

SUSTAINABILITY REPORT



KS ENERGY LIMITED
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Published on 22 May 2020

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INTRODUCTION

Introduction from the Executive Chairman and CEO

GRI 102-14

The KS Energy Sustainability Report 2019 is the third sustainability report for KS Energy. It covers our environmental, social and governance (“ESG”) performance in 2019. Our aim has been to prepare a full and balanced report on the most material topics of interest to our customers, partners and investors.

KS Energy Limited (the “Company” and together with its subsidiaries and associated companies, the “Group”) is an integrated services provider to the global oil and gas industry. Headquartered in Singapore, the shares of the Company are traded on the Main Board of SGX-ST, part of the Singapore Exchange. The core activities of the Group are capital equipment charter, the provision of drilling and rig management services; and specialised engineering and fabrication. The Group’s principal operating segment is held under its 80.09% owned subsidiary, KS Drilling Pte Ltd (“KS Drilling”).

KS Drilling is an internationally accredited drilling and drilling rig management company, providing capital equipment, rig management and drilling services directly to major oil companies for their onshore and offshore production needs.

The Group’s other operating segment is held under the wholly owned subsidiary, KS Energy Engineering Services Pte Ltd(formally known as KS Fabrication and Engineering Pte Ltd), which provides customised engineering and fabrication services to a wide range of companies in the oil and gas industry with customers spanning from the Americas to Asia through its subsidiary Globaltech Systems Engineering Pte Ltd (“Globaltech”).

At KS Energy, we believe in development which benefits communities and operations that respect people and their safety, whilst having consideration for the environment. The world demands more energy but lower greenhouse gas emissions. This can only be achieved by investing in renewable energy sources while improving the efficiency of existing non-renewable energy infrastructure.

The U.S. Energy Information Administration ranked Indonesia the world's third largest geothermal electricity producer and capacity holder in 2014 after the United States and the Philippines, in an article published on 19 October 2015. Indonesia's Ministry of Energy and Mineral Resources estimates that the country holds a potential 29 gigawatts (GW) of geothermal capacity reserves, only 5% of which is currently being used. Indonesia's current geothermal capacity of 1.3 GW consists of plants clustered around Java, Bali, North Sumatra, and North Sulawesi. KS Energy is very proud to have completed drilling operations for geothermal projects in North Sumatra.

The financial year that ended 31 December 2019 was a challenging year for the oil and gas industry and for companies like ours which provide services to the upstream sector. While some geopolitical fears have diminished, such as those related to the US-China phase 1 trade deal and a no-deal Brexit, new concerns for the immediate future have emerged, particularly the COVID-19 virus. The overall activity level for our fleet of on-shore and off-shore drilling rigs owned and operated by our Drilling business was significantly lower than in recent years. The net loss attributable to shareholders of the Company was \$81.2 million for the year, almost double the previous year, mainly due to non-recurring impairments or similar charges this year. The lower overall activity level for our fleet naturally led to a lower total number of manhours worked while our total recordable incident rate remained at zero for a second year based on a combined 2.9 million manhours worked which is very impressive and well below the industry average.

Kris Wiluan

Chairman and Chief Executive Officer

About this report

The KS Energy Sustainability Report 2019, for the financial year ended 31 December 2019, was published in May 2020. This report is our third sustainability report and focuses on the most critical environmental, social and governance topics that affects our performance and prospects. Further information on corporate governance can be found in the Corporate Governance Statement on pages 21 to 49 of our Annual Report 2019 published on 15 April 2020. The date of the most recent previous sustainability report was 31 May 2019.

The main steps involved in selecting the most critical topics are:

1. Identify and understand topics that are important to our stakeholders;
2. Identify topics that are important to our business;
3. Collate the topics identified as of highest importance or materiality;
4. Inform the Board of Directors of the chosen topics, for their endorsement

Stakeholder Engagement

To identify and understand topics that are important to our stakeholders we conducted meetings and surveys with various working groups consisting of representatives from operations departments, management staff and independent directors. We discussed environmental, social and governance topics to gather opinions from each individual and feedback they may have received from external stakeholders such as customers, suppliers, bankers and investors through their informal discussions. The process was run by our senior executives who attended workshops on the sustainability reporting process. An independent consultant was not engaged due to cost constraints. Employee, senior management and director stakeholder engagements were undertaken specifically as part of the report preparation process.

