel and her crew during long missions at sea to conduct search and rescue, ferry evacuation and oil spill response operations. The vessel is equipped with a comprehensive suite of bespoke emergency response assets, such as a specially designed daughter craft, unmanned drones, industrial gas detectors, as well as oil spill dispersant and equipment. “MPA Guardian” will also be used as a test bed for new technologies and equipment.

Electric Dream to Reality

In September 2021, Shell awarded a landmark contract to Penguin to design, build, own and operate at least three pure electric 200-pax, single-deck ferries to support the oil major's Bukom island refinery operations. This will be the first pure electric ferry service in Singapore and a first for Shell globally. The contract includes the design and construction of high voltage fast charging stations at the East Gate Jetty of Pulau Bukom.

The Electric Dream ferries will be fitted with 1.2 MWh of lithium-ion batteries each and run at speeds of over 20 knots, with zero emission and low noise. When berthed at Pulau Bukom, the ferries will be charged either via fast charging during peak hours or via slow charging during off-peak hours and overnight.

When operations commence in 1Q2023, the Electric Dream ferries will transport some 3,000 passengers a day, or 1.8 million passenger trips annually, between mainland Singapore and Shell's Energy and Chemicals Park on the island of Bukom, replacing the conventional diesel-powered ferries currently used. This will be Singapore's first real-world commercial application of marine electrification.



Artist's impression of Penguin's Electric Dream ferry

The above examples demonstrate Penguin's ongoing commitment to product quality stewardship, continuous improvement and innovation, as well as diversification of products and markets, in our never-ending journey of sustainability.

6. Economic Resilience

As a global leader in our sector, we continue to harness the numerous opportunities generated by our unique and dynamic capabilities as an integrated designer-builder-owner-operator of high-speed aluminium vessels. Here are some examples:

Investing In Our Future

On the investment front, FY2021 was marked by high capital expenditure activities, where the Group invested in fleet expansion, upgrading of our shipbuilding facilities in Batam and shipyard development at our new shipyard at 21 Tuas Road in Singapore.

Over in Batam, we commissioned a pair of new 55-metre piers and a new 700-ton marine travelift, and upgraded our offices and shipyard facilities. This investment, though hefty, helped to cement PT Kim Seah Shipyard Indonesia's (PTKS) status as one of the largest and most modern dedicated aluminium shipbuilding outfits in Asia.

The 700-ton marine travelift was delivered by renown Italian mobile crane makers Cimolai and was assembled by PTKS' engineers and subcontractors in the absence of on-site Cimolai support due to prevailing COVID-19 travel restrictions at the time. The new travelift helped to increase the shipyard's capacity to handle large vessels and shortened the turnaround time to lift a vessel ashore for works and back to the water.



46m German ferry “Nordlicht II” was the first vessel to be launched by our new 700-ton marine travelift

In Singapore, works were underway for the first phase development of our new Home of the Flex at 21 Tuas Road, which has double the land area of our current premises at 18 Tuas Basin Link. The works include renovating an existing office block and constructing three new workshops and a new waterfront comprising a pair of 50-metre piers and an adjacent slipway. When ready, our existing 500-ton marine travelift will be moved over to the new shipyard.



21 Tuas Road in early stage of works

Staying Ahead

On the fleet expansion front, we continue to operate one of the crewboat industry's youngest fleets. In FY2021, we added six new crewboats to our fleet and sold two, compared with two and six respectively in the previous year.

Beyond the numbers, we introduced new features and improvements to our stock crewboats, security boats and windfarm vessels. For example, all our stock crewboats now come fitted with reclining business class seats as standard (each with a personalised in-seat USB charger). We no longer offer stock crewboats with economy class seats by default.



Flex-42X with business class seats with USB chargers



...and a pillarless passenger saloon

Significant Shipbuilding Projects

In FY2021, our Batam shipyard delivered our largest and most luxurious newbuild ferry to date, a 46-metre, 450-pax, triple-deck passenger ferry christened "Nordlicht II", to a 150-year-old German company. It is worth highlighting that this was our first build-to-order project for a European client for operations in Europe.

Still in Europe, we sold two stock WindFlex-27 Crew Transfer Vessels (CTV) for offshore windfarms to an Irish owner and sailed the first boat from Singapore to Ireland using our own crew. Both first-time clients have since come back for new orders.

Europe is an important new market for us not just because it has a well-established maritime eco-system. It is also an important hub that sets standards in the innovation and application of decarbonisation technology. Our European clients give us a rare first-hand experience in this unique setting!

Stepping Up

In Singapore, we spent all of FY2021 designing and constructing a 35m hybrid-electric catamaran patrol boat for the Maritime and Port Authority of Singapore. This vessel will be Singapore's first hybrid-electric patrol boat and Penguin's second hybrid-electric project, after "Penguin Tenaga", which is currently on charter to Shell Bukom.

Another significant development in the new energy space is a 10-year contract awarded in September 2021 by Shell Bukom for the design, construction, ownership and operation of pure electric ferries that will run between Pasir Panjang and Pulau Bukom, starting 1Q2023. This landmark electrification project, which includes high-powered rapid shore chargers on Pulau Bukom, is a first for Singapore and a first for Shell worldwide. We expect to take on more of such new energy projects in the near future.

Financial Results ³	FY2021 S\$'000	% change from FY2020	FY2020 S\$'000
<i>Economic Value Generated</i>			
Revenue	136,355	^ 9.31%	124,745
<i>Economic Value Distributed</i>			
Operating costs	86,466		78,256
Employee wages and benefits	21,848		21,126
Payments to capital providers	251		3,937
Payments to government	1,966		2,231
Community investment	19		18
Total	110,550	–	105,568
<i>Economic Value Retained</i>	25,805	^ 34.56%	19,177

All things considered, FY2021 was a fruitful year for Penguin. We made a profit, secured new clients in new markets and ventured into new energy. After plowing through three dreary quarters in FY2021, we ended off the year on a brighter note, with a net profit after tax of \$12.7 million and net cash (after borrowings) of \$5.8 million, down 4.1% and 83.7% respectively from FY2020.

Above all, we in Penguin owe a huge debt gratitude to our migrant workers and crew, who truly suffered during this pandemic period. These unsung heroes in our midst continue to have their freedom and their own way of life curtailed, while the rest of us are only slightly inconvenienced.

Sharing the Joy: Making a Difference in Batam and Singapore

On the community front, we continue to be involved in various outreach programmes. In Batam, we regularly support and sponsor various grassroots and development activities at villages in the vicinity of our shipyard.

