



REMAINING STRONG

SUSTAINABILITY REPORT 2025



This Sustainability Report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.

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BOARD STATEMENT

The Board of Directors (the “**Board**”) at Kim Heng Ltd. (“**Kim Heng**” and together with its subsidiaries, the “**Group**”) is pleased to present our sustainability report for the financial year from 1 January 2025 to 31 December 2025 (“**FY2025**”). Sustainability remains a core pillar of Kim Heng’s business strategy, guiding our long-term vision and operational decisions.

FY2025 Sustainability Achievements

In FY2025, we continued to make significant strides across our Environmental, Social, and Governance (“**ESG**”) commitments, successfully meeting our key targets:

- **Environmental Stewardship:** We achieved a 29.4% decrease in electricity consumption intensity, a 19.0% reduction in overall waste generation intensity, and a 38.5% reduction in greenhouse gas (“**GHG**”) emissions intensity.
- **Health, Safety, and Human Capital:** The safety of our workforce remains paramount. We successfully met our health and safety targets by maintaining zero workplace fatalities and zero cases of property damage or fire explosions, while keeping lost-time incidents strictly below our target limit with only two recorded cases. We also exceeded our employee development goals, delivering an average of 12.9 training hours per employee.
- **Robust Governance:** We maintained our strong record of ethical business conduct, recording zero cases of significant fines or non-monetary sanctions, zero environmental non-compliance, and zero corruption or whistle-blowing incidents.

Advancing Our Sustainability Framework

To ensure our sustainability focus remains strictly aligned with our corporate strategy and stakeholder interests, the Group reviewed the priority of our existing material topics in FY2025 through discussions with senior management and an external consultant. The review confirmed that our material topics remain relevant to our key sustainability risks, opportunities, and impacts amidst a changing business landscape.

To further strengthen transparency and accountability, this year we have formalised our ESG data governance policy. As part of this, we established ESG data collection and review processes, significantly enhancing our ability to monitor and improve our performance metrics. By embedding this robust ESG governance into our business strategy, we continue to position the Group for long-term resilience and value creation.

We have also continued to deepen our understanding of climate-related risks. Building on the foundation of our past climate risk workshops, we reviewed our findings this year as we plan to align our disclosures with the IFRS S1 and S2 timelines in accordance with SGX Listing rules. In the coming years, we plan to further refine our approach by quantizing the results of our risk assessments through quantitative scenario analysis.

Looking Ahead

As the marine and offshore industry faces increasingly stringent regulations on carbon emissions, we are committed to supporting the transition toward cleaner energy solutions. We will continue expanding our presence in the renewable energy space, heavily focusing on offshore wind farming solutions and energy-efficient operations.

On behalf of the Board, I extend my sincere gratitude to our employees, partners, and stakeholders for their continued trust and support. Together, we will advance towards a more sustainable and prosperous future.

Mr Thomas Tan
Executive Chairman & Chief Executive Officer

Our FY2025 key targets and performance against them are summarised in the table below: -

	Indicator	Targets	FY2025 Performance	Target Met
Economic	Net worth (Net asset value per share) (cents per share)	Increase by 7 cents per share by 2030 from FY2023 baseline of 9.0 cents	6.9 cents per share in FY2025	Expected target completion by FY2030
	Gearing Ratio Overall	Reduction by 0.5 by 2030 from FY2023 baseline of 0.90	1.47 in FY2025	Expected target completion by FY2030
	Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	Improvement by 100% by 2030 from FY2023 baseline of S\$17.9 million	More than \$8.5 million in FY2025	Expected target completion by FY2030
	Revenue	14% total increase by 2030 from FY2023 baseline of S\$101.2 million	\$120.0 million revenue in FY2025	Expected target completion by FY2030
Environment	% change in electricity consumption intensity	2% yearly reduction from FY2024 baseline of 10.4% in increment	29.4% decrease in electricity intensity	Met
	% change in electricity consumption intensity	7% reduction in overall electricity consumption intensity by 2030 from FY2023 baseline of 16.5 KWh / S\$'000	11.3 KWh / S\$'000	Expected target completion by FY2030
	% change in overall waste generation intensity	2% yearly reduction from FY2024 baseline of 11.3% reduction.	19.0% reduction in waste intensity	Met
	% change in overall waste generation intensity	7% reduction in overall waste generation intensity by 2030 from FY2023 baseline of 11.5 tonne/S\$ million	6.8 tonnes / S\$ million	Expected target completion by FY2030
	% change in GHG emissions intensity	2% yearly reduction from FY2024 baseline of 24.0% increment	38.5% reduction in emission intensity	Met
	% change in GHG emissions intensity	7% reduction by 2030 from FY2023 baseline of 277.8 tonne CO ₂ e / S\$ million	174.6 tonnes CO ₂ e / S\$ million	Expected target completion by FY2030
Social	Number of fatalities	0 fatalities	0 fatalities	Met
	Lost time Incident cases	<3 cases	2 cases	Met
	Property damage and fire explosions	0 case	0 case	Met
	Average training hours	>= 11 hours	12.9 hours	Met
Governance	Cases of significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations	0 case	0 case	Met
	Cases of anti-bribery and corruption incidents or whistle-blowing report	0 case	0 case	Met

ABOUT THIS REPORT

This Sustainability Report outlines the sustainability approach and performance of Kim Heng Ltd and all its subsidiaries for FY2025. The Group conducts this reporting process annually to maintain transparency and accountability regarding our ESG commitments.

The scope of this Sustainability Report includes our standard reporting framework for Kim Heng Ltd and its global subsidiaries. Our operations in Malaysia, as well as Thaitan International Pte Ltd (Taiwan branch) and Alpine Progress Shipping Pte Ltd (Taiwan branch), are fully incorporated into this Sustainability Report. We have considered the material information from the overseas subsidiaries.

Our Sustainability Report is prepared in accordance with Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the guidance under Practice Note 7F of the Catalist Rules. This Sustainability Report is also prepared with reference to the Global Reporting Initiative ("**GRI**") Standards—one of the most widely recognized sustainability frameworks. This enables us to comprehensively disclose our governance structures, management systems, policies, targets, and performance, ensuring clear communication of our sustainability progress to stakeholders.

Additionally, this Sustainability Report incorporates elements from the Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations into our climate-related disclosures. We have initiated the process of aligning our disclosures with the International Sustainability Standards Board ("**ISSB**") Standards, International Financial Reporting Standards ("**IFRS**") S1 and S2 guidelines. As part of this transition, we conducted a gap assessment and plan to enhance our disclosures in future reports.

To strengthen the credibility and accuracy of our sustainability reporting, we reviewed our Corporate Sustainability Policies and Procedures with guidance from our sustainability partners. Internal controls and verification mechanisms have been implemented to ensure the reliability of our reported data. Additionally, our sustainability reporting process has been included in the scope of the internal audit process of our auditors, PricewaterhouseCoopers Risk Services Pte Ltd, and will be subjected to review in accordance with an audit plan approved by the Board. While independent external assurance is not required at this stage, the Board may consider it in future reports.

This Sustainability Report, along with further corporate information, is available on our Company's website¹. We welcome feedback and inquiries from stakeholders, which can be directed to sustainability@kimheng.com.sg.

ABOUT US

With over 50 years of experience, Kim Heng Ltd. ("**Kim Heng**") and its subsidiaries (collectively, the "**Group**") is an established integrated offshore and marine value chain services provider. Strategically based in Singapore and Malaysia, the Group offers a one-stop comprehensive range of products and services catering to different stages of marine infrastructure projects and offshore oil & gas projects from oil exploration to field development and oil production. In response to the changing global energy scene towards cleaner energy forms, the Group has successfully ventured into the offshore wind renewable market. The Group will continue to broaden its service offerings within the clean energy and marine construction markets as part of its diversification from traditional oil and gas markets.

The Group's operations are primarily located in Singapore, with two shipyards strategically located at 9 Pandan Crescent and 48 Penjuru Road. With a combined waterfront of approximately 205 metres, these shipyards enable Kim Heng to carry out a multitude of services, including offshore rig repair, maintenance and refurbishment, fabrication, vessel newbuilding and afloat repairs as well as support new businesses in the renewable and marine construction markets.

As a one-stop solutions provider in offshore logistics, the Group has a fleet of quality anchor handling tugs, barges and cranes for both sale and rent. The Group also provides other services such as maintenance, trading and sale of heavy equipment.

Kim Heng has built its brand over the years and has established relationships with world renowned customers from over 25 countries in the regions of Asia, USA, Latin America, Australia, Middle East and Europe.

¹ <https://www.kimheng.com.sg/>

SCOPE OF BUSINESS

The Group has expanded its business operations to include offshore wind farming solutions and horizontal directional drilling in 2019. The Group sees the need to expand our presence in the renewable energy space to provide renewable energy services and support solutions aiding in the transition to clean energy.



Owner & Operator of Offshore Support Vessels

- Rig towage and mobilisation
- Offshore transportation of extra-large cargo



Offshore Wind Farm Support Services and Horizontal Directional Drilling ("HDD")

- Fabrication & installation of different offshore turbine foundations, monopiles, tripods, jackets, suction buckets & gravity base structures
- Operation & maintenance services
- Marine transportation of windfarm components
- Experienced turnkey HDD contractor capable to undertake in submarine cable laying and pulling





Oilfield Services

- Construction and fabrication works of components for drilling rigs and vessels
- Installation of offshore production modules and systems
- Supply of offshore drilling and production equipment
- Logistics, general shipping, warehousing & inventory management
- Agency services and crew change
- Leasing, sale, maintenance of heavy equipment
- Wide range of marine civil equipment and machineries including crawler, lorry and mobile cranes
- Salvage and diving services



Ship Repair & Engineering

- Newbuilding of vessels (tugs, hopper barges, pipe-lay barges, power barges, accommodation work barges)
- Purchase and refurbishment of vessels for onselling
- Afloat repairs, maintenance and refurbishment of offshore rigs, platforms & vessels



SUSTAINABILITY GOVERNANCE

Kim Heng has established a structured sustainability governance framework that aligns with its strategic objectives and addresses the evolving ESG landscape. The Board plays a critical role in embedding sustainability principles into corporate strategy while providing oversight of related initiatives. To strengthen this governance, the Board also reviews ESG performance on a quarterly basis to track progress and align sustainability efforts with business goals.

