



## Sustainability Report 2021



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# BOARD STATEMENT

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Dear Stakeholders,

Vallianz Holdings Limited (“**Vallianz**” or the “**Company**” and together with our subsidiaries, the “**Group**” or “**Vallianz Group**”) is pleased to present our Sustainability Report (the “**Report**”) for the financial year ended 31 March 2021 (“**FY2021**”).

Our report demonstrates to our stakeholders our commitment to creating a sustainable business model, where adopting the best sustainable practices in economics, environment, social and governance (“**EESG**”) practices are fundamental to our business.

The Board has been involved in the Group’s sustainability efforts by actively overseeing Management’s responsibilities of identifying, managing, and monitoring material EESG topics. As such, the Group will continue to address our challenges and drive long-term growth while mitigating the environmental and social risks that might have a negative financial impact on our business.

The ongoing COVID-19 global pandemic has impacted our society and business in unprecedented ways. Despite the challenges, it has made us more aware that as a company, we should pay more attention to sustainability, social well-being, environmental climate actions and to pursuing long-term sustainable delivery in our business. In FY2021, the Company has continued to adopt the Global Reporting Initiative (“**GRI**”) reporting framework. Meanwhile, we remain committed in supporting the UN Sustainable Development Goals (“**SDGs**”) and have linked these goals with our material sustainability activities.

While we have incorporated a sustainability philosophy and mindset within our business, we understand the additional need to articulate and convey to our stakeholders and the public of our efforts in this area. We hope that this report would achieve such an objective.

For companies operating in the global energy industry, the steep and sudden decline in global oil demand brought about by the pandemic had a devastating impact across the entire value chain. As crude oil prices plummeted, the Organization of Petroleum Exporting Countries (“**OPEC**”) and its allies responded by cutting production to support the market and keeping a lid on crude oil inventories. This had a ripple effect across the global supply chain as it caused a slowdown in exploration activities, deferment of new projects and a general decline in the demand for oilfield support services.

We will continue to strengthen our network in the Middle East region during this challenging period to prepare the Group for a recovery in offshore activities when the time comes. Simultaneously, as we pursue our business development plans, we keep a close watch on operational costs and continually work to enhance the Group’s operational efficiency.

Moving forward, the Board will continue to support the Group to create long-term value for our stakeholders through responsible business practices for a sustainable future.

## ORGANIZATION PROFILE

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Vallianz Group and its associated companies are established providers of offshore support vessels (“OSVs”) and integrated offshore marine solutions to serve the needs of the global energy industry.

With a progressive mindset, Vallianz is sharpening our core services to seize opportunities in the evolving energy industry. We focus on our core values of forging trusting partnerships with customers and suppliers, instilling systematic vigour to deliver executional excellence and creating adaptive solutions to respond to customers’ evolving needs.

Headquartered in Singapore, the Group and its associated companies serve major energy and national oil companies worldwide, and focus on supporting customers’ offshore exploration, development and production operations. The Group and its associated companies in the Middle East and Indonesia own and operate a fleet of 74 OSVs.

The Group and its associated companies cover markets in the Middle East, Asia Pacific and Gulf of Mexico. We are continually working to enhance customer value-add by broadening the spectrum of our marine services and creating adaptive solutions to address the unique requirements of customers’ offshore field operations.

Our flagship vessel - Rawabi Integrity, which is the world’s first specialised offshore floating storage and supply vessel, was conceptualised and developed by the Group and its associated company in the Middle East, to provide a cost-effective and productivity-enhancing solution for a key customer in the Middle East.

We have invested in industry experts to operate and manage our fleet of OSVs. Our fleet include anchor handling tugs with supply capabilities, platform supply vessels, offshore floating storage and supply vessels, submersible launch barges, maintenance and accommodation vessels, utility support vessels, flat top cargo barges, accommodation work barges, towing tugs, utility vessels, lift boats and crew boats.

The Group also owns a shipyard in Batam, Indonesia, which serves as a marine base for vessel docking, repair and maintenance works. Our shipyard has strong in-house fabrication and engineering capabilities such as ship building, fabrication works, ship repair, machining works, piping repairs and installation and mechanical repair of marine equipment.

Leveraging on our established track record, the Group’s strategy is to seek opportunities to increase our penetration into major and/or emerging offshore energy markets, including growing renewable energy sectors. We will continue to focus on delivering operational and service excellence and building a dynamic range of marine assets and solutions to meet customers’ evolving needs.

## OUR BUSINESS

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### Vessel Ownership

- Vallianz Group, together with our associated companies in the Middle East and Indonesia, currently own and operate 74 OSVs which are available for charter. These vessels are deployed for offshore energy projects in the Middle East, Asia Pacific and Gulf of Mexico. To enhance our market competitiveness, we are focused on forging trusting partnership with our customers, instilling systematic vigour to deliver executional excellence and creating adaptive solutions to respond to customers' evolving needs. The Group is continually assessing plans to expand our range of vessels and modernise our fleet.

### Chartering

- The OSVs are chartered to customers throughout various stages of their offshore exploration, development and production projects. Our vessels are used in activities that include seismic surveys during the exploration phase, positioning of rigs during the development of oil and gas fields, towing, mooring and handling of ship anchors and transportation of supplies during the production period and the removal of rig structures at decommissioning. The Group is also assessing opportunities to expand our services in the wider energy industry, particularly the offshore wind power sector.