In Singapore, we regularly contribute to non-profit organisations such as Singapore Cancer Society and in FY2021, we also supported the Association of Singapore Marine Industries' initiative on "Marine Migrant Workers Mental Health Challenge".

³ Information in this table is derived from Penguin's audited financial statements and other accounting/financial data. This information is intended to summarise the overall contribution of Penguin to its stakeholders and is not meant to replace or provide an alternative to the audited financial statements which is made available in Penguin's Annual Reports.

Festive Outreach by PT Kim Seah (PTKS) in Batam, Indonesia



On 8 May 2021, Penguin's Batam subsidiary PTKS organised our annual community event at a nearby village in Kelurahan, Tanjung Riau, to distribute daily necessities to 300 families to help alleviate the challenges brought on by the COVID-19 pandemic. The items consisted of rice, cooking oil, milk, instant noodles and other staples.

The community event was conducted in accordance with health safety protocol prescribed by the Indonesian authorities and our volunteers from PTKS distributed the assistance packages to the villagers at a centralised venue under safe management measures. The event was conducted smoothly, and appreciations were extended by the village chief and the villagers to the management and staff of PTKS.

Our dedicated PTKS volunteers expressed sense of fulfilment and were happy with the outcome that they could make a difference to the lives of their neighbours.



Ongoing efforts in Singapore

On 14 December 2021, Penguin was featured on the Facebook page of the Association of Singapore Marine Industries (ASMI) as a Gold Sponsor of the ASMI Gives Back Marine Migrant Workers Metal Health Challenge.

We were able to share our message and the various measures we took to care for our migrant workers during the pandemic.



In 2021, as the safe management measures continue to be in place and our migrant workers' movements are still restricted, we continued with our efforts to alleviate the challenges from being isolation by providing bento lunch and organising fruit day to the dormitory.



**(Left) Our migrant workers enjoying fruits in their residences, Labour Day 2021
(Right) Bento Lunch, 2021**

In December 2021, our shipyard team put together a Christmas song video that involved our migrant workers.



7. Our People, Our Assets

As one of the three fundamental principles in our sustainability strategy, Penguin prioritises people over profit. We firmly believe that our people are our greatest asset.

In 2021, Penguin employed more than 600 staff, workers and crew in Singapore, Indonesia and Malaysia.

At all times, we maintain a culturally diverse, fair and inclusive workplace that nurtures and cultivates a passion for excellence, innovation and sustainable value creation.



a. Staff Demographics

Our workforce has been steadily increasing over the past three years, in line with an increase in our shipbuilding and chartering activities. In 2021, we employed 670 men and women, up from 626 employees in 2020. Most of our employees are working full-time and under permanent employment, with part-time/temporary staff accounting for 16% of our total workforce.

While the marine and offshore industry has traditionally been male-dominated, Penguin constantly strives for gender diversity in its offices, shipyards and ships. We are proud to have a female Executive Director on our Board of Directors and, also female employees with the ship design and ship repair departments. Please refer to Figures 7 and 8 below for a breakdown of our workforce statistics.

Figure 7: Employment Breakdown by Gender

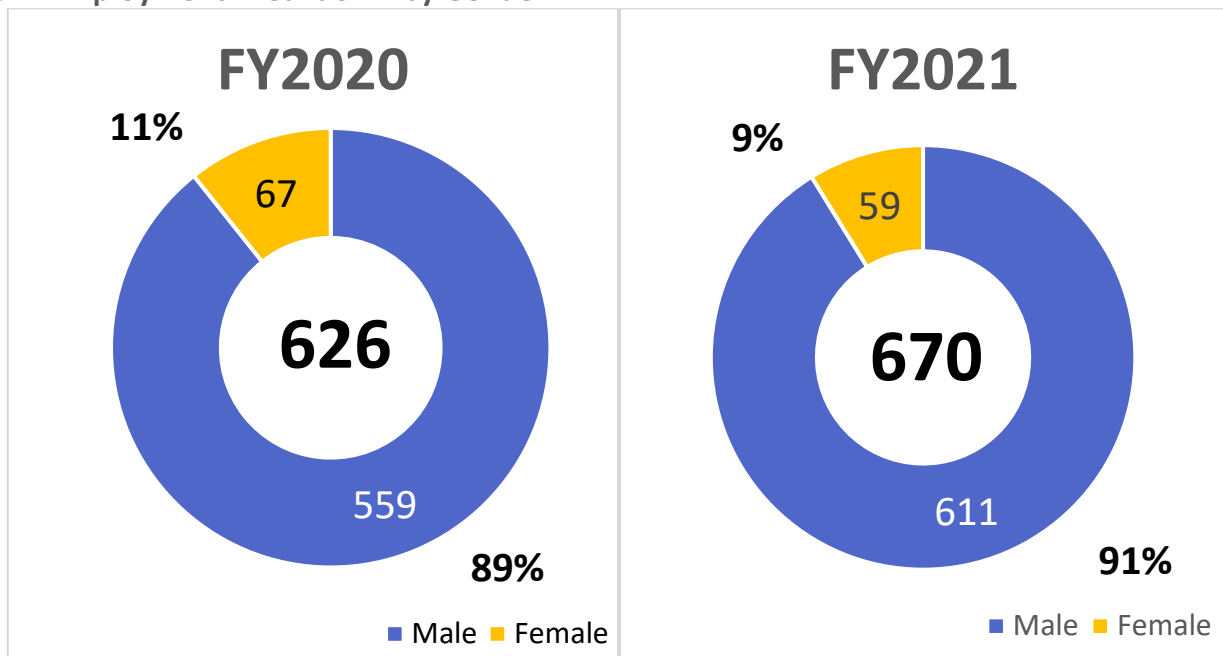


Figure 8: Employment Breakdown by Employment Contract and Region

By Employment Contract				
	FY2020		FY2021	
<i>Region</i>	<i>Permanent</i>	<i>Temporary</i>	<i>Permanent</i>	<i>Temporary</i>
Singapore	364	0	357	0
Indonesia	10	108	9	109
Malaysia	144	0	195	0

b. Workplace Diversity and Fairness

Policies and Practices

Penguin has been a signatory to Singapore’s Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP) since 2014, a commitment that we reaffirm year after year. As a TAFEP signatory, we believe in fair employment which is merit-based and non-discriminatory.

