NauticAWT Limited

Sustainability Report 2017

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

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

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1. Board's Statement

The Board of Directors (the "Board") of NauticAWT Limited (the "Company" and together with our subsidiaries the "Group") affirm our commitment to sustainability with the publication of our maiden sustainability report ("Report") guided by the Global Reporting Initiative ("GRI") Standards: Core option. For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") and economic performance.

Whilst mindful of our profit oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure the long term future of our Group. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in this Report.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been established and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organizational and external developments.

2. Reporting Framework

In preparing this sustainability report, we are guided by the GRI Standards: Core option and Rules 711(A) and 711(B) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

3. Reporting Period and Scope

This Report is applicable for our financial year from 1 January to 31 December 2017 ("FY2017"). A sustainability report will be published annually in accordance with our SR Policy.

This Report focuses on our renewables segment[1], which will be the focus of our Group going forward. This business segment contributed approximately 26% of the Group's total revenue for FY2017. Nonetheless, the Group believes that the renewables market is a market that we know well, and hold a strong and competitive position in. We plan to widen the coverage of our sustainability reporting in the future.

4. Feedback

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: info@nautec.com

5. Stakeholder Engagement

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by our operations.

We actively engage our key stakeholders through the following channels:

S/N	Key stakeholder	Engagement channel
1	Community	We focus on continuous community engagement through close monitoring of local developments through mass media and dialogues where practicable.
2	Customer	Customers are continuously engaged through multiple channels such as face-to-face meetings, visits, email communications, phone calls and teleconferences.

[1] Relates to provision of Ultra High Performance Concrete and Composites ("UHPC") materials for the installation of onshore and offshore wind turbines.

S/N	Key stakeholder	Engagement channel
3	Employee	Senior management holds regular communication sessions with employees to obtain feedback and alignment of business goals across all levels of workforce. Such communication channels include emails, meetings or staff evaluation sessions where employees can pose questions in person.
4	Regulator	We participate in consultations, briefings or receiving regulatory updates from key regulatory bodies such as the SGX-ST and relevant government agencies/ bodies so as to better understand the regulatory requirements and furnish feedback on proposed regulatory changes that impact our business.
5	Shareholder	We convey timely, full and credible information to shareholders through announcements on SGXNET, our websites (http:// http://nauticawt.listedcompany.com/ or https://www.nautec.com), investor relations email account info@nautec.com, annual general meetings, annual reports, and other channels such as business publications and investors' relation events.

Through the above channels, we seek to understand the views of our key stakeholders, communicate effectively with them and respond to their concerns.

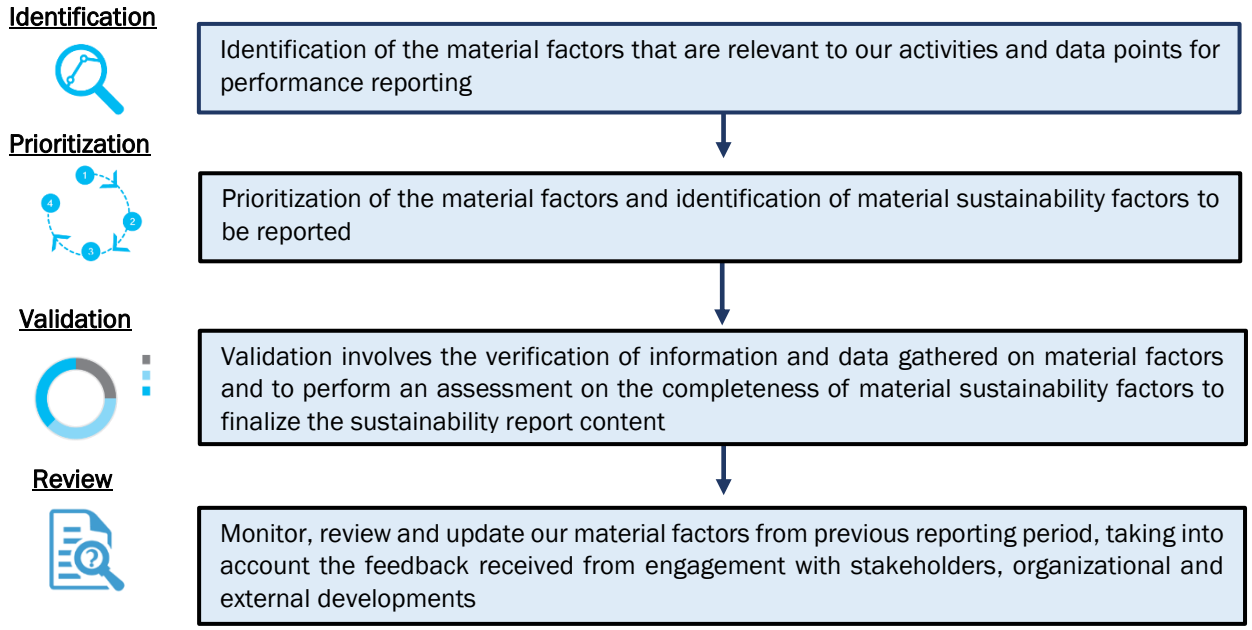
6. Policy, Practice and Performance Reporting