### Fabrication and Shipyard Services

- The Group's wholly-owned subsidiary, PT. United Sindo Perkasa (PT USP), operates a shipyard located in the Kabil Industry Zone of Batam, Indonesia. Besides serving as a marine base for vessel docking, repair, and maintenance works, our shipyard has strong in-house fabrication and engineering capabilities such as ship building, fabrication works, ship repair, machining works, piping repairs and installation and mechanical repair of marine equipment.



## MISSION AND VISION

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### **MISSION**

To be our customers' preferred partner and strive for service excellence by ensuring safe, reliable and efficient vessel operations with a best-in-class fleet to support the global offshore energy industry.

### **VISION**

To become a leading provider of offshore marine services in the global energy market.



# ABOUT THE REPORT

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## **ABOUT THIS REPORT**

This is the fourth year that Vallianz has published its Sustainability Report. This report provides a yearly update on our ongoing commitment to sustainability with a focus on addressing our EESG practices. Combined with our Annual Report, this report provides a holistic view of our overall annual performance to our stakeholders.

## **REPORTING FRAMEWORK**

This Report has been prepared in compliance with SGX-ST Listing Rules (Rules 711A and 711B) on Sustainability Reporting and Practice Note 7F (Sustainability Reporting Guide).

Also, this Report has been prepared in accordance with the GRI Standards 2016: Core option. The Group has adopted the application of the GRI Standards for sustainability reporting due to its internationally recognized guidelines and it is also deemed to be the most widely-adopted standard by organisations around the world.

## **REPORTING SCOPE AND PERIOD**

This Report covers Vallianz's sustainability performance for FY2021 from 1 April 2020 to 31 March 2021.

The performance and data reflected in this Report covers the Group's main operations in Singapore, the Middle East and Indonesia.

## **REPORT ACCESSIBILITY**

In order to reduce our environmental footprint and the impact on the environment, the hard copy version of this Report will not be made available.

The Report is only available in PDF format which can be downloaded from our website: <http://www.vallianzholdings.com/sr.html>.

## **FEEDBACK**

We welcome views on this Report from stakeholders. Please send feedback and enquiries to <http://www.vallianzholdings.com/contact.html>.

## **INDEPENDENT ASSURANCE**

Vallianz has chosen to leverage internal verification mechanisms to ensure data quality and accuracy within this Report. Hence, there is no independent external assurance for this Report.

## SUPPLY CHAIN MANAGEMENT

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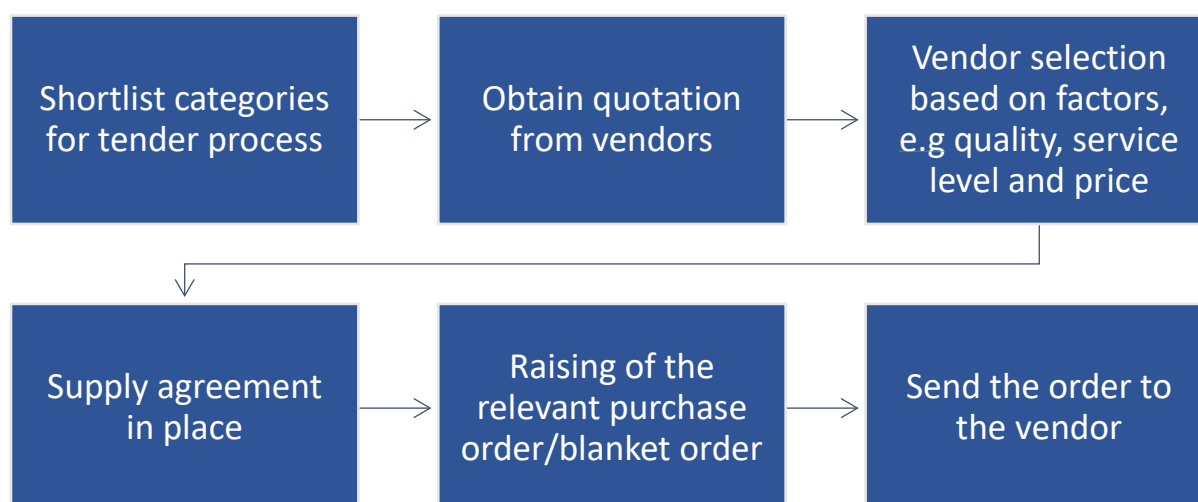
At Vallianz, we strive to integrate the EESG material topics into our value and supply chain. With our desire to achieve long term sustainable performance in our business operations as well as considering the interests of our key stakeholders, we aim to build a responsible and sustainable supply chain by setting clear standards for our business supply partners.

In order to build up a responsible and sustainable supply chain, we follow the following 3 key strategies:

- Strengthening the selection process of suppliers.
- Monitoring risks in the priority areas of our supply chain.
- Working closely with suppliers to drive social and environmental changes in order to take strides towards a more sustainable platform.

By improving the oversight of our supply chain, we can identify opportunities to streamline and reduce costs, protect our reputation and ensure the safety of our customers.

The diagram below shows the procurement process of our Group:



In FY2021, there are no significant events that have led to the cessation or termination of our current relationship with any of our major suppliers.



## RESPONSE TO COVID-19

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The health and safety of our employees and visitors is always our priority concern. During this period of the COVID-19 pandemic, the Singapore office has adopted the following measures since February 2020. These measures were updated from time to time following advisory from the Ministry of Manpower (“**MOM**”).