Over the years, we have been able to attract and retain talents with the right skillsets, attitudes and capabilities to contribute to our sustainable practices. Our management practises an open-door policy where employees regardless of rank are encouraged to reach out and always speak up. This practice is enshrined in Penguin’s Whistle Blowing Policy, which aims to provide an avenue for employees to raise concerns about possible improprieties and obstructive action within the group which they become aware of, and to provide reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

In addition, management regularly communicates updates on the company’s developments and strategies in a timely manner.

Our Human Resource Policies and Procedures

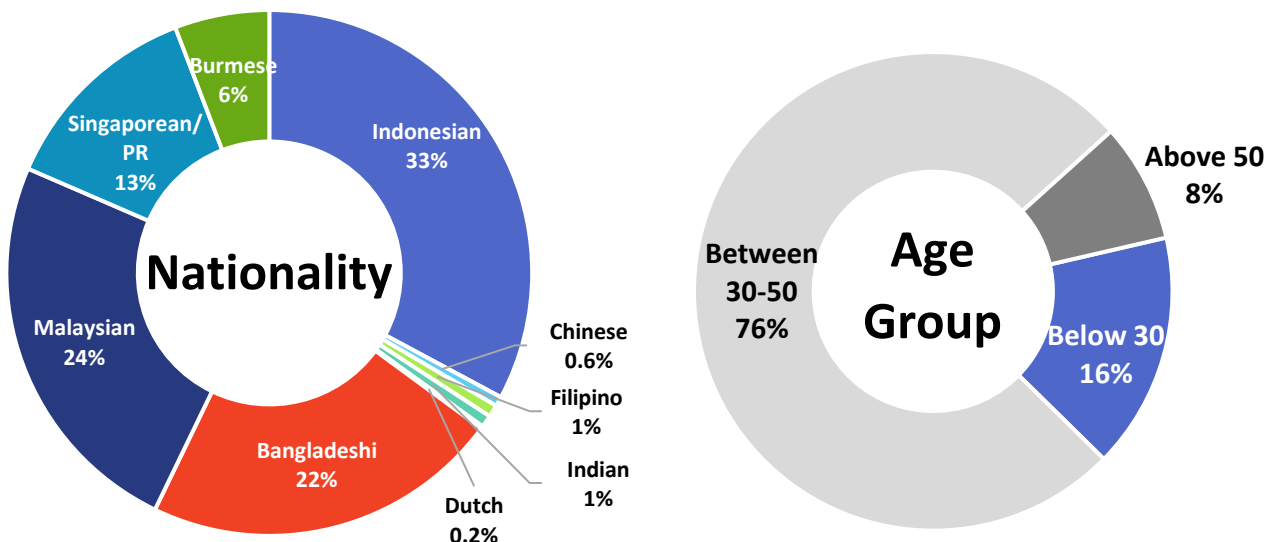
Penguin is committed to fair employment practices and does not discriminate any person based on his or her race, religion, gender, age, marital status, nationality, disability or medical condition. We value and respect each and every employee and are committed to training, developing, rewarding and promoting employees based on their attitude and performance at work.

Penguin’s human resource policies and procedures include, but are not limited to, the following areas of employments:

- Fair Employment Practices
- Dispute Resolutions
- Harassment
- Performance Management

For details of each respective policy, please refer to our FY2017 Sustainability Report.

Figure 9: FY2021 Workforce Diversity by Nationality and Age Group



We have procedures in place to ensure our human resource policy and practices are consistently applied across all our operating units regardless of where they are located. We always comply with local laws and regulations. Depending on an employee’s level of employment, they also enjoy a range of welfare and benefits listed below.

Employment Benefits

All full-time employees enjoy a range of employment benefits from health care insurance⁴, disability coverage, parental leave and retirement provision.

Training and Development

We encourage lifelong training and development among all our employees. Our crew, for example, are required to keep their relevant certificates of proficiency updated as they gain shipboard experience and rise through the ranks. Our shipyard workers undergo both mandatory induction and situational training as they journey with us in their career growth. Our ship designing engineers and naval architects are encouraged and given opportunities to attend workshops and seminars to broaden their exposures and knowledge.

Performance Appraisals

All our employees are appraised annually by their superiors, and their appraisal results will go into determining their annual bonuses, if bonuses are due for that year. In this process, there is no distinction or discrimination between office staff and yard production staff members. Crew members working on board our vessels are assessed by their respective ship masters and are endorsed by their respective crewing officers and managers.

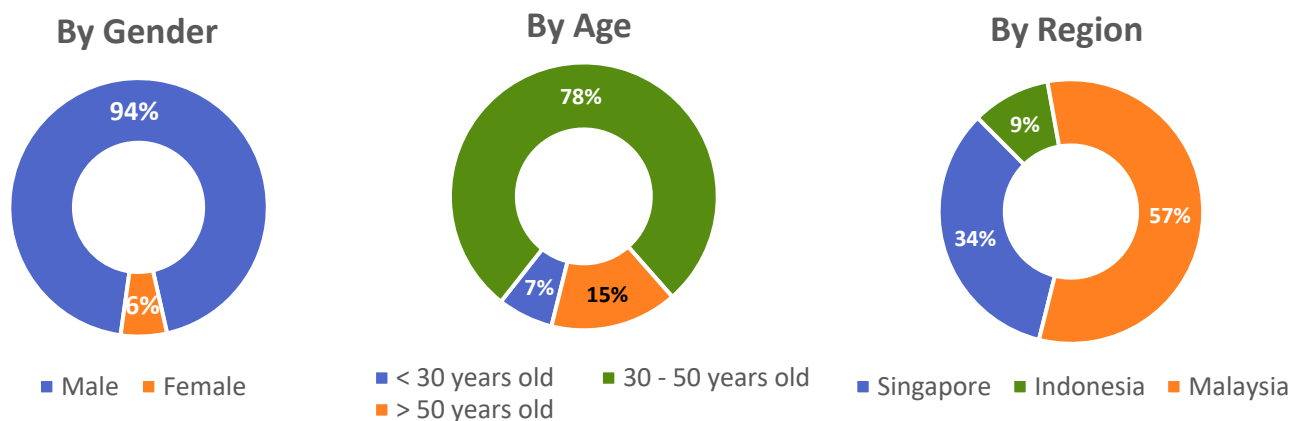
⁴ As stipulated by respective regulatory bodies in operating countries; including, Ministry of Manpower (MOM) in Singapore, Badan Penyelenggara Jaminan Sosial in Indonesia and Social Security Organisation (SOSCO) in Malaysia

c. FY2021 Employment Statistics

In 2021, we recruited 104 new employees to keep up with the growth of our shipbuilding and chartering businesses. In our recruitment process, we sought out the most-qualified candidates with the right experience, attitude and job fit - regardless of age, gender or race.