The Audit Risk Committee ("**ARC**") is tasked with overseeing sustainability matters to ensure compliance with regulatory requirements and alignment with stakeholder expectations. To enhance ESG integration, Kim Heng has formed a dedicated Sustainability Committee ("**SC**"), led by the Deputy Chief Executive Officer, Chief Financial Officer, and Head of Corporate Services ensuring strong leadership representation and strategic oversight.

The SC is supported by a multidisciplinary team with expertise spanning Supply Chain Management ("**SCM**"), Health, Safety, Environment, and Quality ("**HSEQ**"), Offshore Chartering, Operations, Shipyard Management, and Risk Management. Their contributions help embed ESG considerations into daily operations, fostering a comprehensive governance approach.

At an operational level, the Sustainability Working Group, consisting of department heads across the Group, facilitates the execution of sustainability initiatives and ensures cross-functional collaboration. This governance structure enhances accountability and promotes a unified approach to sustainability across the organization.

Given the increasing importance of climate-related risks, Kim Heng has strengthened its governance framework by integrating climate risk assessments into its strategic planning. We had conducted a qualitative scenario analysis to better understand potential climate-related risks and their impact on our business. The Board, in collaboration with the Sustainability Committee, conducts periodic evaluations of climate-related risks and opportunities, enabling informed decision-making and proactive mitigation strategies.

Diagram 1. Summary of Kim Heng's governance structure relating to the Group's sustainability management.



STAKEHOLDER ENGAGEMENT

Our sustainability is built on strong relationships with our diverse stakeholders. We are committed to engaging effectively to understand their expectations and incorporate their perspectives into our business strategies and operations.

We maintain open and transparent communication channels to ensure stakeholders receive relevant information that supports informed decision-making. The Group has identified four key stakeholder groups, and the methods of engagement, key topics, and concerns raised are summarized in the following table (**Table 1**).

Table 1: Summary of Kim Heng Group's key stakeholder groups with their topics and concerns, methods of engagement, and frequency of engagement.

Stakeholder Group	Key Topics and Concerns	Engagement Methods	Frequency
Customers	<ul style="list-style-type: none"> Product and Service Quality Timely Supply of Products and Services QHSSE Excellence Environmentally Friendly Solutions 	<ul style="list-style-type: none"> Continuous and regular dialogues with customers to understand their needs and expectations. On-the-job customer feedback Post-job completion and performance feedback 	Regularly
Employees	<ul style="list-style-type: none"> Employee Welfare Training and Development Health and Safety 	<ul style="list-style-type: none"> Safety and additional needs-based training sessions Orientation programmes and employee handbook for new joiners 	Throughout the year
Government and Regulators	<ul style="list-style-type: none"> Environmental Compliance Regulatory and Compliance Risk 	<ul style="list-style-type: none"> Regular engagement and dialogue with government and regulators such as Ministry of Manpower (MOM), SGX-ST, National Environment Agency and Marine Port Authority 	Throughout the year
Shareholders & Investors	<ul style="list-style-type: none"> Financial Stability Corporate Governance Sustainability Issues 	<ul style="list-style-type: none"> Press releases, corporate website, announcements via SGXNet and Annual Reports Annual General Meetings 	Periodically

MATERIALITY ASSESSMENT

At Kim Heng, we focus on sustainability matters that are most significant to our business and our stakeholders. We regularly review our sustainability performance to identify gaps, refine our approach, and ensure continued alignment with stakeholder expectations and business priorities.

As part of our commitment to continuous improvement, Kim Heng undertakes an annual review of its material matters. This review considers stakeholder feedback, internal priorities, emerging industry trends, and evolving regulatory requirements to ensure the continued relevance of our sustainability focus.

In the past, the Group conducted a comprehensive Materiality Assessment to evaluate and prioritise material topics based on their impact on the business and their influence on stakeholders’ decision-making. The assessment was carried out internally by the Sustainability Working Group, in consultation with our appointed sustainability report writer. In FY2025, the Group conducted a review of the priority of its existing material topics through discussions with the senior management and external consultant. The review confirmed that the material topics remain relevant and appropriate in reflecting the Group’s key sustainability risks, opportunities, and impacts, while remaining aligned with our corporate strategy and stakeholder interests amid a changing business landscape (**Diagram 2**).

The step-by-step methodology of our Materiality Assessment is illustrated below:

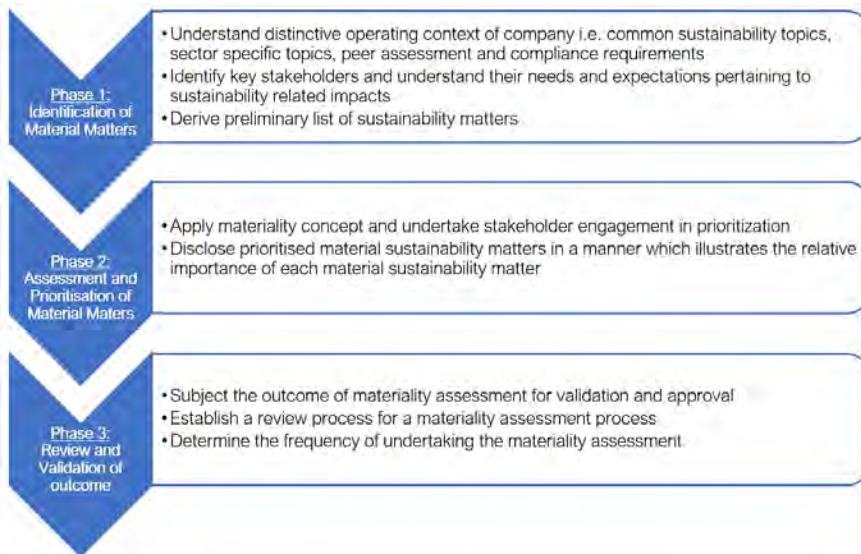
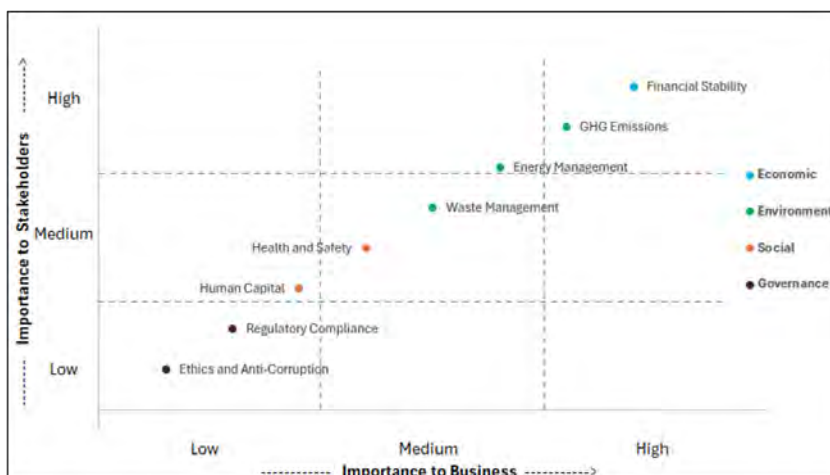


Diagram 2: Materiality matrix illustrating Kim Heng’s FY2025 materiality assessment outcome.



We established targets across all material topics to drive progress and accountability. These targets serve as tangible benchmarks guiding our efforts towards achieving our sustainability objectives and addressing key ESG considerations. The following table provides a comprehensive overview of our targets against each material topic:

Material Topic	Future Targets
Financial Stability	<ul style="list-style-type: none"> Increase in net worth by 7 cents per share by 2030 from FY2023 baseline Maintain gearing ratio at or below 1.4x* Overall improvement in EBITDA by 100% by 2030 from FY2023 baseline 14% total increase in revenue by 2030 from FY2023 baseline
GHG Emissions	<ul style="list-style-type: none"> Annually reduce overall GHG emission intensity² by 2% from FY2025 baseline 7% reduction in overall GHG emission intensity by 2030 from FY2023 baseline
Energy Management	<ul style="list-style-type: none"> Annually reduce overall electricity consumption intensity³ by 2% from FY2025 baseline 7% reduction in overall electricity consumption intensity by 2030 from FY2023 baseline
Waste Management	<ul style="list-style-type: none"> Annually reduce overall waste generation intensity⁴ by 2% from FY2025 baseline 7% reduction in overall waste generation intensity by 2030 from FY2023 baseline
Health and Safety	<ul style="list-style-type: none"> Zero fatality case No more than 3 lost-time incidents cases every year Zero case of Property Damage & Fire Explosion
Human Capital	<ul style="list-style-type: none"> Maintain average training hours per employee over 11 hours
Regulatory Compliance	<ul style="list-style-type: none"> No Major Environmental Incident No composition fine from authorities No significant non-compliance
Ethics and Anti-Corruption	<ul style="list-style-type: none"> Zero case of corruption and ethical non-compliance

* The gearing ratio target has been updated in FY2025 to reflect the Group's current financial strategy and market environment.

Table 2. Our ESG factors and page reference to the detailed disclosure.