- We diligently implemented the Safe Management Measures (“**SMM**”) as regulated by MOM.
- Staff are constantly updated on changes in the MOM regulations through mass company-wide webinars. Summary of the regulations are provided to all staff to ensure understanding and compliance.
- We appoint adequate number of Safe Management Officers (“**SMO**”) to implement the SMM. SMOs are all provided with training so that they can carry out their tasks effectively.
- We have a core Covid-19 management committee which oversees all Covid-19 related issues. This committee is led by our Senior Management team including the Executive Vice Chairman and the Chief Executive Officer.
- We adhere to office cleaning protocols, safe entry checks, temperature checks and constantly reminds staff of good hygiene measures.
- Safe distancing measures and wearing of mask are standard protocols in the office. SMOs assist in enforcing these requirements.
- We implement work from home requirements as per MOM regulations.
- Staggered work hours and meal hours are also implemented to avoid crowding.
- We provided strong support for the vaccination drive. Staff are given day-off for the two days when they do their vaccination. To-date, all staff within the government designated age groups have been vaccinated.
- We firmly believe in the health and safety of staff and all necessary actions are taken to ensure staff remain safe and productive during this difficult time.

## COMMUNITY

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### Care Corner Singapore

2021 marks the 10th year of Vallianz partnering with Care Corner Senior Services Ltd (“CCSS”). CCSS operates a total of six Senior Activity Centres – five in Toa Payoh and one in Woodlands.

Over the years, Vallianz had organised annual Lunar New Year dinners for the seniors of CCSS and Vallianz staff. In year 2021, Vallianz sponsored Lunar New Year lunch and distributed red packets and packed meals to the seniors at 3 CCSS Senior Care Centres and all 9 Senior Activity Centres and Active-Aging Centres.



Vallianz continues to support the daily hot meals program, ensuring that elderlies of CCSS have access to nutritious and delicious food. Food hampers containing essential items were distributed to the elderlies as a token of support and comfort during this uncertain period. Mooncakes were distributed to the elderlies during the Mid-Autumn Festival. The Vallianz team hopes that with these gestures, the residents of CCSS will be able to enjoy the festivals in the comfort of their own homes.

# ETHICS AND INTEGRITY

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## WHISTLEBLOWING

Vallianz has zero-tolerance for fraud, bribery and corruption.

The Group has established a whistleblowing policy to ensure that business is conducted ethically and complies with the best practices set out in the Group's policies.

Whistleblowing channels have been established to give employees a confidential and dedicated channel to report any issues or areas of concern to the Audit Committee.

In FY2021, there were no reported incidents.

## GOVERNANCE AND SUSTAINABILITY

At Vallianz, the governance of sustainability is integrated into our corporate governance structure. The Board of Directors ("**Board**") has oversight over the management and the implementation of sustainability strategies.

The Board plays an active role in driving sustainability and works closely with senior management to develop strategies, policies, goals and targets to support the sustainable growth of the business. Furthermore, the Board also sets the overall direction for the Group.

We ensure that all our business units comply with the relevant laws and regulations to address EESG issues, including environmental and social regulations, personal data security, employment rights and regulations, and income tax laws.

Any material violation of rules and regulations could significantly impact the Group and its reputation. In view of this, the Group adheres to high corporate governance standards and ensures compliance with all applicable rules and regulations.

In FY2021, there were no material breaches of any laws and regulations.

## CONFLICT OF INTEREST

Every key management and staff is required to promptly declare any conflict or potential conflict of interest, whether direct or indirect, in relation to any transactions or proposed transactions with the Group as soon as practicable after the relevant facts have come to his/her knowledge.

The Group's conflict of interest policy is reviewed periodically and communicated to all key management and staff.

## GOVERNANCE STRUCTURE

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The Board is committed to upholding high corporate governance standards and has placed high importance on its corporate governance processes and systems to ensure greater transparency, accountability and maximisation of long-term shareholder value. The Company recognizes the importance of good corporate governance which is imperative for sustained growth and investors' confidence.

This statement outlines Vallianz's corporate governance processes and activities that are in place with specific reference to the Code of Corporate Governance 2018 (the "**Code**") and the disclosure guide (the "**Guide**") developed by Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Group is generally in compliance with the principles and provisions as set out in the Code and the Guide. Where there are deviations from the Code and the Guide, the Board has considered that alternative practices adopted by the Group are sufficient to meet the underlying objectives of the Code and the Guide.

The Company is headed by an effective Board which is collectively responsible and works with the Management for the long-term success of the Company. The Board manages potential risks through the review and approval of policies and procedures. The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. The Management ensures that controls or mitigating measures are in place for the identified risks within the Group and business operations. The Audit Committee of the Company provides independent oversight of the effectiveness of the risk management process.

The Board comprises Directors who provide core competencies in accounting and finance, business experience, industry knowledge, strategic planning and legal knowledge. Where appropriate, the Directors receive relevant briefings from time to time on new updates in relation to regulatory changes to accounting standards, listing rules, corporate governance, and other regulations or statutory requirements.

The independent and non-executive Directors of the Company constructively challenge and assist in developing proposals on strategy; as well as support the Board in reviewing the performance of the Management in meeting the agreed goals and objectives and monitor the reporting of performance. Meetings are held regularly to discuss any matters without the presence of Management, as and when circumstances require.