Figure 10: FY2021 New Hires and Turnover by Gender, Age Group and Region

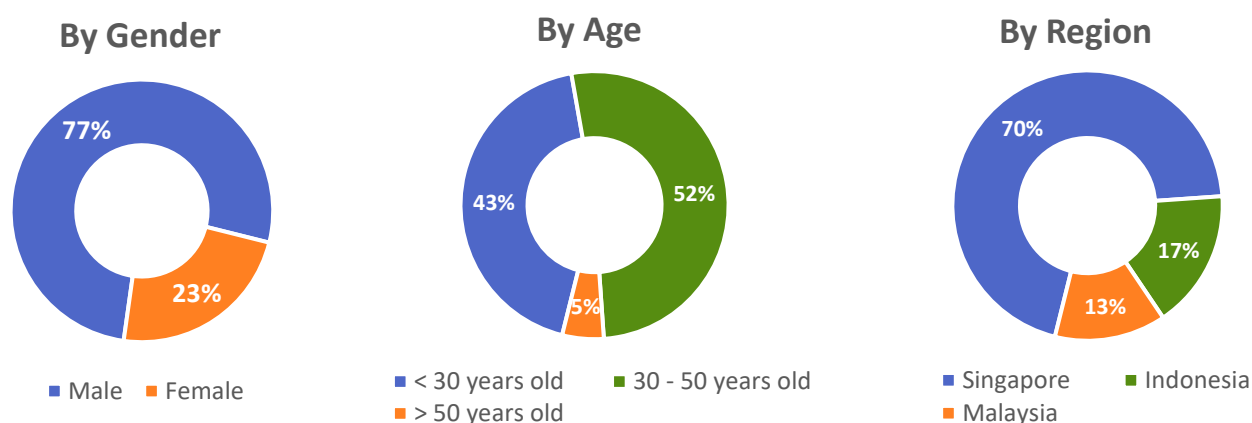
New Hires in FY2021: 104



In 2021, we had a total of 60 cessations, most of them among our crew. This is a common occurrence. Crew members on Seafarers' Agreements are typically employed on a one-year contract and will tend to cease their employment after that. This is a common practice within the maritime and offshore industry. In between employment, many of our crew will use the time to undergo training to upgrade themselves and return to work with their higher certifications. Most of our crew are Indonesian males who belong to the younger age group. Other reasons for cessation are foreign workers who wish to return home after working in Singapore for a few years. Amongst the Singaporean employees, many leave for a different career or a higher salary or better perceived prospects. A handful of cessations are involuntary ones initiated by the company through disciplinary dismissal or contractual termination.

Figure 11: FY2021 Employee Turnover by Gender, Age Group and Region

Employee Turnover in FY2021: 60



Note: Total new hire and employee turnover rates are calculated as a percentage of staff on payroll as of 31 December 2021.

8. Safety

a. Safety on board our vessels for crew and passengers

In our vessel operations, local and overseas fleet, we believe that everyone has a role in ensuring a safe working environment on board. We go beyond regulatory requirements and compliance, by adopting the more stringent Oil and Gas Producer (OGP) standards⁵, as the majority of our clients are in the oil and gas industry.

In our fleet management team, our General Manager, supported by our Designated Person Ashore (DPA), oversees the management of safety and pollution prevention practices on board all our owned and operated vessels in accordance with the International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code).

On board our vessels, our ship masters have day-to-day responsibility over the health and safety of their crew and passengers, and towards the environment. Our ship masters will ensure shipboard management operate in accordance with the approved Safety Management System (SMS).

We promote a no-blame safety culture among all our stakeholders. Our initiatives to cultivate safety awareness are as follows.

One Point Lesson

One Point Lesson (OPL) is made to increase vessel crew members' knowledge on safety procedures and there are 30 OPL Materials such as chemical handling, confined space, fall from height and Lock-out Tag-out. These OPL will be read out and shared during the crew members' daily toolbox meetings and serve to remind and enhances vessel crew awareness on safety practices onboard.

Monsoon Safety Campaign

Monsoon safety campaign is conducted annually to raise awareness during the monsoon season. It serves to alert on the seasonal changes and remind everyone to maintain safe operations during the monsoon seasons.

1. To bring up the awareness & alertness of all parties throughout the monsoon season.

2. To identify specific hazard, its risk and best control measures and mitigation.

3. To achieve zero incident & zero accident throughout the monsoon season for the entire fleet.

4. To always maintain safe operations during monsoon season.

Penguin Group has a suite of policies governing safety on board our vessels for crew and passengers. These include but are not limited to:

- Safety and Environment Policy Statement
- Stop Work Authority Policy
- Navigation Policy
- Drug and Alcohol Policy Statement

In 2021, there were no significant changes made to the content of these policies. For details of each policy referenced above, please refer to our 2017 Sustainability Report.

⁵ Oil and Gas Producers (OGP): <https://www.iogp.org/oil-and-gas-safety/>

Fleet Safety Performance

Safety statistics for our fleet operations are collated and evaluated regularly. Quarterly safety reports are submitted to the Penguin board for review.

We operate a no-blame safety culture and we set our targets for zero fatalities, zero lost workday cases, zero restricted workday cases and zero medical treatment cases. While we actively work towards achieving these targets, incidents nevertheless may occur. In such instances, we respond swiftly to establish root causes, learn from these incidents and seek to prevent reoccurrence.

In 2021, we recorded no reportable incidents on board our vessels.

Figure 12: Fleet Safety Statistics

Safety Metrics	FY2019	FY2020	FY2021
Reportable Incidents ⁶	0	0	0
Reportable Incident Frequency Rate (IFR) ⁷	0	0	0
Reportable Incident Severity Rate (ISR) ⁸	0	0	0

⁶ Reportable incidents include fatalities, lost workday cases, restricted workday cases and medical treatment cases which result in employee leaving the vessel to seek medical treatment on shore. First aid cases are excluded.

⁷ Reportable Incident Frequency Rate (IFR) is calculated as the total number of reportable incidents per 1 million man-hours worked.

⁸ Reportable Incident Severity Rate (ISR) is calculated as the total number of medical leave days taken consolidated from the reportable incidents per 1 million work hours.

b. Safety – Occupational Health and Safety in our Shipyards

Penguin Shipyard is certified bizSAFE STAR by Singapore’s Workplace Safety and Health Council. bizSAFE STAR is the highest level of accreditation in the bizSAFE journey, it signifies the organisation’s achievement of Workplace Safety & Health (WSH) Safety and Risk Management Excellence.