Key Stakeholder Groups

<u>Stakeholder</u>	<u>How we engage</u>	<u>Key topics and concerns raised</u>
Investors	Shareholder Meetings	Financial & operational performance
Employees	Regular Meetings	Financial performance; health & safety; diversity
Suppliers	Supplier assessments	Financial & operational performance
Customers	Daily during operations	Operational performance; health & safety
Bankers	Regular Meetings	Financial performance; Compliance



Material Sustainability Matters

Following the engagement sessions, we were able to reconfirm our key stakeholders, regenerate a list of potential environmental, social and governance matters relevant to our company and identify the key topics important to both internal and external stakeholders. Key stakeholders are those we expect to be either significantly affected by our activities or who affect our ability to achieve our desired outcomes.

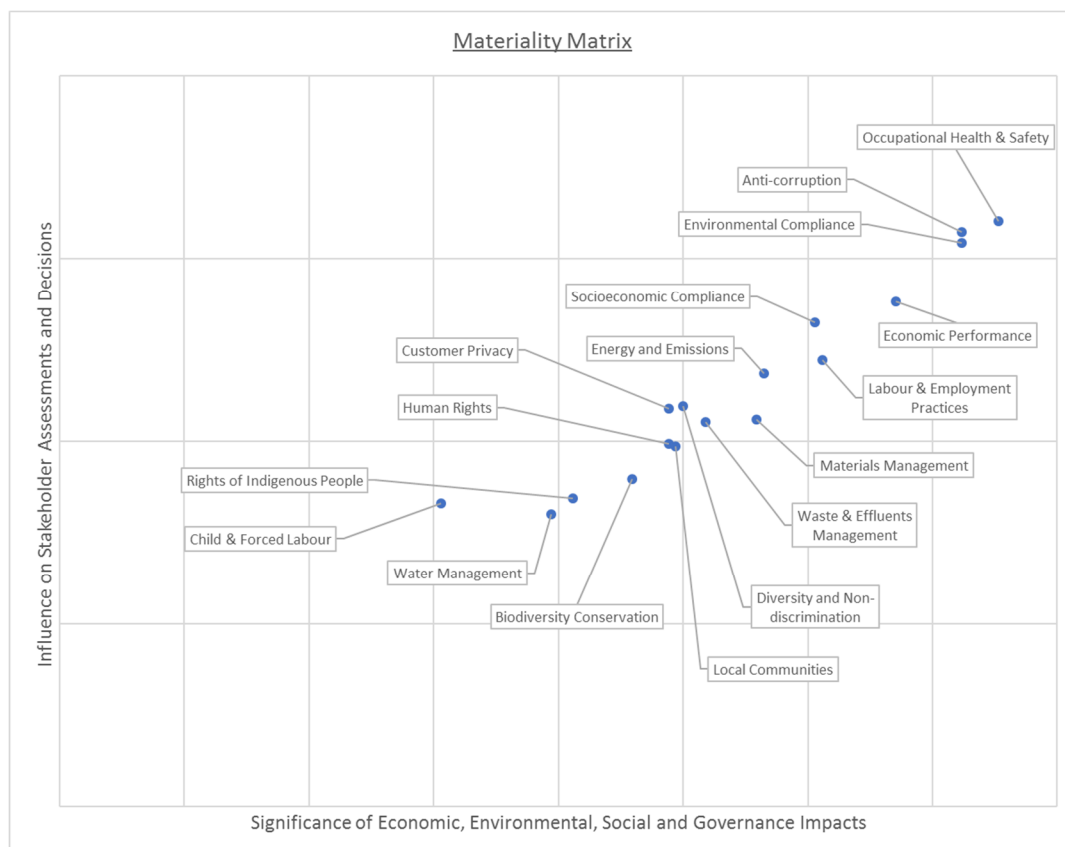
This report will focus on the key sustainability topics identified by this process and are our most material environmental, social and governance topics for our internal and external stakeholders. Material topics may be identified either due to the environmental, social or governance impacts caused by our activities or those that substantively influence the assessments and decisions of stakeholders.