Each key executive at the Group's leadership is highly experienced in this industry, and collectively as a whole, are able to handle all operational matters of the Group competently.

# STAKEHOLDER ENGAGEMENT

At Vallianz, we continuously engage with various stakeholders and seek their feedback which are valuable to us to help us grow and improve.

Our stakeholders are individuals or groups that are affected by our activities or have potential impact on the Group’s operational or financial performance.

The following key stakeholders have been identified:



We regularly engage our stakeholders through a variety of channels. Our approach of stakeholder engagement is outlined in the following table:

STAKEHOLDERS	ENGAGEMENT CHANNELS	STAKEHOLDER FOCUS
Customers	<ul style="list-style-type: none"> <li>• Feedback channels, including emails and hotlines</li> <li>• Site visits</li> <li>• Informal feedback sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Excellent service</li> <li>• Economic performance</li> <li>• Occupational health and safety</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Regular meetings and dialogue sessions</li> <li>• Supplier evaluations</li> <li>• Health Safety Environment (“HSE”) questionnaires for key contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Good relationships</li> <li>• Fair market practices</li> <li>• Timely payments</li> <li>• Growth prospects</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Induction program for new employees</li> <li>• Company events</li> <li>• Informal feedback channels</li> <li>• Performance appraisals</li> </ul>	<ul style="list-style-type: none"> <li>• Fair employment practices</li> <li>• Opportunities to learn and grow</li> <li>• Recognition of efforts</li> <li>• Occupational health and safety</li> </ul>



## SUSTAINABILITY REPORT 2021

Shareholders and financial investors	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Annual reports</li> <li>• Half and full-year results announcements</li> <li>• SGXNet announcements</li> <li>• Circulars to Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Investment returns</li> <li>• Transparency and timely reporting</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>• Participation in discussions and consultations</li> <li>• Seminars by local government agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to laws and regulations</li> <li>• Timely reporting of issues</li> <li>• Sharing of industry best practices</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community outreach activities</li> <li>• Engagement with community projects and charities</li> </ul>	<ul style="list-style-type: none"> <li>• Social responsibility</li> <li>• Environmental responsibility</li> </ul>

Feedback from our key stakeholders form a crucial part of our strategic and business planning, and is viewed as valuable insights for our Group to continuously improve its sustainability performance.

The material topics we have evaluated in FY2021 are the potential impact on the environment, society, stakeholders, and the Group's operational activities.

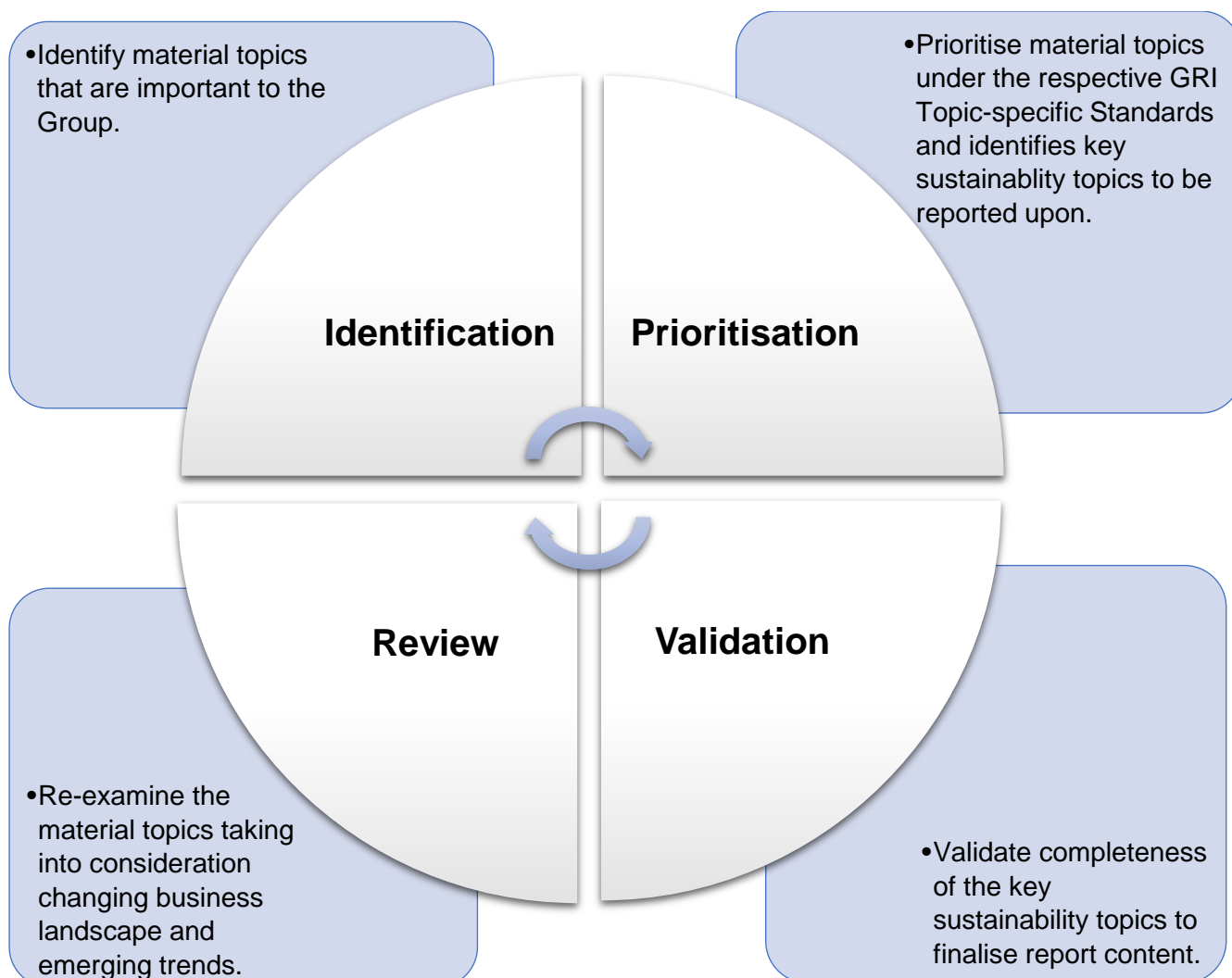
The Board and senior management aim to conduct an annual review of the Group's material topics as well as monitor the performance of the key material topics as part of the Group's sustainability strategy.