6.1 Reporting Structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board. Our senior management executives, led by our Chief Executive Officer, are tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

6.2 Sustainability Reporting Processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritized as material factors which are then validated. The end result of this process is a list of material factors disclosed in this Report. Processes involved are as shown in the chart below:



6.3 Materiality Assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority are reported on in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern to external stakeholders and potential impact on business.

7 Material Factors

Our materiality assessment performed for FY2017 involved our senior management executives and is led by our Chief Executive Officer in identifying sustainability factors deemed material to our businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders. Presented below are a list of material sustainability factors applicable to our Group:

S/N	Material factor	Key stakeholder	Reporting priority
Environmental			
1	Environmentally friendly products and product sustainability	Regulator, customer	I
2	Energy and water conservation	Community, shareholder	III
Social			
3	Equality and diversity in the workplace	Employee	I
4	Employee retention	Employee	II
5	Safe working environment	Employee	I
Economic			
6	Sustainable business performance	Shareholder	II
7	Proactive anti-corruption practices	Shareholder, regulator	II
Governance			
8	Robust corporate governance framework	Shareholder, regulator	II

We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each material sustainability factor are presented as follows:

7.1 Environmentally friendly products and product sustainability

We are committed to environmental preservation through limiting the use of hazardous substance in our products through strict compliance with leading regulations.

We are principally involved in the provision of UHPC materials to supply our customers that operate mainly in the port, off-shore, downhole and renewable energy industries. UHPC is more environmentally friendly when compared to conventional concrete as it possesses higher strength and ductility which allow for the construction of more material-efficient structures.

Our key initiatives in delivering quality and environmentally friendly products to our customers are as following:

- Our products are certified/ verified with leading market certifications on product quality such as CE Marking, Ü-sign or DNV.
- Our manufacturing facility and processes are certified under the DNV, ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 standards.

- A robust quality control team is maintained to conduct stringent checks on product quality based on a set of standard operating procedures established.
- We have a research and development program to develop new products and enhance the quality of the existing products. During the reporting period, we collaborated with Enterprise Singapore on a program to jointly develop new products that will create revenue streams for our Group.

As at 31 December 2017, 2 of our key products are certified/verified with CE Marking, Ü-sign or DNV whilst our manufacturing facility and processes are certified under the relevant DNV and ISO standards.

7.2 Energy and water conservation

We are committed to responsible usage of energy and water resources that helps to preserve the environment in which we operate in. As a Group, we operate from various office locations and an automated production facility in Malaysia. The facility is currently producing UHPC materials to supply our customers mainly in the oil and gas and renewable energy industries. Key statistics on energy and water consumption by the production facility during the reporting period are as follows:

Resource	Usage	Consumption
Electricity	Used for production equipment, lightings, office equipment and air-conditioning	140,170KWh
Water	Used for cleaning machineries and equipment	1,102m^3

Conservation initiatives adopted by the Group include the following:

- A systematic maintenance program for operating equipment is in place to maintain energy and water efficiency.
- Energy and water consumption are regularly tracked and analysed. Corrective actions are taken when unusual consumption patterns are observed.