The material environmental, social and governance (“ESG”) topics identified were:

1. Occupational Health & Safety
2. Anti-corruption
3. Environmental Compliance
4. Economic Performance and Sustainability

The material topics selected will undergo review in subsequent reports to ensure their continued relevance and importance. The material topics have been prioritised for inclusion in this report. There has been no restatement of information given in the previous reports and no significant change from the previous reporting period in the list of material topics and topic boundaries, except for the inclusion of additional topics.

The chart below shows our application of the materiality principle as the matrix prioritises topics based on the significance of impact (highest on the right-hand side) and their influence on stakeholder assessments and decisions (highest at the top).



Reporting Principles

The Reporting Principles for defining report content have helped decide which content to include in the report. The Reporting Principles are divided into two groups: principles for defining report content and principles for defining report quality.

Reporting Principles for defining report content

- Stakeholder Inclusiveness
- Sustainability Context
- Materiality
- Completeness

Reporting Principles for defining report quality

- Accuracy
- Balance
- Clarity
- Comparability
- Reliability
- Timeliness

We used the Reporting Principles for defining the report content for our material ESG topics which were selected following a prioritization exercise using the principles of Stakeholder Inclusiveness and Materiality.

Compliance with Singapore Exchange (SGX) Rules

This report is in accordance with Listing Rule 711A, which states that a sustainability report must be issued no later than 5 months after the end of the financial year. This report describes our sustainability practices with reference to the primary components set out in Listing Rule 711B on a 'comply or explain' basis which are:

- a) material environmental, social and governance topics;
- b) policies, practices and performance;
- c) targets;
- d) sustainability reporting framework; and
- e) Board statement.

As this is our third year of annual sustainability reporting, we have developed the report with guidance from the phased approach in line with the SGX Sustainability Reporting Guide. This year we have expanded the number of most critical factors addressed and included qualitative and quantitative targets, where applicable. We plan to continue to develop our sustainability reporting over the next year to include additional topics, more performance measures and comparisons against disclosed targets and commitments with explanation of overachievement and shortfall targets for our material topics.



Reporting Framework

We have chosen the Global Reporting Initiative ("GRI") Sustainability Reporting Standards ("GRI Standards") framework as the most widely adopted global standards for sustainability reporting. This report has been prepared in accordance with GRI Standards: Core Option.

This report covers global operations and all subsidiaries for which the Group has management control, unless otherwise indicated. The reporting boundary for financial data and anti-corruption is consistent with the consolidated financial data in our Annual Report 2019. The reporting boundaries for Occupational Health & Safety and Environmental Compliance relate to the activities of KS Drilling to reflect materiality and where the impacts occur most for the topic. A list of all entities included in the consolidated financial statements is shown in our Annual Report 2019 on pages 111-114.

For reference to the GRI Content Index, please refer to Page 23.

Board Statement

The Board considers financial topics and non-financial topics, such as environmental, social and governance ("ESG") topics, as part of the wider strategic planning process. Through the production of this report, the Board has worked directly with senior management to determine the material ESG topics. The management and monitoring of the material ESG topics is part of the full Board's responsibility, rather than a Board Sustainability Committee, in order to secure input from all Board members as we develop our sustainability reporting.

This report has not been audited by external auditors nor do we intend to seek external assurance for the report in the following year. An electronic version of this report and our annual reports are available at www.ksenergy.com.sg

We welcome feedback from all stakeholders. Please send all feedback via email to mail@ksenergy.com.sg