ESG Factors	Detailed Information
Material factors	
Health and Safety	<ul style="list-style-type: none"> Sustainability Report, Page 22 - Health and Safety
Financial Stability	<ul style="list-style-type: none"> Annual Report, Page 20 - Operations and Financial Review Annual Report, Page 68 - Statements of Financial Position Sustainability Report, Page 10 - Financial Stability
Ethics & Anti-corruption	<ul style="list-style-type: none"> Sustainability Report, Page 29 - Ethics and Anti-Corruption
Waste Management	<ul style="list-style-type: none"> Sustainability Report, Page 18 - Waste Management
Human Capital	<ul style="list-style-type: none"> Sustainability Report, Page 24 - Human Capital
Energy Management	<ul style="list-style-type: none"> Sustainability Report, Page 19 - Energy Management
Regulatory Compliance	<ul style="list-style-type: none"> Sustainability Report, Page 28 - Regulatory Compliance
GHG Emissions	<ul style="list-style-type: none"> Sustainability Report, Page 20 - GHG Emissions
Additional disclosures	
Water Management	<ul style="list-style-type: none"> Sustainability Report, Page 21 - Water Management
Cyber Security	<ul style="list-style-type: none"> Sustainability Report, Page 30 - Cybersecurity

² GHG Emission Intensity = Total Emissions (Tonne CO₂e) / Total Revenue (\$ million)

³ Electricity consumption intensity = Electricity Consumption (KWh) / Total Revenue - Chartering and Towage Revenue (\$'000)

⁴ Waste generation Intensity = Total waste generated (Tonne) / Total Revenue (\$'000)

Financial Stability

ESG factors:

Direct Economic Impact [GRI 3-3, GRI 201-1]

A sound financial position is fundamental to Kim Heng's business continuity and long-term growth. In addition to the financial results disclosed in other sections of Kim Heng's Annual Report FY2025, the Group generates and distributes economic value to support the broader economy in which it operates.

The Group's economic contributions include employee compensation and benefits, payments to governments (including taxes), returns to shareholders through dividends, and expenditure on goods and services procured from vendors and suppliers. These activities reflect Kim Heng's role in creating shared economic value for its stakeholders.

By monitoring and managing its economic performance, the Group seeks to enhance transparency and accountability while ensuring alignment with its strategic objectives and long-term value creation priorities.

Our FY2025 financial performance is summarised in the table below (**Table 3**).

Table 3: Kim Heng's financial metrics

	FY2023 (S\$'000)	FY2024 (S\$'000)	FY2025 (S\$'000)
Economic value generated (consists of):	101,194	122,734	120,989
Total revenue	101,194	122,734	120,989
Economic value distributed (consist of):	100,738	144,829	153,209
Compensation and benefits for employees	20,259	22,539	20,897
Operating costs (excluding employee compensation)	62,343	84,879	91,371
Payments to provider of capital ⁵	17,389	35,249	47,988
Payments to the government including taxes	747	1,794	1,357

For further details on our financial performance and position, please refer to the Chairman's Message (pages 8 to 11), Operations and Financial Review (pages 20 to 21), and the audited financial statements (pages 56 to 137) of Kim Heng's Annual Report FY2025.

⁵ Payments to provider of capital is sum of interest paid, repayment of lease liabilities, and repayment of term loans and shareholder loan.

Environmental

Amid rising global environmental concerns, the marine and offshore industry is subject to increasingly stringent regulations on carbon emissions and pollution. In response, Kim Heng is committed to supporting the transition towards cleaner energy solutions within the shipping sector, reinforcing our responsibility to protect the environment.

Compliance with environmental regulations—covering areas such as air emissions, ballast water management, and waste treatment—is integral to our operations. At Kim Heng, we view regulatory requirements not only as compliance obligations, but also as opportunities to improve operational efficiency, reduce environmental impact, and strengthen overall environmental performance. Our sustainability-driven approach emphasises continuous process optimisation, waste minimisation, and responsible resource management.

To demonstrate our commitment to sustainable and responsible operations, Kim Heng adheres to internationally recognised management system standards, including ISO 14001 for Environmental Management Systems, ISO 9001:2015 for Quality Management Systems, and ISO 45001:2018 for Occupational Health and Safety. These certifications reflect our ongoing commitment to high standards of environmental responsibility, quality assurance, and workplace safety.

Taking climate-related risks into consideration

We recognise the importance of aligning its climate-related disclosures with the recommendations of the TCFD. Climate change presents both risks and opportunities to our business, and understanding these impacts is essential to strengthening our long-term resilience.

In FY2023, the Group conducted its first climate risk assessment workshop to identify and assess climate-related risks across its operations and value chain. This exercise established a baseline understanding of key physical and transition risks, evaluated existing mitigation measures, and supported the integration of climate considerations into business decision-making.

Building on this foundation, a second climate risk assessment workshop was conducted in FY2024 with senior management. The objective was to deepen the Group's understanding of climate-related risks, assess the potential timing and magnitude of their impacts, and enhance preparedness against risks arising from a changing climate. This year, we reviewed the findings of the past workshops in preparation for alignment with the IFRS S1 and S2 requirements and the Catalist Rules.

A structured and systematic approach was applied to assess vulnerabilities across operations and the value chain, including exposure to extreme weather events, regulatory developments, and shifts in market expectations. Qualitative scenario analysis was incorporated to strengthen the assessment:

- Physical risks were evaluated using SSP1-2.6 and SSP5-8.5 scenarios.
- Transition risks were assessed using the NGFS Net Zero 2050 and NGFS Current Policies scenarios.

Engagement with internal and external stakeholders, including employees, customers, and industry experts, provided diverse perspectives and supported a more comprehensive evaluation of climate-related risks and their potential business impacts.

Physical Risk Assessment

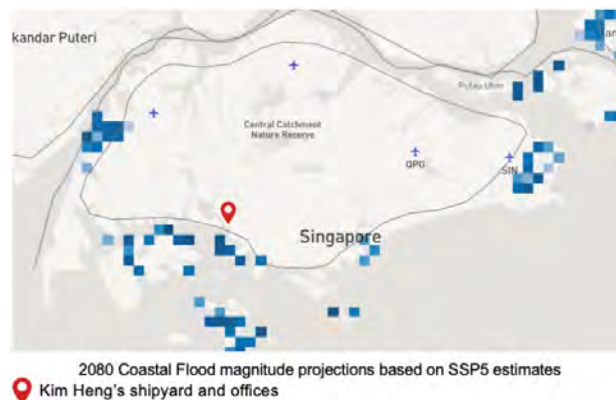
We assessed physical climate risks to its operations with a focus on extreme weather events and rising temperatures. Using SSP5-8.5 projections from the IPCC's Sixth Assessment Report and data from the World Resources Institute, the Group's shipyard and office locations at 9 Pandan Crescent and 48 Penjuru Road were assessed to be outside projected high-risk zones for coastal and riverine flooding.

While this reduces direct flood exposure, the increasing frequency and intensity of extreme weather events—such as severe storms—may disrupt offshore operations, supply chains, and workforce safety. Mitigation measures, including infrastructure reinforcement and enhanced emergency preparedness protocols, are therefore important to reduce potential operational disruptions.

Rising ambient temperatures present an additional physical risk. Based on Singapore's V3 national climate projections, the country currently experiences approximately 76 warm nights annually. Under a high-emissions scenario (**SSP5**), warm nights could occur daily by the end of the century, with a corresponding sharp increase in very hot days.

Higher temperatures have direct implications for outdoor operations. MOM requires rest breaks when temperatures exceed prescribed safety thresholds, and more frequent extreme heat events could increase downtime and affect productivity and project timelines. While Kim Heng's key facilities are not currently located in high-risk flood zones, these broader climate trends underscore the need for proactive planning to enhance business resilience.

Transition Risk Assessment



We also assessed transition risks arising from policy, regulatory, market, and cost-related changes under the NGFS Net Zero 2050 and NGFS Current Policies scenarios.

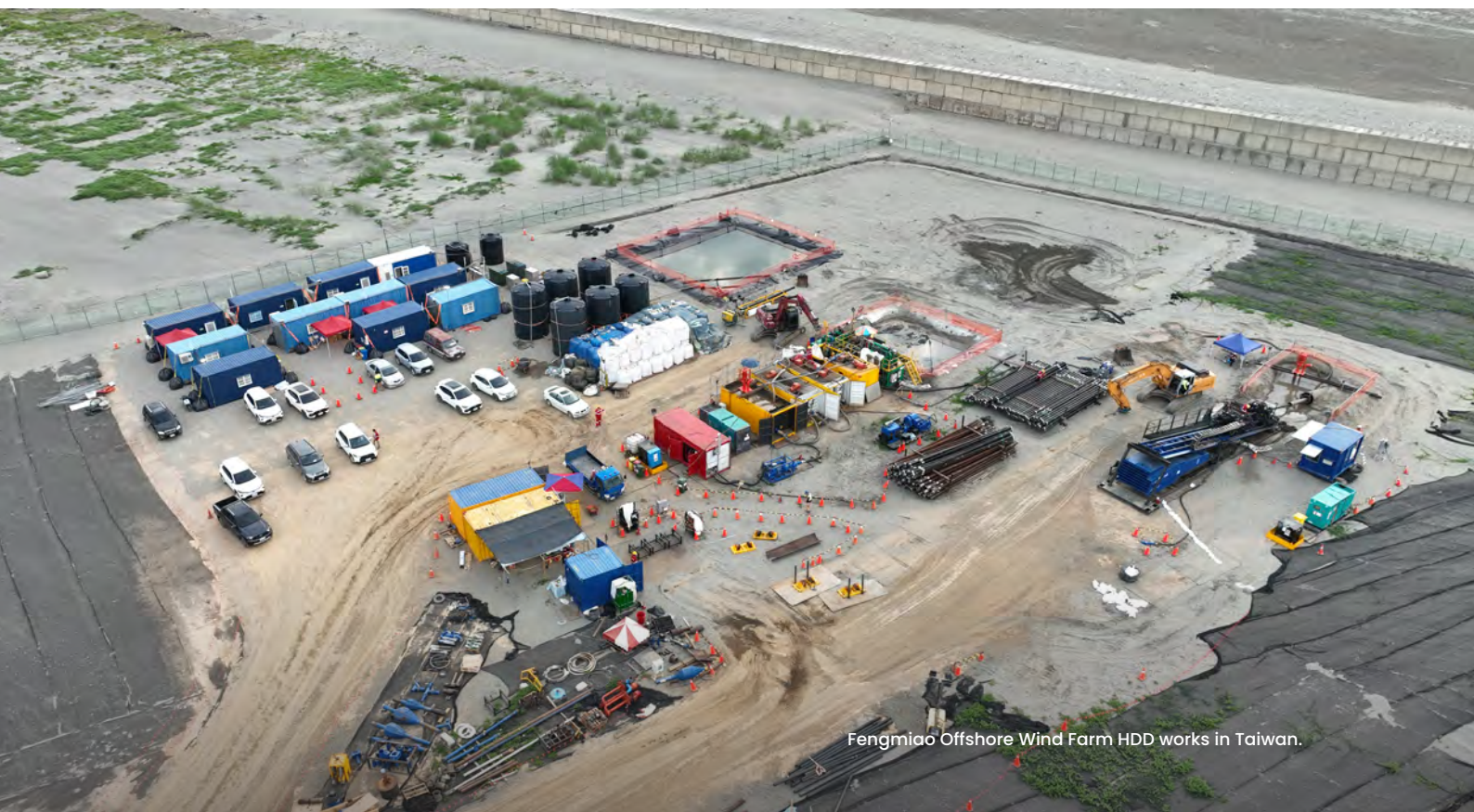
One key transition risk relates to potential increases in raw material costs due to international climate-related trade measures. As jurisdictions such as the European Union and the United States strengthen climate policies, mechanisms such as carbon border adjustment measures ("**CBAMs**") may be introduced. These could increase the cost of imported materials from regions with less stringent carbon regulations, potentially affecting the Group's cost structure and competitiveness.