# MATERIALITY ASSESSMENT

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The Group adopts a four-step process to define the material topics:



Based on the Group's internal assessment where there were no significant changes in the business and the operating environment, the Board is of the opinion that the materiality assessment from FY2018 continues to be valid and relevant for the Group in FY2021.

## MATERIAL TOPICS

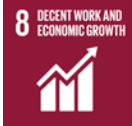


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## SUSTAINABILITY REPORT 2021




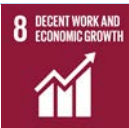
We continue to adhere to the GRI standards for conducting the materiality assessment of our operational impact analysis. Our material topics are identified based on our key stakeholders' interests and the feedback we collected during our stakeholders' engagement.

Our Management re-evaluated the topics from FY2020, and all topics were deemed to be material to the Group. We consider those topics as key material issues for the Group as they represent significant EESG impacts of the Group or substantively influence stakeholders' assessments and decisions.

In FY2021, we have also integrated the UN SDG into our materiality assessment process.

Material Topics	Description	Target	SDG
<b>ECONOMIC/GOVERNANCE</b>			
Economic Performance (GRI 201-1)	The economic performance, as well as the value generated and distributed to communities where our businesses operate.	To maintain our competitive edge and continue to deliver sustainable growth through securing long term charter contracts and focusing efforts on driving new service innovations and business offerings.	
<b>ENVIRONMENT</b>			
Environmental Protection (GRI 307-1)	Environmental protection is paramount to our sustainability efforts. The Group is committed to adopting environmentally efficient and sustainable business methods, such as sourcing from ethically and environmentally friendly suppliers and ensuring no violation of various regional environmental laws and regulations where we operate in.	<ul style="list-style-type: none"> <li>• Continuous improvements in energy efficiency and energy management.</li> <li>• Comply with the relevant International and local environmental laws and regulations.</li> </ul>	 
<b>SOCIAL</b>			

## SUSTAINABILITY REPORT 2021

Occupational Health and Safety (GRI 403-9)	Safety is an essential part of our operations, and we continuously strive to improve our safety practices.	<ul style="list-style-type: none"> <li>• Remain focused on operating safely and healthily to ensure that no employee will be inflicted with accidents or injuries.</li> <li>• Comply with the safety laws and regulations.</li> </ul>	
Talent Management (GRI 404-1)	Employees are our greatest asset. We undertake fair employment practices to achieve a diverse and inclusive environment for our employees, regardless of race, gender or religion.	<ul style="list-style-type: none"> <li>• To provide equal employment opportunities, regardless of age or gender.</li> <li>• To retain exceptional employees and to create a higher-performing workforce.</li> </ul>	 
Regulatory and Legal Compliance (GRI 419-1)	Implement effective measures to ensure that Vallianz is in full compliance with applicable laws and regulations, in order to reduce any adverse impact to stakeholders.	<ul style="list-style-type: none"> <li>• Adhere to Company's zero-tolerance policy towards fraud, corruption, and unethical actions.</li> <li>• Comply and maintain the relevant legal rules and regulations.</li> </ul>	

# ECONOMIC PERFORMANCE

## MATERIAL ISSUES

- ✓ Consistent economic performance

## RELEVANT SDG



Set out below is an overview of our financial performance for the last 3 financial years:



During FY2021, the Group de-consolidated the financial results of RVOS. The detailed explanation for the de-consolidation is set out in the Company’s announcement dated 30 May 2021 on the unaudited financial statements for FY2021 and the Company’s circular dated 9 July 2021 in relation to the ratification of the renunciation of the Group’s entitlement to the RVOS rights issue and the ratification of the cessation of RVOS as a principal subsidiary of the Company.

Arising from the reasons as set out in the above documents, for the first half year period from 1 April 2020 to 30 September 2020, the results of RVOS were consolidated as a wholly owned subsidiary. For the third quarter of FY2021 from 1 October 2020 to 31 December 2020, the



## SUSTAINABILITY REPORT 2021

results of RVOS were equity accounted on the basis of the Group having full economic interest in RVOS, and subsequently equity accounted on the basis of the Group having 40.7% interest in RVOS from 1 January 2021 onwards.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In FY2021, the Group recorded revenue of US\$88.6 million as compared to US\$188.6 million in FY2020 as revenue from the chartering services business decreased to US\$71.5 million in FY2021 from US\$179.4 million in FY2020.