We are accredited for ISO 45001:2018 which see Penguin to have achieve excellence in compliance and managing its Occupational Health and Safety System. Our Workplace Safety and Health (WSH) committee, led by our General Manager, is responsible for Occupational Health and Safety Management. The Occupational Health and Safety Management system has been implemented to comply with the Workplace Safety and Health Act (Chapter 354A), Fire Safety Act (Chapter 109A) and Prevention of Pollution of the Sea Act (Chapter 243).

The Emergency Planning Committee (EPC) continues to take up the responsibilities to manage the COVID-19 pandemic situation within Penguin in Singapore and Batam. Timely advice and situational management enable Penguin to continue its normal operations during fluctuations of COVID infections within our workforce. These include measures such as safe worksite, safe workforce, safe accommodation, and safe transportation. Adhering closely to guidelines from government agencies like the Ministry of Health (MOH), Ministry of Manpower (MOM) and Economic Development Board (EDB), Penguin sees a stabilisation of COVID conditions in our workplace.

Penguin achieved 3,111,160 working man hours in 2021.

Hazard identification and elimination were conducted during the weekly workplace safety and health inspections. A total of 775 observations were made during the weekly inspection (i.e. 64% of negative findings and 36% of good practices). The data were collated, analysed and addressed during the annual management review meeting.

Figure 13: Shipyards Safety Statistics

Safety Metrics	FY2019	FY2020	FY2021
Reportable Incidents ⁹	1	0	3
Reportable Incident Frequency Rate (IFR) ¹⁰	0.99	0	0.96
Reportable Incident Severity Rate (ISR) ¹¹	59.6	0	6.43

⁹ Reportable incidents include fatalities, lost work day cases, restricted work day cases and medical treatment cases which result in four or more days of medical leave. First aid injuries are excluded.

¹⁰ Reportable Incident Frequency Rate (IFR) is calculated as the total number of reportable incidents per 1 million man-hours worked

¹¹ Reportable Incident Severity Rate (ISR) is calculated as the total number of medical leave days taken consolidated from the reportable incidents per 1 million work hours



ISO 45001:2018 Certificate



BizSAFE STAR Certificate

9. Environment

a. Shipyards' Energy Consumption and Greenhouse Gas (GHG) Emissions

Our shipyards in Singapore and Batam account for the bulk of energy consumed at our workplaces, while our office in Kuala Lumpur accounts for only a fraction of total consumption. In addition to drawing electricity from their respective power grids, our shipyards also consume diesel and lubricants used in the operation of fork lifts, scissor lifts, cranes and other heavy machinery.

In 2021, the total electricity, fuel and lubricants consumed by our shipyards was 14,665 GJ, representing a 9% drop from the previous year and translating to 2,058 tonnes of CO₂ emissions. The decrease in energy consumption and GHG emissions was due to lower number of projects.

Figure 14 (below): Shipyards' (i) Fuel and Lubes and (ii) Electricity Consumed

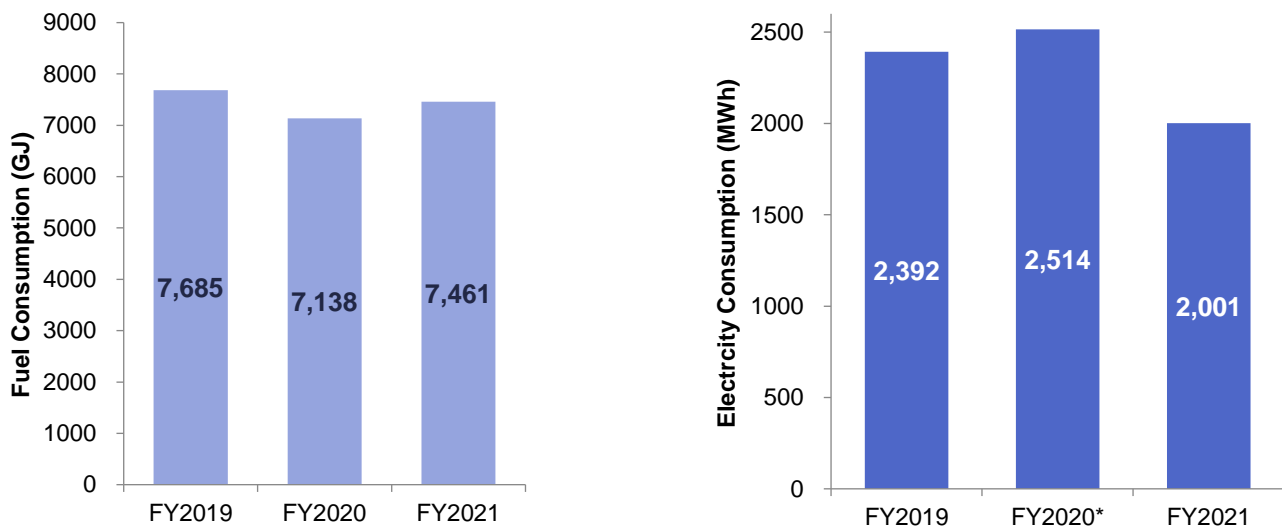
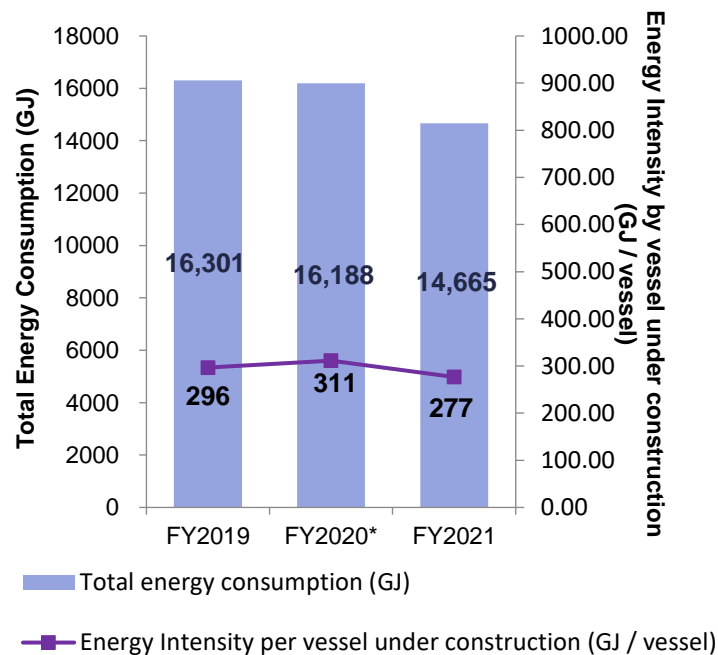


Figure 15 (below): Shipyards' Energy Consumed vs. Energy Intensity per Vessel Under Construction



* FY2020 values have been restated to adjust the figures from Indonesia.