Another significant transition risk is the increasing cost of GHG emissions. In support of Singapore's 2050 net-zero ambition, a carbon tax of S\$25 per tonne of CO₂ equivalent ("**tCO₂e**") was introduced in 2024, with planned increases to S\$45/tCO₂e in 2026 and 2027, and an indicative range of S\$50–80/tCO₂e by 2030. The tax applies to facilities emitting 25,000 tCO₂e or more annually. These developments may result in higher operating costs and increase the need for investments in emissions reduction initiatives to manage financial exposure.

In addition, regulatory expectations for the offshore marine industry continue to evolve. The Maritime and Port Authority of Singapore (“MPA”) has progressively strengthened environmental requirements, including emissions standards and the adoption of cleaner energy solutions. Compliance with these regulations may require operational changes and additional capital investment.

Table 4: Summary of Kim Heng’s climate risk assessment

Risks			Short Term	Medium Term	Long Term
			Risk Rating	Risk Rating	Risk Rating
Physical Risks	Acute	Increased severity of extreme climate events (i.e. Floods, cyclone, earthquake)	Low	Low	Medium
	Chronic	Rising mean temperature	Low	Medium	Medium
Transition Risks	Policy and Legislation	Increased pricing of GHG emissions	Low	Low	Medium
		Mandates on and regulation of existing products and services	Low	Low	Medium
	Technology	Transition to lower emission technology	Low	Low	Medium
		Accelerated EV adoption	Low	Low	Low
	Market	Changing customer base	Low	Low	Low
		Increased cost of raw material	Medium	Medium	Medium
Reputation	Public perception and reputation building	Low	Low	Low	



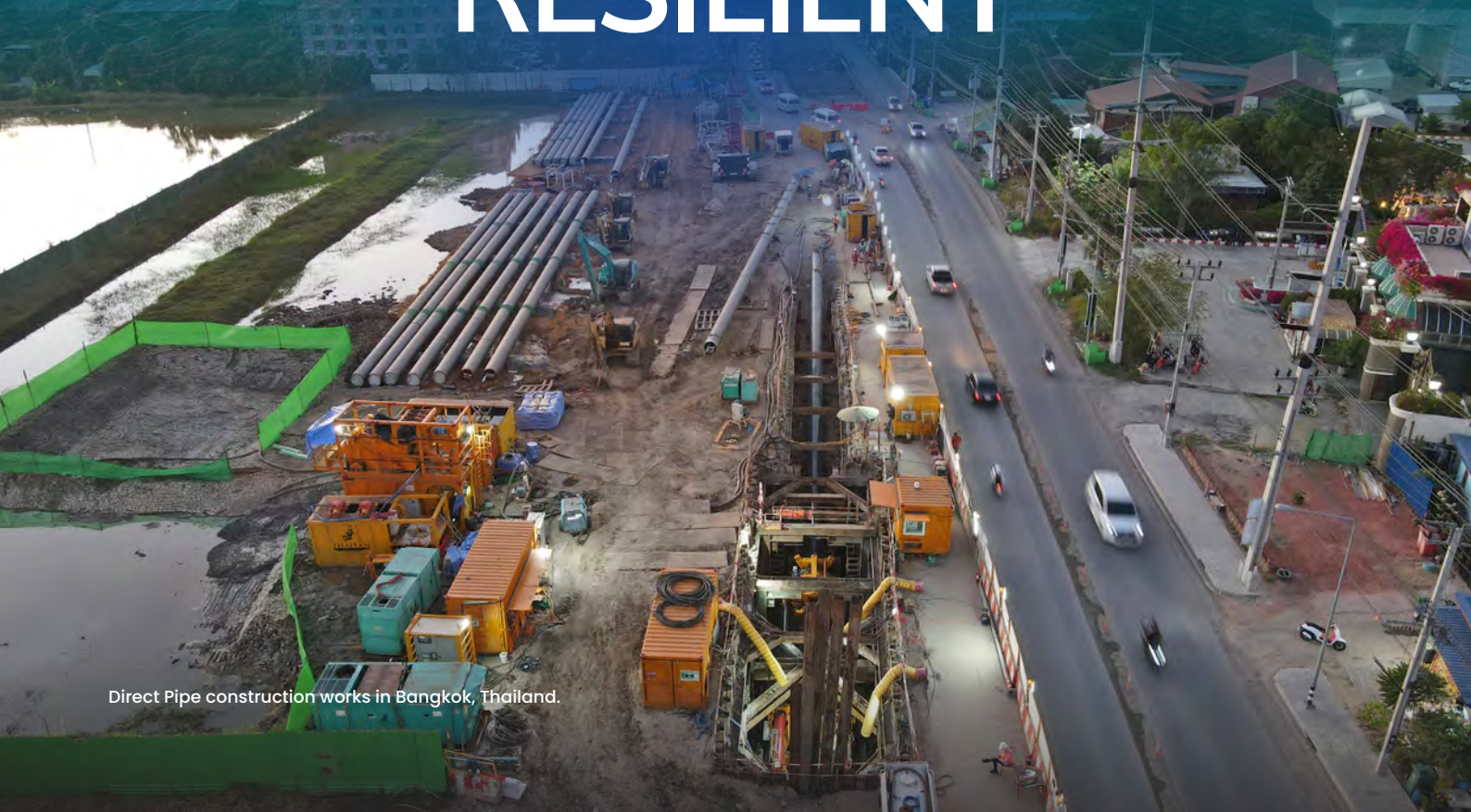
Fengmiao Offshore Wind Farm HDD works in Taiwan.

Shore approach HDD works in Taiwan.



REMAINING RESILIENT

Direct Pipe construction works in Bangkok, Thailand.





FY2025 underscored the importance of resilience and discipline in a changing world. As we strengthened our core operations and optimised our asset base, we also advanced our position in emerging areas such as submarine cables, geotechnical services, and offshore renewable energy, laying the groundwork for sustainable growth in the evolving energy landscape.

Our efforts go beyond identification and assessment; we are dedicated to implementing tailored mitigation strategies. These include transitioning to lower-emission fuels, enhancing energy efficiency, and diversifying our product offerings, aligning with both regulatory requirements and emerging market trends. We also integrate climate risks with our Enterprise Risk Management ("ERM") processes and methodology, ensuring that our approach is aligned with best practices in risk management.

Risks			Potential Impact	Mitigation measures
Physical Risks	Acute	Increased severity of extreme climate events (i.e. Floods, cyclone, earthquake)	Kim Heng's shipyard and offices at 9 Pandan Crescent and 48 Penjuru Road are located outside the projected impact zones for increased coastal and riverine flooding	Extreme weather events are covered under insurance
	Chronic	Rising mean temperature	By the end of the century, nearly every day in Singapore could be classified as a very hot day under a high-emissions scenario. This will increase heat stress for workers and reduce productivity due to mandatory rest breaks	We are in process to set up mitigation measures
Transition Risks	Policy and Legislation	Increased pricing of GHG emissions	Rising carbon tax (\$25/tCO ₂ e in 2024, up to \$80/tCO ₂ e by 2030) will increase operational costs for fuel-intensive offshore services and shipyard activities. Higher costs may also be passed through the supply chain, affecting project pricing	Kim Heng has set emission reduction target and continue to evaluate the impact of developing regulatory landscape
		Mandates on and regulation of existing products and services	Stricter regulations on emissions and energy efficiency could increase compliance costs, require technology upgrades, and impact vessel certification. Delays in adapting could lead to higher insurance premiums or restricted market access	Kim Heng maintains a proactive stance in anticipating regulatory changes pertaining to climate related regulations. i.e. reporting related, emission-limiting related and other infrastructure or asset efficiency related ones
	Technology	Transition to lower emission technology	Increased demand for low-emission solutions in the maritime sector could make older, high-emission vessels less competitive, reducing their resale value and market demand	Kim Heng has implemented a multi-pronged approach focused on operational efficiency and adherence to evolving regulations. Key initiatives include:- <ul style="list-style-type: none"> Transitioning to fuels with reduced sulphur content Optimizing machinery performance Proactively complying with International Maritime Organisation (IMO) Standards, as well as standards and guidelines established by class societies, governments, and oil companies Implementing a Planned Maintenance System (PMS)
		Accelerated EV Adoption	Electrification of marine vessels is still in early stages, but regulatory and market shifts may accelerate adoption. Delayed adaptation could impact competitiveness in the long run	EV technology for vessels is in a nascent stage and still evolving; Kim Heng is regularly monitoring these developments
	Market	Changing customer base	Transition from fossil fuel industries to renewable energy sectors could shift client demand, impacting contract availability for traditional offshore services	Kim Heng is focusing on the renewable energy business and developing capabilities for the same
		Increased cost of raw material	Stricter environmental regulations and climate-driven supply chain disruptions could increase procurement costs for steel, fuel, and other key materials, affecting project margins	We are in process to set up mitigation measures
	Reputation	Public Perception and Reputation Building	Growing scrutiny on corporate sustainability practices could impact client and investor trust, influencing contract awards and partnerships	Assessed to be low impact on the business based on discussions with senior management in a climate workshop in FY2024. We believe the impact has not changed as the operations of the Group has not changed significantly over the past year.