The decrease in revenue from chartering services business was due mainly to the de-consolidation of the financial results of RVOS from the Group with effect from 1 October 2020 as explained above. However, this decrease was offset partially by a higher revenue recorded by the Group's fabrication and shipyard services business of US\$17.1 million in FY2021 compared to US\$9.2 million in FY2020, driven mainly by higher volume of services at our shipyard in Batam, Indonesia.

As a result, the chartering business contributed approximately 81% to the Group revenue in FY2021, as compared to 95% in FY2020. The remaining 19% of Group revenue was derived from the provision of fabrication and shipyard services.

In FY2021, the Group's gross profit decreased to US\$2.3 million from US\$23.6 million in FY2020 due mainly to the de-consolidation of RVOS.

The gross profit margin of the chartering services decreased to 3% in FY2021 from 21% in FY2020, due mainly to higher preparation costs incurred in relation to the maintenance of certain vessels to ensure they could continue servicing their respective charter contracts. In addition, as the fabrication and shipyard services business recorded a small negative gross loss margin of 0.1%, the Group's overall gross profit margin narrowed to 2.6% in FY2021 from 12.5% in FY2020.

The Group registered net other income (net of other operating expenses) of US\$0.9 million in FY2021 as compared to net other operating expenses of US\$4.9 million in FY2020 due mainly to an increase in other income in FY2021 arising from *inter alia* foreign exchange gain of US\$2.2 million, gain on disposal of property, plant and equipment of US\$0.7 million and government grant of US\$0.8 million and a lower loss from fair value of derivative financial instruments of US\$1.7 million.

Administrative expenses in FY2021 decreased 4.2% to US\$10.4 million from US\$10.9 million in FY2020. This was attributed mainly to the de-consolidation of RVOS' financial results which was partially offset by higher personnel related costs as well as legal and professional fees incurred in FY2021, and the reversal of certain prior years' expenses in FY2020 that were no longer required.

Finance costs decreased to US\$17.5 million in FY2021 from US\$40.1 million in FY2020. This was due mainly to the de-consolidation of RVOS' financial results which was offset partially by higher interest on shareholder's advances which took effect from FY2021 following shareholders' approval at the extraordinary general meeting held on 27 April 2021.

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The Group recorded a profit of US\$8.2 million from its share of results of associate in FY2021. This was attributable mainly to equity accounting of RVOS' financial results after its de-consolidation took effect from 1 October 2020. Arising from the above, for FY2021, the Group's operating loss from ordinary activities narrowed to US\$16.5 million in FY2021 from US\$32.1 million in FY2020.

The Group recorded an exceptional item of US\$8.5 million in FY2021 due mainly to a one-off compensation paid to a vendor for debts incurred since 2016. Both parties have agreed on an instalment plan and the outstanding debt is expected to be fully repaid by the second quarter of FY2022. In FY2020, the Group recognised exceptional items of US\$100.2 million due mainly to impairment of property, plant and equipment and prepayments and compensation for late delivery of vessels.

As a result of the above factors, the Group posted a net loss attributable to owners of the Company of US\$23.0 million in FY2021 compared to the net loss of US\$134.9 million in FY2020.



# ENVIRONMENTAL PROTECTION

MATERIAL ISSUES	RELEVANT SDG
<ul style="list-style-type: none"> <li>✓ Energy</li> <li>✓ GHG Emission</li> <li>✓ Waste</li> <li>✓ Environmental Compliance</li> </ul>	

Vallianz remains dedicated to our long-term responsibility to protect the environment. We consistently review our policies and practices to optimize energy, water and waste management. Through energy-efficient practices and adhering to the principles of “Reduce, Reuse and Recycle”, Vallianz conducts its business in a sustainable manner.

In FY2021, the Group has made certain efforts and set certain targets in this area:

Reduce Environmental Footprint	<ul style="list-style-type: none"> <li>- Development of vessels with battery hybrid solutions, to reduce carbon emissions of vessels by at least 28-30% (for newbuilds and conversion of existing vessels).</li> <li>- Aligning net zero carbon emission targets with global standards by 2050, through vessels powered by alternative fuel.</li> <li>- Development of semi-unmanned vessels technology and remote-monitoring digitization (reducing the need for high number of crew per vessel, decreasing the carbon footprint of high rotation frequency of crew).</li> </ul>
Energy	<ul style="list-style-type: none"> <li>- Development of Zero-Emission Battery Tug.</li> <li>- Development of Battery Hybrid AHTS.</li> <li>- Development of Hydrogen Propelled vessels.</li> <li>- Collaboration with Solar / Wind market players for generation of cost-effective alternative fuel for usage.</li> </ul>
Emission	<ul style="list-style-type: none"> <li>- The entire fleet owned by the Group and its associates (RVOS and PT VOM) have complied with IMO 2020 (&lt;0.05% Sulphur) and are all currently using Marine Gas Oil.</li> </ul>

## SUSTAINABILITY REPORT 2021

The Group's shipyard in Batam (carried out by our subsidiary, PT USP) is in compliance with the relevant industrial/hazardous waste disposal regulations. We have also signed the working agreement with a government contractor for all industrial/hazardous waste disposal including:

- Used Copper slag / Steel grit(Auto blast)
- Used contaminated cotton rags & gloves
- Used Welding electrodes
- Used grinding disks
- Dirty oil / Oil sludge / Bilge water
- Rock wool waste (insulation)
- Empty paint drums / Paint sludge
- Used grease
- Used oil filters

We are pleased to announce that there were no reported incidences of non-compliance with environmental laws and regulations for FY2021, and we aim to always maintain this position.