Figure 16 (below): Shipyards' (i) Direct (Scope 1)¹² and (ii) Indirect (Scope 2)¹³ GHG Emissions

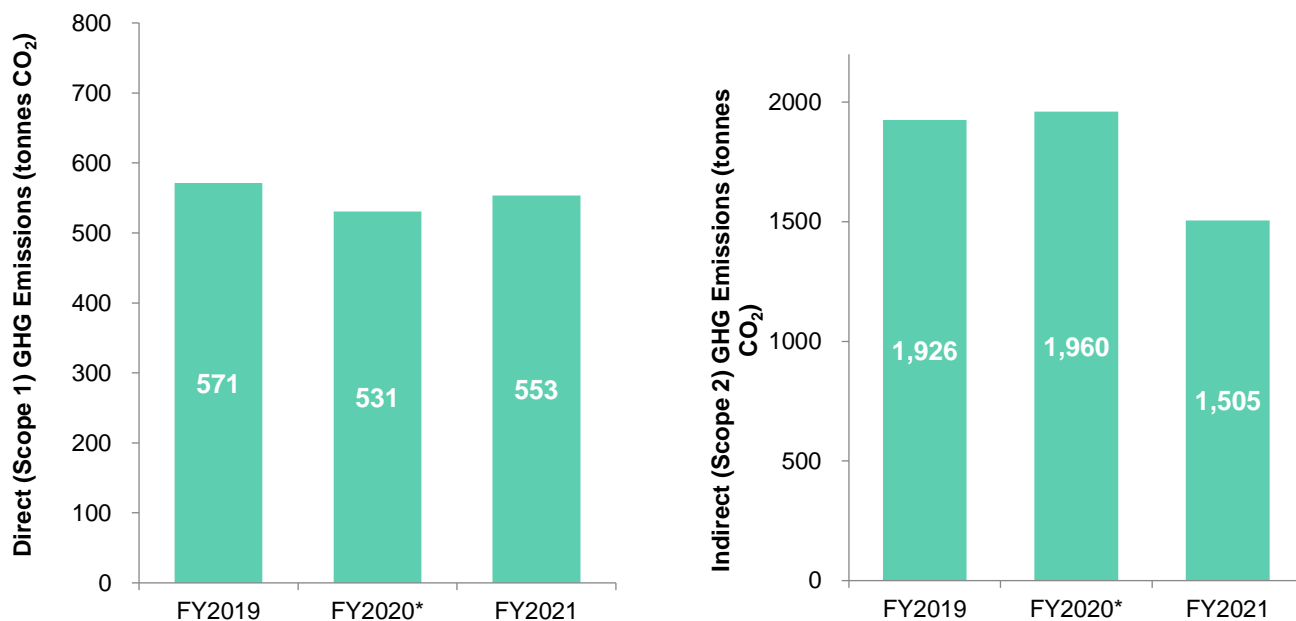
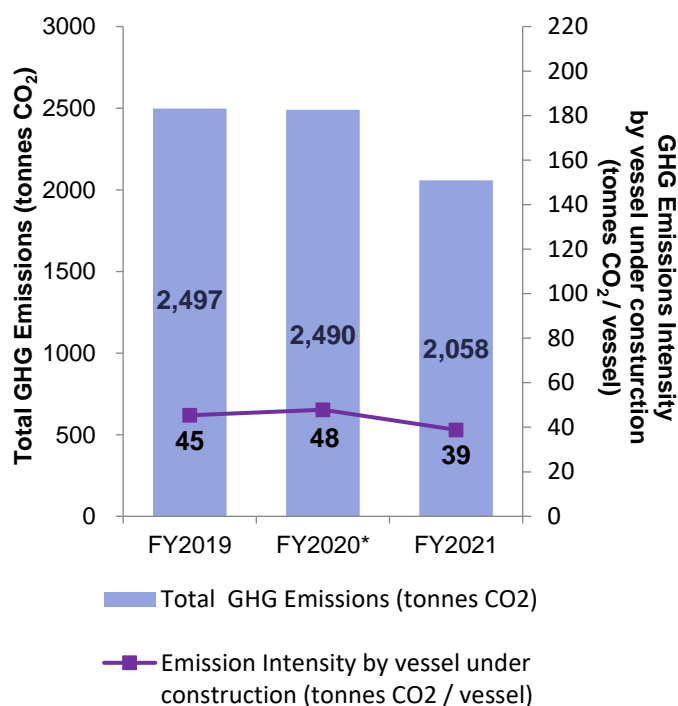


Figure 17 (below): Shipyards' GHG Emissions and Intensity



¹² For calculation of Scope 1 emissions, they were derived from the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories.

¹³ For calculation of Scope 2 emissions, grid emission factors for Singapore were derived from "2019 Singapore Energy Statistics", published by the Energy Market Authority of Singapore in 2019. For Indonesia, grid emission factor was derived from Directorate General of Electricity, Ministry of Energy and Mineral Resources, Indonesia. Latest available values are for 2016.

* FY2020 values have been restated to adjust the figures from Indonesia.