Table 5: Summary of Kim Heng’s climate opportunity assessment

Opportunity Category	Opportunity	Kim Heng’s Initiatives
Resource Efficiency	Use more efficient modes of transport, production, and distribution	Implementing vehicle tracking systems to improve fleet efficiency, reduce fuel consumption, and optimize logistics for offshore operations
	Recycling	Enhancing recycling initiatives for scrap metals and used batteries to reduce environmental impact and improve cost efficiency
Products and Services	Development of new products and services through innovation	Identifying opportunities to collaborate with main contractors on developing new sustainable offshore solutions, such as energy-efficient vessel modifications and carbon-reducing technologies
Markets	Access to new markets	Assessing potential financing options for sustainable projects, including offshore wind farm support and other renewable energy-related services

Kim Heng is dedicated to strengthening its sustainability efforts and resilience in the face of climate-related challenges. We will continue to refine our risk assessment and mitigation processes and remain committed to scenario analysis, which will help us identify the quantitative impact of these risks. In coming years, aligned with the timelines, we plan to quantize the results of our risk assessments through quantitative scenario analysis to further refine our understanding of climate risks.



Providing loading, scaffolding, offloading, and piping services for a jack-up rig at Penjuru Yard.

Waste Management

ESG factors:

Waste Management [GRI 3-3, GRI 306-1, GRI 306-2, GRI 306-3]

We are committed to responsible waste management and the prevention of environmental pollution across its operations. The Group adheres to the requirements of MARPOL Annex V for the prevention of pollution by garbage and has established waste management procedures and guidelines aligned with applicable local and international standards. These measures support consistent compliance and reinforce our commitment to environmental stewardship.

During the financial year, Kim Heng continued to strengthen its waste management practices through proactive initiatives. The Group promotes recycling by working closely with licensed vendors that specialise in waste segregation, ensuring that recyclable materials are appropriately separated from non-recyclable waste. These efforts contribute to reduced waste generation and support the Group's broader environmental objectives.

While total waste volumes may vary in line with operational activity levels, Kim Heng remains focused on minimising waste generation and improving waste handling efficiency. In FY2025, the Group achieved 19.8% reduction in total waste generated and a 19.0% reduction in waste intensity, aligning with our target to reduce the waste intensity by 2% annually, reflecting the effectiveness of ongoing waste management initiatives.

Table 6: Total Waste Generated

Waste Generated		FY2023	FY2024	FY2025
Vessel	Tonne	514	276	196
Shipyards	Tonne	650	756	632
Total waste generated	Tonne	1,164	1,032	828
Waste intensity (total waste generated / total revenue)	Tonne / S\$ million	11.5	8.4	6.8
Year-on-year % change of total waste generated ⁶			-11.3%	-19.8%
Year-on-year % change of waste generation Intensity ⁷			-27.0%	-19.0%

We have strengthened our waste reduction commitment by setting a long-term target to reduce overall waste generation intensity by 7% by 2030, using FY2023 as the baseline year. Additionally, we have an annual target to reduce waste intensity by 2% on annual basis.

Moving forward, Kim Heng remains committed to our sustainability objectives and will redouble our efforts to implement innovative waste management strategies, enhance operational efficiency, and minimize our environmental footprint.

⁶ Year-on-year % change of Total waste generated = $\left(\frac{\text{Total waste generated (in Year T)}}{\text{Total waste generated (in Year T-1)}} - 1\right) * 100$

⁷ Year-on-year % change of Waste Intensity = $\left(\frac{\text{Waste Intensity (in Year T)}}{\text{Waste Intensity (in Year T-1)}} - 1\right) * 100$

Energy Management

ESG factors:

Waste Management [GRI 3-3, GRI 302-1, GRI 302-3]

We recognise the importance of effective energy management in supporting sustainable operations and improving operational efficiency. In line with industry requirements, the Group complies with the International Maritime Organisation's Ship Energy Efficiency Management Plan ("**SEEMP**"), with all relevant vessels maintaining valid SEEMP Certificates of Compliance. These measures support the adoption of best practices in fleet energy efficiency.

The Group actively monitors and manages electricity and fuel consumption across its operations to optimise energy use and minimise environmental impact. Kim Heng's primary energy sources are electricity and marine gas oil, both of which are currently fossil fuel-based, underscoring the importance of efficient energy management.

In FY2025, total electricity consumption decreased by 24.3%, primarily due to reduced number of projects being serviced from shipyard and replacement of the underground cables in no. 9 shipyard, during which time fuel-based generators were used as substitute. Fuel consumption related to chartering and towage is provided and controlled by clients, which influences overall fuel consumption intensity. However, as we disposed-off few vessels this year, the total fuel consumption and intensity have reduced.

Table 7: Fuel consumption

Fuel Consumption		FY2023	FY2024	FY2025
Fuel consumption	Tonne	8,608	10,699	6,457
Fuel intensity (fuel consumption/chartering and towage revenue) ⁸	GJ/S\$'000	14.2	12.5	9.4

Table 8: Electricity Consumption

Electricity Consumption		FY2023	FY2024	FY2025
Electricity consumption	KWh	1,243,757	1,372,716	1,039,581
Electricity Intensity (electricity consumption/ remaining revenue ⁹)	KWh/S\$'000	16.5	16.0	11.3
Year-on-year % change of electricity consumption ¹⁰			10.4%	-24.3%
Year-on-year % change of electricity consumption intensity ¹¹			-3.0%	-29.4%

In FY2025, we continue to strengthen our sustainability commitment by sourcing most of our electricity from renewable sources through the redemption of Renewable Energy Certificates ("**RECs**"), achieving zero carbon emissions from electricity consumption. This milestone underscores our dedication to accelerating the transition toward cleaner energy solutions.

We established a long-term target to reduce electricity consumption intensity by 7% by 2030, using FY2023 as the baseline year. This complements our existing goal of achieving a 2% annual reduction in energy consumption intensity.

Looking ahead, we are exploring multiple initiatives to strengthen energy management across our operations, including the installation of solar panels, implementation of LED lighting solutions, and assessing the feasibility of transitioning from diesel-powered vehicles to Electric Vehicles ("**EVs**").

⁸ Assumed Energy density of MDO uses 42.7 GJ/ Tonne, Fourth IMO GHG Study 2020

⁹ Remaining Revenue = Total Revenue - Chartering and Towage Revenue

¹⁰ Year-on-year % change of Electricity Consumption = ((Electricity Consumption (in Year T) / Electricity Consumption (in Year T-1)) - 1) *100

¹¹ Year-on-year % change of Electricity Intensity = ((Electricity Intensity (in Year T) / Electricity Intensity (in Year T-1)) - 1) *100

GHG Emissions

ESG factors:

GHG Emissions [GRI 3-3, GRI 305-1, GRI 305-2, GRI 305-4]

We are committed to environmental stewardship and the effective management of air emissions across its fleet. The Group continued to strengthen emissions compliance by completing the annual Recognised Organisation ("RO") class surveys for all vessels. These surveys ensured the continued validity of the International Energy Efficiency Certificate ("IEEC") and the International Air Pollution Prevention ("IAPP") Certificate, demonstrating adherence to international emissions requirements and best practices.

In alignment with the IMO's MARPOL Convention, Kim Heng complies with the IMO 2020 regulation, which limits the sulphur content of marine fuel to a maximum of 0.50%. Fuel used across the fleet falls within an acceptable sulphur range of 0.37% to 0.50%, with sulphur content determined in accordance with ISO 14596:2007.

During FY2025, the fleet operated using fuel with sulphur content less than 0.50%, well within MARPOL limits. The Group's Anchor Handling Tug Supply ("AHTS") vessels exclusively utilise Low Sulphur Marine Gas Oil ("LSMGO") in place of Marine Fuel Oil ("MFO"), achieving sulphur levels below 0.10%. In addition, Kim Heng continues to prioritise the use of LSMGO during bunkering, with majority of suppliers now providing EUPO diesel at 0.10% sulphur content.

To further strengthen emissions management, the Group's marine department has enhanced inspections and audits related to vessel maintenance and fuel use, supporting continued compliance while improving operational efficiency. Beyond regulatory compliance, Kim Heng remains committed to transparent emissions reporting. Details of the Group's Scope 1 and Scope 2 greenhouse gas emissions over the past three years are presented in the table below (**Table 9**).

Table 9: GHG Emissions and Intensity

Emissions		FY2023	FY2024	FY2025
Scope 1 (from fuel consumption) ¹²	Tonne CO ₂ e	27,597	34,300	20,701
Scope 2 (from electricity consumption) ¹³	Tonne CO ₂ e	518	566	418
Total emissions (Scope 1 & 2)	Tonne CO ₂ e	28,115	34,866	21,119
Emission intensity (total emissions/ total revenue)	Tonne CO ₂ e/ S\$ million	277.8	284.1	174.6
Year-on-year % change of total emissions ¹⁴			24.0%	-39.4%
Year-on-year % change of emissions intensity ¹⁵			2.3%	-38.5%

In FY2025, Kim Heng recorded a 39.4% decrease in overall GHG emissions, primarily driven by lower fuel consumption resulting from reduced fleet size and operations. Correspondingly, emission intensity decreased by 38.5% compared to the previous year. Scope 1 emissions, derived from fuel combustion, remained the dominant contributor, while Scope 2 emissions, associated with purchased electricity, remained minimal.