7.3 Equality and diversity in the workplace

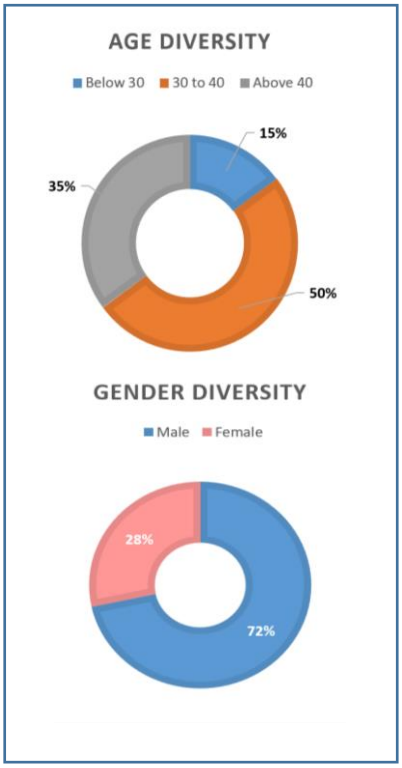
We are committed to diversity and equal opportunity in employment to grow human capital. Accordingly, we strive to provide a work environment for employees that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender, age or educational background. The total number of employees in the Group as at 31 December 2017 stood at 74.

On gender diversity, the percentage of female to total permanent employees as at 31 December 2017 was 28%.

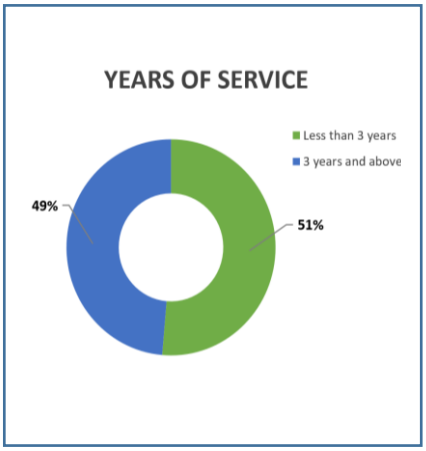
On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 December 2017, 35% of our workforce was at least 40 years old.

To promote equal opportunity, we have implemented various human resource measures as follows:

- Staff assessment is performed annually and upon probation for new staff to evaluate their performance and provides them with a sense of self-awareness on their work performance and also to identify training opportunities that will improve their skills and abilities.
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement.
- Employment terms in the employment letter are explained to staff when they join the Group.



7.4 Employee retention



The continual success of our business relies on a team of professional, skilled and experienced staff and managers. Accordingly, we are committed to employee retention through the following efforts:

- Employee are engaged regularly via various channels such as the appraisal exercise which allows employees to gain feedback on their career progress.
- In-house and external training courses are organized regularly for employees to improve their professional skills.

We believe that a low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 December 2017, 49% of our employees have 3 or more years of services with us.

7.5 Safe working environment

In our daily operations, our workers have to handle various machineries in manufacturing our products. Such machineries involve processes such as handling of operating equipment such as forklifts which expose our employees to risk of injuries or fatalities. Accordingly, we are committed to maintain a safety-conscious culture amongst our employees and a safe operating environment to minimise such risks.

The measures implemented to manage health and safety in our operating environment are as follows:

- A set of safety rules and regulations is in place.
- A safety committee is in place and safety inspections are performed regularly by safety officers and reported to senior managers.
- All new employees are briefed on safety procedures during orientation.
- Regularly track and monitor accidents at the workplace and corrective action plans are established to prevent recurrences of the accidents.

The Group recorded zero workplace fatality and one non-fatal workplace injury in FY2017 which involved an injury to the knee cap of an employee. We will continuously work towards reducing both the occurrence and severity of workplace accidents.

7.6 Sustainable business performance

We believe in creating long-term economic value for shareholders as well as key stakeholders by adopting responsible business practices and growing business in a sustainable manner.

As disclosed in the annual report, we are undergoing a restructuring exercise. In the interim, the Board and Management appreciate shareholders' patience and understanding in its execution.

Details of the Group's economic performance can be found in the financial contents and audited financial statements of the Annual Report for FY2017.

7.7 Proactive anti-corruption practices

We are committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2017, no serious offence was reported[2].

[2] A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD 100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

7.8 Robust corporate governance framework

We are committed to high standards of corporate governance and believes a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximizing long-term shareholder's value.

We have in place a whistle-blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others.

Our overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School was 63 for year 2017. This placed us within the top 20 percentile of the public listed companies that were assessed.

You may refer to Corporate Governance Report of the Annual Report for details for our corporate governance practices.

8. Target Setting

We are in the process of compiling performance data to form a trend for the purpose of setting targets on the Material Factors as described above. Accordingly, the process of target setting is deferred till a time when adequate data is available to set reasonable targets.