b. Vessel Emissions

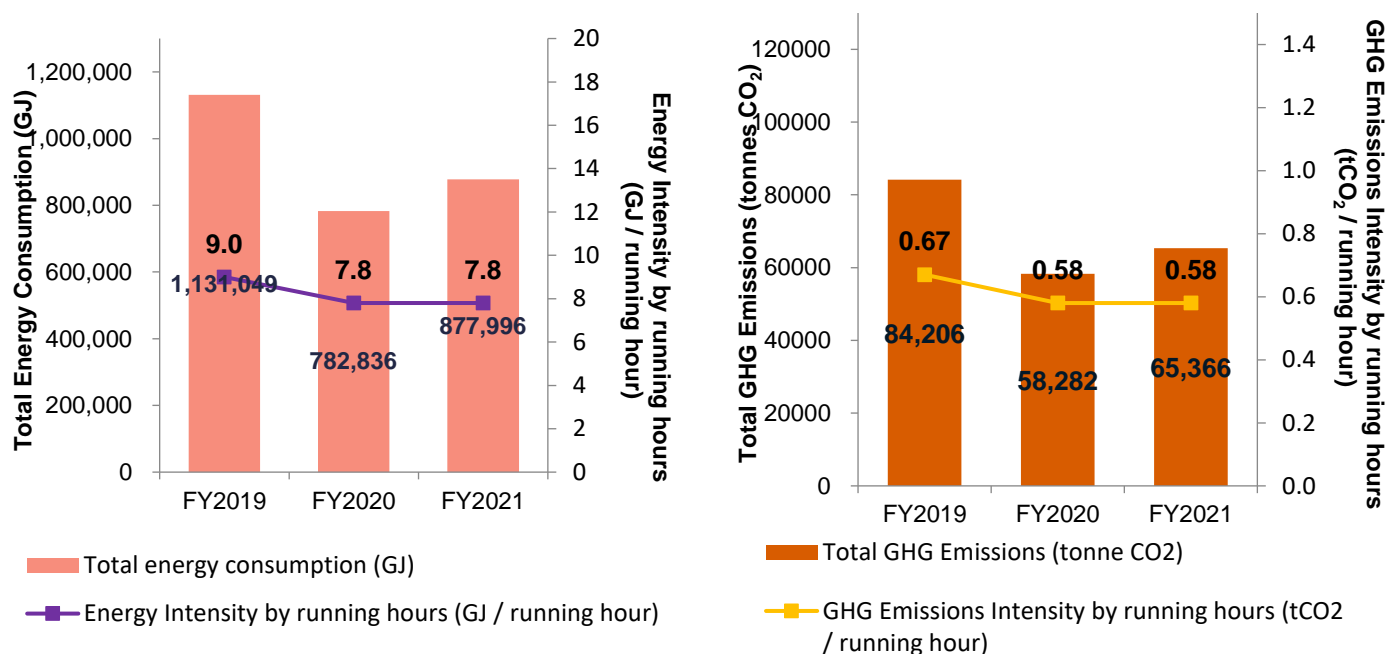
Our vessels operate primarily in Singapore and Malaysia. All of them depend on Marine Diesel Oil (MDO) for fuel.

Our fuel consumption data account for all crewboat, ferry and workboat operations in Singapore and Malaysia. In 2021, our fleet consumed a total of 877,996 GJ¹⁴ of MDO, translating to 65,366.48 tonnes of CO₂ emissions¹⁵.

Figure 18: Significant Emissions from Vessel Operations

Air emissions (tonnes)	FY2019	FY2020	FY2021
NO _x	1,671.4	1,156.8	1,297.5
SO _x	1,430.4	990.0	1,110.3
PM	161.6	111.8	125.4

Figure 19: Total Fuel Consumption and GHG Emissions / Intensities from Vessel Operations



¹⁴ Net calorific value used to calculate direct energy consumption from fuel is 42,700 kJ/kg, obtained from Amendments to the 2014 Guidelines on the Method of Calculation of the Attained Energy Efficiency Design Index (EEDI) for New Ships (Resolution MEPC. 245(66), as amended by Resolution MEPC. 263(68).

¹⁵ As extracted from European Commission: Quantification of emissions from ships associated with ship movements between ports in the European Community, emission factor of MDO is 3179 kg/tonne fuel.

10. Corporate Governance

Regulatory Compliance

As part of our commitment to sustainable practices, we ensure that we comply with all applicable legal and regulatory requirements at all times. These requirements include relevant Primary Legislation (Acts) passed by Parliament, the Subsidiary Legislation (Regulations, Notifications and Orders) issued by the relevant governmental agencies, and the applicable Singapore Standards and Codes of Practice. We also comply with the relevant industrial standards and codes, with policies and procedures in place to guide the implementation.

At present, each department and unit within our organisation is responsible for monitoring and reporting compliance matters relevant to their respective functions. Information gathered on legal and other requirements are cascaded in a timely manner to the respective departments and units, as well as our suppliers and subcontractors.

There was no case of regulatory non-compliance in 2021.

Business Ethics

We remain steadfast in upholding ethics in our business practices and we target zero lapses in the Code of Corporate Governance 2018. Our robust business ethics framework and anti-corruption policies (Figure 20) provides guidance on the right conduct to prevent even perceived improprieties¹⁶. All employees of Penguin - including full-time, part-time and contract employees - are encouraged to immediately report, without fear of retaliation, any concerns about possible improprieties in matters of financial reporting or other relevant matters. Complaints may be raised through our whistle-blowing channel. Our whistle blowing policy is published on our [website](#).

There was no case of whistle blowing or anti-corruption complaints in 2021.

Figure 20: Our Anti-Corruption Policies



** Conflict of Interest Policy is applicable for purchasing department on all purchasing decisions*

¹⁶ Possible Improprieties refers to any activity, breach of business conduct and ethics or omission by an Employee of the Group; or any concerns regarding accounting or auditing matters, internal controls or internal accounting controls and other operational matters that are questionable or not in accordance with generally accepted accounting practices or trade practices prescribed by the Group.

GRI Content Index

GRI Standard Disclosure Reference	Disclosure	Location or reason for omission	
GRI 102: General Disclosures 2016			
Organisational profile			
102-1	Name of the organisation	About Penguin International Limited	Pg. 1
102-2	Activities, brands, products, and services	About Penguin International Limited	Pg. 1
102-3	Location of headquarters	About Penguin International Limited	Pg. 1
102-4	Location of operations	About Penguin International Limited	Pg. 1
102-5	Ownership and legal form	About Penguin International Limited Annual Report 2021	Pg. 1 Pg. 11
102-6	Markets served	About Penguin International Limited	Pg. 1
102-7	Scale of the organisation	About Penguin International Limited	Pg. 1
102-8	Information on employees and other workers	Our Key Accomplishments in FY2021; Staff Demographics	Pg. 3 Pg. 20-22
102-9	Supply chain	Sustainability Report 2017	Pg. 13-17
102-10	Significant changes to the organisation and its supply chain	There are no significant changes to the organisation and supply chain.	
102-11	Precautionary Principle or approach	Corporate Governance; Annual Report 2021	Pg. 31 Pg. 44-48
102-12	External initiatives	The Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP)	
102-13	Membership of associations	Key memberships include Association of Singapore Marine Industries (ASMI), Singapore Shipping Association (SSA) and Singapore National Employers Federation (SNEF)	
Strategy			
102-14	Statement from senior decision-maker	Board Statement	Pg. 5
Ethic and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Our Key Accomplishments in FY2021; Corporate Governance	Pg. 3 Pg. 31
102-17	Mechanisms for advice and concerns about ethics	Corporate Governance; Annual Report 2021	Pg. 31 Pg. 48, 52-54
Governance			
102-18	Governance Structure	Sustainability Governance	Pg. 5
102-22	Composition of the highest governance body and its committees	Annual Report 2021	Pg. 15-18, 29, 38, 41, 45
102-23	Chair of the highest governance body	Annual Report 2021	Pg. 29
102-24	Nominating and selecting the highest governance body	Annual Report 2021	Pg. 29, 38-40
102-26	Role of highest governance body in setting purpose, values and strategy	Board Statement; Annual Report 2021	Pg. 5 Pg. 31-33
102-29	Identifying and managing economic, environmental, and social impacts	Board Statement	Pg. 5