We have established a long-term target to reduce overall GHG emission intensity by 7% by 2030, using FY2023 as the baseline. This aligns with our ambition to achieve a 2% annual reduction in emission intensity, supporting our broader climate goals.

Looking ahead, we will continue to explore low-carbon alternatives and operational efficiencies to reduce our carbon footprint, while maintaining alignment with industry best practices and national climate ambitions.

¹² Emission factor of 3.206 grams CO₂ per gram Fourth IMO GHG Study 2020

¹³ Singapore's average Grid emission factor, 0.4168 kg CO₂/kWh in 2022, 0.412 kg CO₂/kWh in 2023 and 0.402 kg CO₂/kWh in 2024

¹⁴ Year-on-year % change of Total Emissions = ((Total Emissions (in Year T) / Total Emissions (in Year T-1)) - 1) *100

¹⁵ Year-on-year % change of Emission Intensity = ((Emission Intensity (in Year T) / Emission Intensity (in Year T-1)) - 1) *100

Water Management

ESG factors:

Water Management [GRI 3-3, GRI 303-5]

We are committed to responsible water management to minimise environmental impact and support efficient operations. Compliance with applicable international maritime regulations forms a core part of the Group’s water management approach, particularly in relation to ballast water control.

All vessels operate in accordance with international ballast water management requirements and comply with either the D1 or D2 standard, as applicable. Each vessel holds a valid International Ballast Water Management Certificate, reflecting the Group’s commitment to preventing the spread of invasive aquatic species. In addition, vessels comply with MARPOL Annex I requirements and are supported by Shipboard Marine Pollution Emergency Plans (“**SMPEP**”) and International Oil Pollution Prevention (“**IOPP**”) certificates.

Beyond regulatory compliance, Kim Heng integrates water conservation practices across its office and shipyard operations. These include rainwater harvesting and reuse initiatives aimed at reducing reliance on freshwater sources. Freshwater consumption is monitored through daily and monthly audits to track usage patterns and identify opportunities for conservation and efficiency improvements.

In FY2025, total water consumption decreased due to reduced operations. Kim Heng continues to implement measures to minimise water wastage and enhance conservation, reinforcing its commitment to responsible water stewardship.

Table 10: Water Consumption

Water Consumption		FY2023	FY2024	FY2025
Water consumption	m ³	45,688	59,269	55,265
Water consumption intensity (water consumption/ total revenue)	m ³ / S\$’000	0.45	0.48	0.46
Year-on-year % change of total water consumption			29.7%	-4.2%



Fabrication and assembly of riser guard and antenna mast.

SOCIAL

Health and Safety

ESG factors:

Health and Safety [GRI 3-3, GRI 403-9, GRI 403-10]

Ensuring the safety, health, and well-being of employees and contractors remains a top priority at Kim Heng. The Group is committed to maintaining a safe and healthy working environment across its shipyards, vessels, and worksites through the proactive identification and management of operational risks.

Our approach to occupational health and safety is guided by its Health, Safety and Environment ("**HSE**") Policy, which sets out key safety requirements applicable to all employees and contractors. Implementation and compliance are overseen by designated HSE personnel, who monitor adherence to safety standards across shipyards and vessels.

As part of its continuous improvement efforts, the HSE Risk Management Team conducts regular risk assessments to identify hazards and implement appropriate mitigation measures. The team comprises senior operational and safety personnel, including the Head of Shipyard, HSE Manager, and members of the HSE Committee.

Safety governance was further strengthened through the expansion of the Risk Management Team to include representatives from all departments. This enhancement improved accountability strengthened job-specific risk ownership and enabled more effective safety reporting and follow-up.

We recognise that workplace safety is a shared responsibility. Employees and contractors are required to comply with established safety procedures and remain vigilant to potential hazards. To reinforce a strong safety culture, the Group actively encourages the reporting of Safety Observations. These observations are reviewed and, where relevant, incorporated into Standard Operating Procedures ("**SOPs**") to promote consistent safety practices across operations.

The Group maintains compliance with internationally recognised occupational health and safety standards, including ISO 45001:2018 for Occupational Health and Safety Management Systems. This certification reflects Kim Heng's commitment to hazard elimination and risk reduction.

In addition, the Group holds the following certifications to support a comprehensive approach to safety and risk management:

- BIZSAFE STAR certification, demonstrating commitment to workplace safety and risk management;
- ISO 14001:2015 for Environmental Management Systems, supporting the integration of environmental and occupational health and safety practices; and
- ISO 22000 certification for the shipyard, alongside compliance with the International Ship and Port Facility Security ("**ISPS**") Code and the International Safety Management ("**ISM**") Code, reinforcing adherence to maritime safety standards.

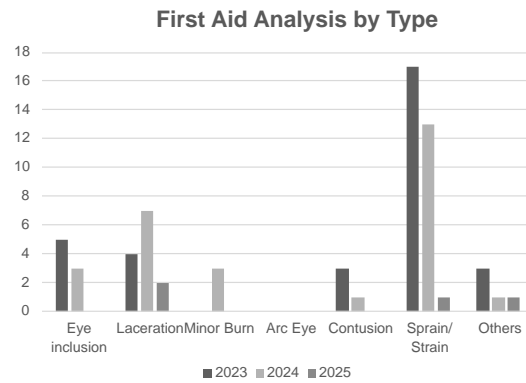
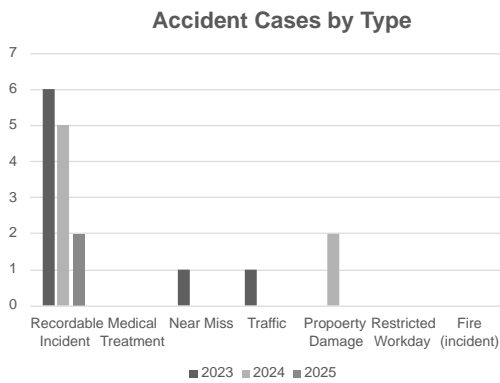
We remain focused on reducing workplace incidents, injuries, and occupational illnesses through preventive measures and continuous improvement. In FY2025, the Group maintained zero workplace fatalities. All safety targets were met during the year. two lost time incidents were recorded, less than the target of three. In addition, zero incidents involving property damage and fire explosions occurred, against a target of zero.

The table below summarises the Group’s occupational health and safety performance for FY2025.

Table II: Safety and Health Performance

Safety and Health Performance	FY2023	FY2024	FY2025
Number of fatalities as a result of work-related injury	0	0	0
Number of high-consequence work-related injuries (injury that results in a fatality from which the worker cannot recover fully to pre-injury health status within 6 months), excluding fatalities	0	0	0
Number of recordable work-related injuries	6	5	4
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	0	0	0
Number of hours worked	949,567	676,490	566,965
Rate of recordable work-related injuries ¹⁶	1.26	1.5	1.4
Lost time incidents	0	4	2

The Group has further investigated each of these incidents, as well as non-recordable incidents to gain a holistic view of the overall health and safety of our operations. The accident summary and first aid analysis below demonstrate the extent to which these injuries occurred and assist us in identifying areas of potential risk and opportunities for improvement moving forward.



Moving forward, our key health and safety targets for FY2026 would be

- Zero fatality case
- No more than 3 lost-time incidents cases every year
- Zero case of property damage & fire explosion

¹⁶ Rate of Recordable Work-Related Injury = (Number of cases x 200,000) / Number of hours worked

Human Capital

ESG factors:

Employment [GRI 2-7, GRI 401-1]

Diversity and Equal Opportunity [GRI 405-1]

Training and Education [GRI 3-3, GRI 404-1, GRI 404-2]

The Group regards our employees as the backbone of our business, success, and growth. We continue to prioritise employee development, as well as provide competitive employee benefits and ensure fair and safe working conditions to ensure staff retention and talent attraction. FY2025 saw a decrease in total employees.

Table 12: Current Employees by gender

Current Employees		FY2023	FY2024	FY2025
Permanent	Male	255	264	237
	Female	46	46	40
Temporary	Male	191	182	156
	Female	1	0	1
Total		493	492	434

Table 13: Current Employees by Age

Current Employees	FY2023	FY2024	FY2025
Age <30	73	83	55
30 < Age <50	347	345	321
Age >50	73	64	58

Training and Development

Kim Heng is committed to continuous learning and professional development to ensure its workforce is equipped with the skills and competencies required for safe and efficient operations. Training programmes are aligned with job-specific roles to provide relevant, practical, and effective learning outcomes.

In 2025, the Group maintained a strong commitment to workforce development, safety competency, and regulatory compliance through a structured training programme spanning the full calendar year. The majority of training was safety-critical and compulsory in nature, with the Advanced Workplace Safety and Health for General Trade ("**AWSHS GT**") and Shipyard Safety Instruction Course ("**SSIC**") Recertification programmes being the most widely attended, reflecting the Group's emphasis on maintaining a safe and compliant operating environment in the marine and offshore sectors. Complementing mandatory training, employees also participated in optional skills development programmes such as the Global Wind Organisation ("**GWO**") Course, OPITO-approved Banksman and Slinger training, and offshore safety induction, demonstrating the Group's support for broader competency enhancement and career development.