# OCCUPATIONAL HEALTH AND SAFETY

MATERIAL ISSUES	RELEVANT SDG
✓ Occupational Health and Safety	

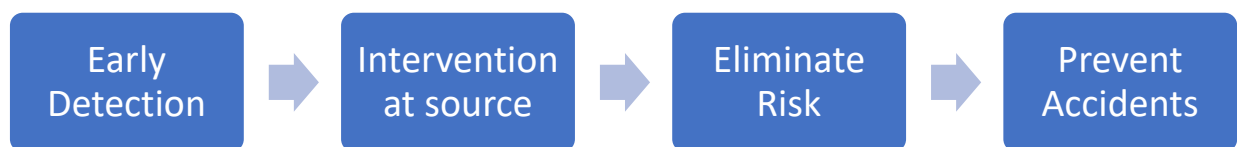
The safety of our employees is our utmost priority. We are committed to providing a safe and healthy environment for all our employees, especially our seafarers and workers working on the vessels and the shipyards. Our investment in improving Occupational, Health, and Safety (“OHS”) policies and practices continues to be unabated. This strong focus on safety serves as an enduring and differentiating competitive advantage for our Group.

In FY2021, we continue to operate in conformity with the various international recognized standards, including ISO 9001: 2015, ISO 45001: 2018, ISO 14001: 2015, and the International Safety Management (“ISM”) Code. The ISM Code is the International Maritime Organization (“IMO”) requirement for safe management and operation of ships and pollution prevention. Compliance with local legislation relating to health and safety standards are also in place.

We are pleased to announce that PT USP has, on 17 March 2021, achieved a Million Manhours worked without Lost Time Incident (“LTI”).

At Vallianz Offshore Marine Pte Ltd (“VOM”), the crew continued to achieve new milestones in our Goal Zero target. As of 30 June 2021, the fleet has achieved 395,640 Manhours worked without LTI, a good record considering the size of the fleet.

In FY2021, we launched the SCOUT (‘See’, ‘Correct’, ‘Open’, ‘Unsafe’, ‘Tell’) Programme in our organization. SCOUT is the successor of the SMILE tool and is a behavioural-based safety training programme. Every staff member can use it to support the objective and affirmative culture. The application of SCOUT provides a positive reinforcement to change from unsafe or at-risk behaviour to safe behaviour. SCOUT also serves as an efficient tool to prevent accidents by establishing four levels of control:



It also provides a source of safety data collection and analysis so that intervention for targeted improvement in workplace safety can be carried out without relying on reactive accident data. The SCOUT programme also increases employees’ participation and engagement in shaping the safety culture.

The SCOUT programme is in dual languages (both English and Bahasa Indonesian), and materials are available for all employees.





## SUSTAINABILITY REPORT 2021

Below shows the progress of the SCOUT Programme training, updated as of 30 June 2021.

Singapore Office	49 staff, including Directors, Managers and Staffs have received training to date.
Batam Office PT-USP Shipyard	All 60 personnel (Managers, Supervisors and Staffs) have been trained. Training will continue further to cover all personnel working in the shipyard.
VOM Vessels	Conversion from SMILE card to SCOUT in progress and is expected to complete before the next financial year end.

We stay committed to our OHS efforts as we believe that the way to achieve our zero-incident target and long-term sustainability is our OHS efforts to focus on prevention measures. These include well-designed vessels and workplaces, competent staff and crew, good policies and procedures, and committed leadership.

# TALENT MANAGEMENT

MATERIAL ISSUES	RELEVANT SDG
<ul style="list-style-type: none"><li>✓ Employment</li><li>✓ Training and Education</li><li>✓ Diversity and Equal Opportunity</li></ul>	 

At Vallianz, we strive to optimize our available talent pool and at the same time, continuously looking to add talent from outside our organization in order to add greater strength and depth to our overall human resources. This is a cornerstone of the Group’s long-term human resources strategy.

To develop and strengthen our overall human resources framework, we continuously explore competitive compensation and retention schemes as well as re-skilling and up-skilling programmes, offering our employees a vibrant, inclusive, and progressive career with Vallianz.

## Diversity and Equal Opportunity (Country, Gender)

We value our employees. Vallianz follows a policy of hiring, employing, training and compensating employees in a non-discriminatory way and without regard to race, gender, religion, age or nationality.

We have employees from diverse countries, including Singaporeans, Malaysians, Indonesians, Filipino, South Korean, Taiwanese, Indians, Vietnamese, and Mainland Chinese.

## Employee Onboarding Experience – Buddy System

We have introduced a Buddy System in Vallianz as part of the talent management framework to better integrate new employees into the Vallianz culture and build a sense of belonging. The Buddy System is a form of knowledge sharing method used to orientate new employees. A team member is appointed as a buddy to the new employee during their first three (3) months of his employment. The intention is to acclimatise the new employee to Vallianz culture quickly and ensure that they are well cared for in their first 3 months by his/her buddy.