GRI Standard Disclosure Reference	Disclosure	Location or reason for omission	
102-32	Highest governance body's role in sustainability reporting	Sustainability Governance	Pg. 5
102-35	Remuneration policies	Annual Report 2021	Pg. 40-44
102-36	Process for determining remuneration	Annual Report 2021	Pg. 40-44
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	Pg. 6-8
102-41	Collective bargaining agreements	Not applicable as Penguin International Limited is not unionised	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	Pg. 6-8
102-43	Approach to stakeholder engagement	Stakeholder Engagement	Pg. 6-8
102-44	Key topics and concerns raised	Stakeholder Engagement	Pg. 6-8
Reporting Practice			
102-45	Entities included in the consolidated financial	Annual Report 2021	Pg. 101-103
102-46	Defining report content and topic boundaries	About the Report	Pg. 2
102-47	List of material topics	Materiality Assessment	Pg. 9
102-48	Restatement of information	Economic Resilience Energy Consumption Management and GHG Emissions; Vessel Emissions	Pg. 14-19 Pg. 28-29 Pg. 30
102-49	Changes in reporting	No changes in reporting	
102-50	Reporting period	1 January 2021 – 31 December 2021	
102-51	Date of most recent report	May 2021	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	About the Report	Pg. 2
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	Pg. 2
102-55	GRI content index	GRI Content Index	Pg. 32-35
102-56	External assurance	Penguin has not sought external assurance for this inaugural report.	

Material matters				
GRI Standard Disclosure Reference		Description	Location or reason for omission	
Product Quality and Stewardship				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Product Quality Stewardship	Pg. 11-13
	103-2	The management approach and its components	Our Key Accomplishments in FY2021; Product Quality Stewardship	Pg. 3 Pg. 11-13
	103-3	Evaluation of the management approach	Product Quality Stewardship	Pg. 11-13
Economic Resilience				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Economic Resilience	Pg. 14-16
	103-2	The management approach and its components	Economic Resilience	Pg. 14-16
	103-3	Evaluation of the management approach	Economic Resilience	Pg. 14-16
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Our Key Accomplishments in FY2021; Economic Resilience	Pg. 3 Pg. 16

Material matters				
GRI Standard Disclosure Reference		Description	Location or reason for omission	
Business Ethics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Corporate Governance	Pg. 31
	103-2	The management approach and its components	Corporate Governance	Pg. 31
	103-3	Evaluation of the management approach	Corporate Governance	Pg. 31
GRI 205: Anti-Corruption 2016	205-2	Communications and training about anti-corruption policies and procedures	Corporate Governance	Pg. 31
	205-3	Confirmed incidents of corruption and actions taken	Our Key Accomplishments in FY2021; Corporate Governance	Pg. 3 Pg. 31
Regulatory Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Corporate Governance	Pg. 31
	103-2	The management approach and its components	Corporate Governance	Pg. 31
	103-3	Evaluation of the management approach	Corporate Governance	Pg. 31
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Our Key Accomplishments in FY2021; Corporate Governance	Pg. 3 Pg. 31
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Our Key Accomplishments in FY2021; Corporate Governance	Pg. 3 Pg. 31
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Our Key Accomplishments in FY2021; Corporate Governance	Pg. 3 Pg. 31
Energy Consumption Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy Consumption Management and GHG Emissions	Pg. 28-29
	103-2	The management approach and its components	Energy Consumption Management and GHG Emissions	Pg. 28-29
	103-3	Evaluation of the management approach	Energy Consumption; Management and GHG Emissions	Pg. 28-29
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy Consumption; Management and GHG Emissions	Pg. 28-29
	302-3	Energy Intensity	Energy Consumption; Management and GHG Emissions	Pg. 28-29
Greenhouse Gas (GHG) Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy Consumption Management and GHG Emissions	Pg. 28-29
	103-2	The management approach and its components	Energy Consumption Management and GHG Emissions	Pg. 28-29
	103-3	Evaluation of the management approach	Energy Consumption; Management and GHG Emissions	Pg. 28-29

Material matters				
GRI Standard Disclosure Reference		Description	Location or reason for omission	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy Consumption; Management and GHG Emissions	Pg. 29
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Energy Consumption; Management and GHG Emissions	Pg. 29
	305-4	GHG emissions intensity	Energy Consumption; Management and GHG Emissions	Pg. 29
Vessel Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Vessel Emissions	Pg. 30
	103-2	The management approach and its components	Vessel Emissions	Pg. 30
	103-3	Evaluation of the management approach	Vessel Emissions	Pg. 30
GRI 305: Emissions 2016	305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Vessel Emissions	Pg. 30
Workplace Diversity, Fairness and Retention				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Workplace Diversity and Fairness	Pg. 21-22
	103-2	The management approach and its components	Workplace Diversity and Fairness	Pg. 21-22
	103-3	Evaluation of the management approach	Workplace Diversity and Fairness	Pg. 21-22
GRI 401: Employment 2016	401-1	New employee hires and employee turnovers	Workplace Diversity and Fairness	Pg. 23
	401-2	Benefits provided to full- time employees that are not provided to temporary or part- time employees	Workplace Diversity and Fairness	Pg. 22
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	Workplace Diversity and Fairness	Pg. 22
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	Due to the nature of our industry, many of the positions are filled by male personnel, the average data in this case will not be reflective.	
Safety (Safety on Board for Crew and Passengers and Occupational Health and Safety at Shipyards)				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Safety	Pg. 24-27
	103-2	The management approach and its components	Safety	Pg. 24-27
	103-3	Evaluation of the management approach	Safety	Pg. 24-27
GRI 403: Occupational Health and Safety 2018	403-1	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, number of work-related fatalities, number of hours worked.	Safety	Pg. 26