Table 14: Total List of Training Offered in FY2025

Course Name	Total Headcount
AWSHS GT	36
SSIC-GT Recert	14
GWO Course	14
SSIC-HT Recert	11
Banksman and Slinger Training Course (OPITO Approved)	5
Workplace Safety and Health Management in Marine Industry – SSSC	3
General HydroStatics	3
Occupational First Aid with CPR + AED (Refresher)	3
Low Levy Course	3
DPA Course	2
Building a Sustainable Workforce	2
AWSHS GT (Bengali)	2
BOSIET	1
Workshop to Enhance Safety of Crane Operation	1
Southeast Asia Labour Law and Practices	1
SSIC-HT Recert (Tamil)	1
Perform Rigger and Signalman Tasks	1
Crawler Crane Operation (Theory)	1
Crawler Crane Operation (Practical)	1
CSOC	1
Enhanced Experiential Learning Stations Training for Safety Professionals	1
Managing Human Factors (Ergonomics) in the Workplace for Safety Professionals	1
AWSHS GT (Oral Assessment)	1

We remain committed to adhering to local regulations on mandatory training and have streamlined access to policies, procedures, and training materials to enhance learning effectiveness. Our focus on skill development supports both employee growth and the long-term success of our operations.

In FY2025, Kim Heng allocated a total of S\$155,000 towards training and development initiatives increased from \$32,000 in FY2024, reflecting our investment in the growth and development of our workforce. Our average training hours per employee increased from 12.0 hours in FY2024 to 12.89 hours in FY2025, surpassing the target of 11 hours set for the year. We remain committed to empowering our employees with the skills and knowledge necessary to thrive in a dynamic and evolving industry. The following table provides a comprehensive summary of training provided over the years.

Table 15: Training hours

Training and Development ¹⁷	2024	2025
Average training hours (compulsory) training	8.26	7.05
Average training hours (optional) training	13.49	26.94
Total average training hours	12.01	12.89

Employee Benefits

We are committed to fostering a supportive and inclusive work environment where employees feel valued and respected. We comply with all mandatory employee benefit requirements set by MOM while continuously enhancing our employee welfare programs.

To promote well-being, we maintain open communication channels that enable employees to engage directly with supervisors, management, or the HR department. Feedback is carefully reviewed, and appropriate actions are taken to address concerns. Additionally, we ensure that management communicates responses back to employees, reinforcing a culture of collaboration and continuous improvement.

Employee development remains a key priority. We conduct annual performance appraisals to provide constructive feedback, helping employees identify growth opportunities and reach their full potential. As part of our retention strategy, we conduct exit interviews to understand reasons for employee departures and refine our talent management approach.

Table 16: New Hires by Gender

New Employees Hires	FY2023	FY2024	FY2025
Male	332	201	394
Female	27	15	4
Total	359	216	398

Table 17: New Hires by Age

New Employees Hires	FY2023	FY2024	FY2025
Age <30	78	37	70
30 < Age <50	253	168	296
Age >50	28	11	32
Total	359	216	398

¹⁷ Average Training Hours = Total Training Hours / Sum of number of attendees of the training

Table 18: Employee Turnover by Gender

Employee Turnover	FY2023	FY2024	FY2025
Male	272	291	348
Female	14	12	10
Total	286	303	358

Table 19: Employee Turnover by Age

Employee Turnover	FY2023	FY2024	FY2025
Age <30	39	36	64
30 < Age <50	227	226	260
Age >50	20	41	34
Total	286	303	358



Bridgewater 132 towing a jack-up rig in Malaysia.

GOVERNANCE

ESG factors:

Socioeconomic Compliance [GRI 3-3, GRI 2-27]

Anti-corruption [GRI 3-3, GRI 205-2, GRI 205-3]

Corporate governance forms the cornerstone of Kim Heng's operational framework, encompassing principles of transparency, accountability, and ethical conduct. Through transparent governance practices and diverse leadership, we strive to enhance shareholder value, mitigate risk, and uphold the trust and confidence of all stakeholders. However, the Board currently does not have any women representation. Key aspects of board and management composition are as follows:

Table 20: Board Composition

Board Composition	FY2023	FY2024	FY2025
Total Directors	4	4	5
Independent Directors	2	2	3
% Independent Directors	50%	50%	60%
Women Directors	0	0	0

Table 21: Management Composition

Management Composition	FY2023	FY2024	FY2025
Women in Senior Management	1	1	0
Total Senior Management	5	5	5
% of women in Senior Management	20%	20%	0%

Regulatory Compliance

Operating in the offshore and marine industry requires strict compliance with environmental, social, and economic regulations to ensure sustainable and responsible operations. Failure to comply may result in legal penalties and reputational risks, underscoring the importance of a robust compliance framework.

A comprehensive management policy is in place to ensure adherence to applicable social, environmental, and governance regulations. This policy is regularly communicated across the organisation to promote awareness, accountability, and ethical conduct. The Group upholds high standards of integrity and complies with all relevant legal requirements, including those relating to securities, contracts, and other obligations outlined in its Code of Ethics. Continuous monitoring supports compliance with both domestic and international regulatory requirements.

In FY2025, Kim Heng recorded no monetary fines, non-monetary sanctions, or pending cases relating to non-compliance with social and economic regulations. The Group remains committed to maintaining zero instances of non-compliance through ongoing oversight and continuous improvement of its compliance practices.

Kim Heng's commitment to environmental compliance remains steadfast. In FY2025, the Group reported zero incidents of environmental non-compliance. All vessels continued to operate in compliance with MARPOL requirements, including MARPOL Annex V on waste management. Looking ahead to FY2026, Kim Heng aims to maintain this strong compliance record and achieve zero reported incidents of environmental non-compliance, reinforcing its commitment to sustainability and responsible business conduct.

Table 22: Cases of Significant Fines or Non-monetary Sanctions for Non-compliance with Relevant Laws and Regulations

	FY2023	FY2024	FY2025
Cases of significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations	0	0	0

Ethics and Anti-Corruption

We uphold the highest ethical standards and maintain a zero-tolerance approach to bribery and corruption. Ethical breaches not only pose legal and financial risks but also erode stakeholder trust and corporate credibility. To safeguard against unethical conduct, we have established robust internal controls and transparent corporate governance practices.

Our Anti-Bribery and Corruption ("**ABC**") policy provides clear guidelines for management and employees, ensuring compliance with regulatory requirements and industry best practices. Additionally, our whistle-blowing policy enables employees to report suspicious activities confidentially and without fear of retaliation, reinforcing our culture of accountability and transparency.

To promote compliance and awareness, all employees undergo comprehensive ABC and whistle-blowing policy training during onboarding and through annual refresher sessions. These policies are readily accessible through shared platforms, and their effectiveness is regularly reviewed by the Audit and Risk Committee.

In FY2025, we reported no incidents of corruption, reflecting our strong commitment to ethical business conduct. We continuously reinforce our integrity framework by enhancing internal controls and refining risk management strategies to prevent potential ethical violations.

Table 23: Corruption Incidents

Anti-Corruption	FY2023	FY2024	FY2025
Cases of anti-bribery and corruption incidents or whistle-blowing reports	1	0	0

Looking ahead, we will further strengthen our anti-corruption measures through regular employee training, strict policy enforcement, and a proactive approach to compliance. Our objective remains to sustain a corruption-free environment and uphold the highest ethical standards in FY2026 and beyond.

Table 24: Anti-Corruption Policies and Procedures

Anti-Corruption	FY2023	FY2024	FY2025
Percentage of employees who have been communicated anti-corruption policies and procedures	100%	100%	100%
Percentage of employees who attended anti-corruption training	100%	100%	100%

Cybersecurity

In an era marked by the proliferation of cyber threats globally, the importance of robust cybersecurity measures cannot be overstated. At Kim Heng, we recognize the evolving landscape of cyberattacks and remain vigilant in our efforts to safeguard our digital infrastructure.

Our dedicated IT department has formulated comprehensive cybersecurity guidelines for the Group, outlining protocols and best practices to mitigate potential risks. In the event of a significant cybersecurity incident, we are committed to prompt action, mobilizing emergency and crisis teams to address the situation effectively. Our priority is to ensure swift resolution and minimize any adverse impacts on our IT environment.

To further enhance the resilience of our cybersecurity measures, we are considering aligning with international standards such as ISO/IEC 27001 for information security and ISO/IEC 27032 for cybersecurity. These standards provide a best-practice framework for managing information security and protecting sensitive data from cyber threats. By adhering to these standards, we aim to adopt a proactive approach to cybersecurity, addressing the intricate interplay of people, processes, and technology to fortify our defences against cyber threats.

As cyber threats continue to evolve, we remain committed to staying ahead of the curve by continually reassessing and strengthening our cybersecurity posture. Through ongoing vigilance, strategic investments, and alignment with international standards, we endeavour to uphold the highest standards of cybersecurity resilience and protect the integrity of our digital assets.



Bridgewater 61 towing a 330 ft barge in Malaysian waters.