## Wellness Program

We aim to introduce a holistic approach to talent management that focuses on both work-related programmes and the mental well-being of our employees. We source and provide online seminars related to wellness programmes for all Vallianz employees periodically.

## SUSTAINABILITY REPORT 2021

### Vallianz Internship Engagement Program

Vallianz has introduced the Vallianz Engagement Programme. This programme will help us in identifying interns who have shown outstanding work performance during their internship. Vallianz recognises the importance of laying the foundation for tomorrow and growing our next generation within Vallianz. This talent-enabler programme aims to curate valuable and meaningful experiences for matriculating students and facilitate conversion into permanent hires at Vallianz.

### Vallianz Leave Policy

To enhance existing entitlement, we are currently reviewing our existing Leave Policy to benchmark ourselves better against other companies. We will be introducing Employee-Care Leave such as Birthday Leave so that our employees can have a day off to celebrate their special day with their loved ones. Employees can also expect to receive incremental leave days at various stages of their employment with the Company.

### Staggered Working Hours

To encourage work-life balance, Vallianz has also implemented a Flexible Work Arrangement Scheme where employees can stagger their working hours. Such an arrangement allows employees to vary their daily start and end times to support their work and personal commitments.

### Employee Development

We invest in the training of our people for them to achieve their full potential. We also offer our talented employees opportunities to take on more challenging postings and transfers to groom them for greater responsibilities.

At Vallianz, we encourage lifelong learning among our employees to embrace the changes and prepare themselves in this ever-changing and dynamic industry. Employees will be sent for training whenever necessary to improve their skill sets.

### Talent Management Performance

#### Our Workforce

<b>Employment Contract</b>			
	<b>Permanent</b>	<b>Temporary/Contract</b>	<b>Total</b>
<b>Male</b>	126	84	210
<b>Female</b>	38	11	49
<b>Total</b>	164	95	259

## SUSTAINABILITY REPORT 2021

<b>Region</b>			
	<b>Singapore</b>	<b>Indonesia</b>	<b>Total</b>
<b>Male</b>	45	165	210
<b>Female</b>	26	23	49
<b>Total</b>	71	188	259

<b>Employment Type</b>			
	<b>Full-Time</b>	<b>Part-Time</b>	<b>Total</b>
<b>Male</b>	209	1	210
<b>Female</b>	49	0	49
<b>Total</b>	258	1	259

### Training

<b>Training Hours</b>			
	<b>Non-Executive</b>	<b>Executive</b>	<b>Total</b>
<b>Male</b>	271.5	40.5	312
<b>Female</b>	93.5	33	126.5
<b>Total</b>	365	73.5	438.5

## REGULATORY AND LEGAL COMPLIANCE

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Vallianz is committed to complying with relevant laws and regulations as we operate in the highly regulated OSV and chartering industries. Besides establishing whistleblowing and anti-corruption policies, we also have a legal policy that states the Group's commitment to conduct business with integrity, fairness, impartiality, ethically and adequately.

We monitor our existing customers and vendors periodically. This ensures that we stay vigilant and remain up to date with the latest international sanctions.

Our compliance guidelines and policy requirements are aligned with industry standards and requirements. Also, we focus on our community responsibilities as corporate citizens. We take these responsibilities very seriously, including paying our fair share of taxes, corporate income taxes, and social contributions. Our commitment to these responsibilities is also embodied in our corporate culture. Tax payments to the relevant authorities are in accordance with applicable anti-corruption laws and regulations, rules and regulations.

We are pleased to report that there was no reported incidence of non-compliance to the local anti-corruption laws, rules and regulations across the Group in FY2021 and we aim to maintain zero violation of the laws, rules and regulations for FY2022 and beyond.



# GLOBAL REPORTING INITIATIVE INDEX

GRI Standards/ Disclosures	Page Reference and Reasons for Omission, if applicable
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102-1 Name of the organisation	2
102-2 Activities, brands, products, and services	3,4
102-3 Location of headquarters	3
102-4 Location of operations	3,4
102-5 Ownership and legal form	3,4
102-6 Markets served	4
102-7 Scale of the organisation	4
102-8 Information on employees and other workers	25,26
102-9 Supply chain	7
102-10 Significant changes to the organisation and its supply chain	None
102-11 Precautionary principle or approach	None
102-12 External initiatives	Not applicable as there are no externally developed economic, environmental and social charters, principles, or other initiatives to which Vallianz subscribes, or which it endorses within the scope of this report.
102-13 Membership of associations	Not applicable
<b>Strategy</b>	
102-14 Statement from senior decision maker	2
<b>Ethics and Integrity</b>	
102-16 Values, principles, standards, and norms of behaviour	5
<b>Governance</b>	
102-18 Governance structure	11
<b>Stakeholder Engagement</b>	
102-40 List of stakeholder groups	12,13
102-41 Collective bargaining agreements	Not applicable as all employees within the scope of this report are not covered by collective bargaining agreements.
102-42 Identifying and selecting stakeholders	12
102-43 approach to stakeholder engagement	12,13
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<b>Reporting Practice</b>	
102-45 Entities included in the consolidated financial statements	Annual Report 2021 – Notes to Financial Statements
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102-48 Restatements of information	None

GRI Standard/ Disclosure	Page Reference and Reasons for Omission, if applicable
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102-51 Date of most recent report	31 August 2020
102-52 Reporting cycle	Annually
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