MEMBERSHIPS / EXTERNAL CHARTERS

CONVENTIONS / REGULATIONS

- STCW Convention
- IMO Convention
- SOLAS
- MARPOL
- MLC

CERTIFICATIONS

- BizSAFE level 3
- ISO 22:000
- ISO 9:001
- ISO 14:001
- OHSAS 18:001
- TRACE ANTI BRIBERY
- BIZSAFE STAR
- ISPS AND ISM certified shipyard – International Ship and Port Security AND International ship management safety code
- Oil Spill IMO Level 3
- International Maritime Organisation Convention
- World Health Organisation Convention
- Eco-Office Certification

MEMBERSHIPS

- Singapore Shipping Association
- ASMI – Association of Singapore Marine Industries
- ANSI National Accreditation Board
- Singapore Chinese Chamber
- Singapore Business Federation
- IADC – International Association of Drilling Contractors
- Asia Wind Energy Association
- Singapore Logistics Association

TCFD SUMMARY

Section	Recommendation	Page Reference / comments
Governance	a. Describe board's oversight of climate-related risks and opportunities	6
	b. Describe management's role in assessing and managing climate-related risks and opportunities	6
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	11-13
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	11-13
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	11-13
Risk management	a. Describe the organization's processes for identifying and assessing climate-related risks	6, 11-13
	b. Describe the organization's processes for managing climate-related risks	6, 11-13
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	6, 11-13
Metrics and targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	20
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 (GHG) emissions, and the related risks	20
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	20

PERFORMANCE DATA TABLE

SGX Core Metrics

	Quantitative metrics	2023	2024	2025
GHG Emissions	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2 (Tonnes CO ₂ e)	Scope 1 27,597 Scope 2 518 Total 28,115	Scope 1 34,300 Scope 2 566 Total 34,866	Scope 1 20,701 Scope 2 418 Total 21,119
	Emission intensities by: (a) Total; (b) Scope 1, Scope 2; (Tonnes CO ₂ e/ S\$ million)	Scope 1 272.7 Scope 2 5.1 Total 277.8	Scope 1 279.5 Scope 2 4.6 Total 284.1	Scope 1 171.1 Scope 2 3.5 Total 174.6
Energy Consumption	Total electricity consumption (KWh)	1,243,757	1,372,716	1,039,581
	Electricity intensity (KWh/ S\$'000)	16.5	16.0	11.3
Water Consumption	Total water consumption (m ³)	45,688	59,269	55,265
	Water consumption intensity (m ³ / SGD \$'000)	0.45	0.48	0.46
Waste Management	Total waste generated (Tonne)	1164	1032	828
Gender Diversity	Current employees by gender	Male - 446 Female - 47	Male - 446 Female - 46	Male - 393 Female - 41
	New hires and turnover by gender	New hires Male - 332 Female - 27 Turnover Male - 272 Female - 14	New hires Male - 201 Female - 15 Turnover Male - 291 Female - 12	New hires Male - 394 Female - 4 Turnover Male - 348 Female - 10
Age-Based Diversity	Current employees by age	Age <=30 - 74 30 < Age 50 - 348 Age >=50 - 74	Age <=30 - 83 30 < Age 50 - 345 Age >=50 - 64	Age <=30 - 55 30 < Age 50 - 321 Age >=50 - 58
	New hires and turnover by age	New hires Age <=30 - 78 30 < Age 50 - 253 Age >=50 - 28 Turnover Age <=30 - 39 30 < Age 50 - 227 Age >=50 - 20	New hires Age <=30 - 37 30 < Age 50 - 168 Age >=50 - 11 Turnover Age <=30 - 36 30 < Age 50 - 226 Age >=50 - 41	New hires Age <=30 - 70 30 < Age 50 - 296 Age >=50 - 32 Turnover Age <=30 - 64 30 < Age 50 - 260 Age >=50 - 34
Employment	Total turnover	286	303	358
	Total number of employees	493	492	434
Development & Training	Average training hours per employee	11.1	12.0	12.9
	Average training hours per employee by gender	NA	NA	NA
Occupational Health and Safety	Fatalities	0	0	0
	High-consequence injuries	0	0	0
	Recordable injuries	6	5	4
	Recordable work-related ill health cases	0	0	0
Board Composition	Board independence	50%	50%	50%
	Women on the board	0%	0%	0%
Management Diversity	Women in the management team	20% (1)	20% (1)	0% (0)
Ethics and Anti-Corruption	Anti-corruption disclosures	refer to "ETHICS AND ANTI-CORRUPTION" section		
	Anti-corruption training for employees	refer to "ETHICS AND ANTI-CORRUPTION" section		
Certifications	List of relevant certifications	Refer to "MEMBERSHIPS / EXTERNAL CHARTERS" section		

GRI CONTENT INDEX

Statement of use	Kim Heng has reported the information cited in this GRI content index for the period from 1 January 2025 to 31 December 2025 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards(s)	Not applicable

GRI Standard/ Other Source	Disclosure	Information/ Location
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	<ul style="list-style-type: none"> • Annual Report, Page 22 – Corporate Structure • Sustainability Report, Page 3 – About this Report
	2-2 Entities included in the organization’s sustainability reporting	<ul style="list-style-type: none"> • Sustainability Report, Page 3 – About this Report
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> • Sustainability Report, Page 3 – About this Report
	2-5 External assurance	<ul style="list-style-type: none"> • Kim Heng has not sought external assurance on this report
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> • Annual Report, Page 2 – Company Overview
		<ul style="list-style-type: none"> • Annual Report, Page 4 – Company Milestones
	2-7 Employees	<ul style="list-style-type: none"> • Sustainability Report, Page 24 – Human Capital
	2-8 Workers who are not employees	<ul style="list-style-type: none"> • Sustainability Report, Page 24 – Human Capital
	2-9 Governance structure and composition	<ul style="list-style-type: none"> • Annual Report, Page 14 – Board of Directors
		<ul style="list-style-type: none"> • Annual Report, Page 19 – Management Team
		<ul style="list-style-type: none"> • Sustainability Report, Page 6 – Sustainability Governance
	2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> • Annual Report, Page 34 – Corporate Governance: Selection, appointment and re-appointment of Directors (Provision 4.3)
	2-11 Chair of the highest governance body	<ul style="list-style-type: none"> • Annual Report, Page 14 – Board of Directors
	2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> • Sustainability Report, Page 6 – Sustainability Governance
	2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> • Sustainability Report, Page 6 – Sustainability Governance
	2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> • Sustainability Report, Page 6 – Sustainability Governance
	2-15 Conflicts of interest	<ul style="list-style-type: none"> • Annual Report, Page 26 – Corporate Governance: Directors’ fiduciary duties and conflict of interest (Provision 1.1)
<ul style="list-style-type: none"> • Annual Report, Page 35 – Corporate Governance: Directors’ other directorships and principal commitments (Provision 4.5) 		
12-16 Communication of critical concerns	<ul style="list-style-type: none"> • Sustainability Report, Page 6 – Sustainability Governance 	
2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> • Sustainability Report, Page 6 – Sustainability Governance 	
	<ul style="list-style-type: none"> • Annual Report, Page 27 – Corporate Governance: Directors’ Orientation, Induction, Training and Development (Provision 1.2) 	

GRI Standard/ Other Source	Disclosure	Information/ Location
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	• Annual Report, Page 36 – Corporate Governance: Assessing the effectiveness of the Board, Board Committees and Individual Directors (Provisions 5.1 and 5.2)
	2-19 Remuneration policies	• Annual Report, Page 37 – Corporate Governance: Remuneration Matters
	2-20 Process to determine remuneration	• Annual Report, Page 37 – Corporate Governance: Remuneration Matters
	2-22 Statement on sustainable development strategy	• Sustainability Report, Page 1 - Board Statement
	2-23 Policy commitments	• Sustainability Report, Page 29 – Ethics and Anti-Corruption
		• Sustainability Report, Page 24 – Human Capital
	2-24 Embedding policy commitments	• Sustainability Report, Page 29 – Ethics and Anti-Corruption
	2-25 Processes to remediate negative impacts	• Sustainability Report, Page 29 – Ethics and Anti-Corruption
	2-26 Mechanisms for seeking advice and raising concerns	• Sustainability Report, Page 29 – Ethics and Anti-Corruption
	2-27 Compliance with laws and regulations	• Sustainability Report, Page 28 – Regulatory Compliance
	2-28 Membership associations	• Sustainability Report, Page 7 – Stakeholder Engagement
	2-29 Approach to stakeholder engagement	• Sustainability Report, Page 7 – Stakeholder Engagement
2-30 Collective bargaining agreements	• Not applicable, no collective bargaining agreements are in place.	
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	• Sustainability Report, Page 8 – Materiality Assessment
	3-2 List of material topics	• Sustainability Report, Page 8 – Materiality Assessment
Financial Stability		
GRI 3: Material Topics 2021	3-3 Management of material topics	• Annual Report, Page 20 – Operations and Financial Review
		• Annual Report, Page 68 – Statements of Financial Position
		• Sustainability Report, Page 10 – Financial Stability
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	• Sustainability Report, Page 10 – Financial Stability
Ethics and Anti-Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	• Sustainability Report, Page 29 – Ethics and Anti-Corruption
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	• Sustainability Report, Page 29 – Ethics and Anti-Corruption
	205-3 Confirmed incidents of corruption and actions taken	• Sustainability Report, Page 29 – Ethics and Anti-Corruption

GRI Standard/ Other Source	Disclosure	Information/ Location
Energy Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	• Sustainability Report, Page 19 – Energy Management
GRI 302: Energy 2016	302-1 Energy consumption within the organization	• Sustainability Report, Page 19 – Energy Management
	302-3 Energy intensity	• Sustainability Report, Page 19 – Energy Management
Water Management (Non-Material Topic)		
GRI 303: Water and Effluents 2018	303-5 Water consumption	• Sustainability Report, Page 21 – Water Management
GHG Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	• Sustainability Report, Page 20 – GHG Emissions
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	• Sustainability Report, Page 20 – GHG Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	• Sustainability Report, Page 20 – GHG Emissions
	305-4 GHG emissions intensity	• Sustainability Report, Page 20 – GHG Emissions
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	• Sustainability Report, Page 18 – Waste Management
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	• Sustainability Report, Page 18 – Waste Management
	306-2 Management of significant waste-related impacts	• Sustainability Report, Page 18 – Waste Management
	306-3 Waste generated	• Sustainability Report, Page 18 – Waste Management
Human Capital		
GRI 3: Material Topics 2021	3-3 Management of material topics	• Sustainability Report, Page 24 – Human Capital
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	• Sustainability Report, Page 24 – Human Capital
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Sustainability Report, Page 24 – Human Capital
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	• Sustainability Report, Page 24 – Human Capital
	404-2 Programs for upgrading employee skills and transition assistance programs	• Sustainability Report, Page 24 – Human Capital
405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	• Sustainability Report, Page 24 – Human Capital
Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	• Sustainability Report, Page 22 – Health and Safety
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	• Sustainability Report, Page 22 – Health and Safety
	403-10 Work-related ill health	• Sustainability Report, Page 22 – Health and Safety



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