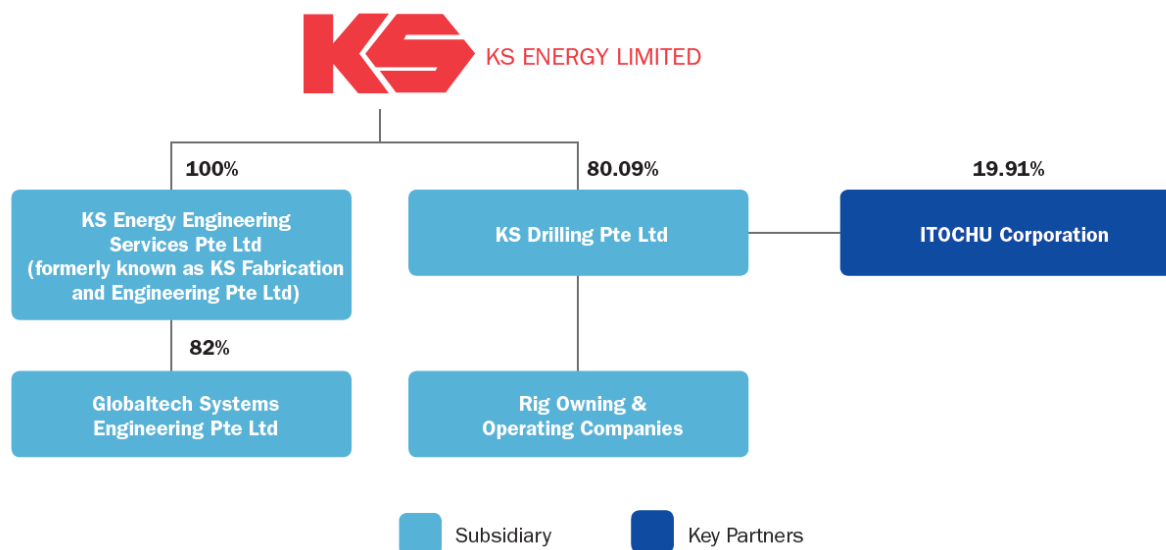


About KS Energy – Organizational Profile

GRI 102-1 to 13

KS Energy is headquartered in Singapore and its shares are traded on the Main Board of SGX-ST, part of the Singapore Exchange. During the year ended 31 December 2019, it operated through two business units, namely KS Drilling Pte Ltd and KS Energy Engineering Services Pte Ltd (formerly known as KS Fabrication and Engineering Pte Ltd).

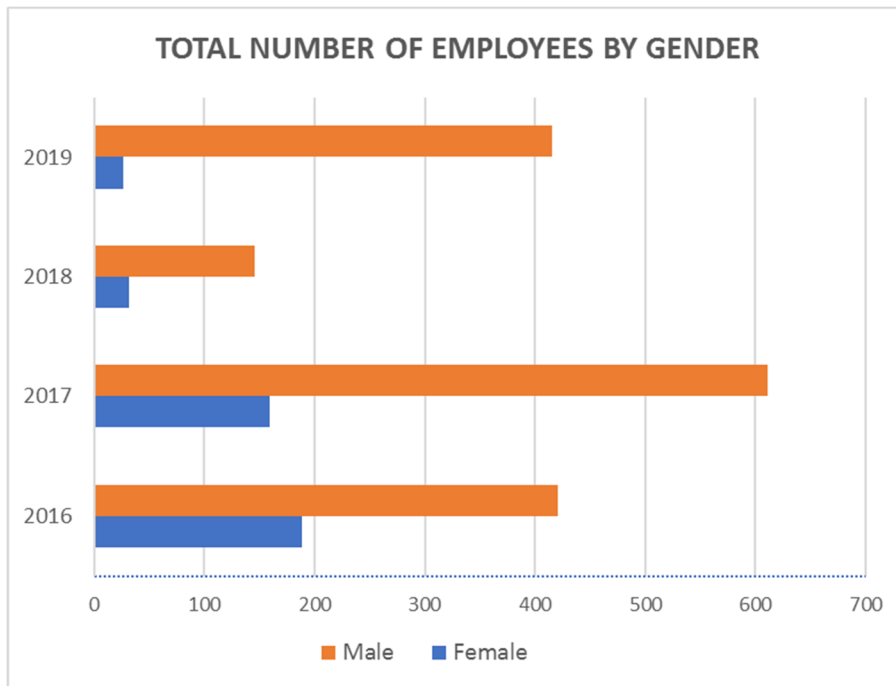
For details on our ownership and legal form please see details in our Annual Report 2019 on pages 109, 111-114 and 156-157.



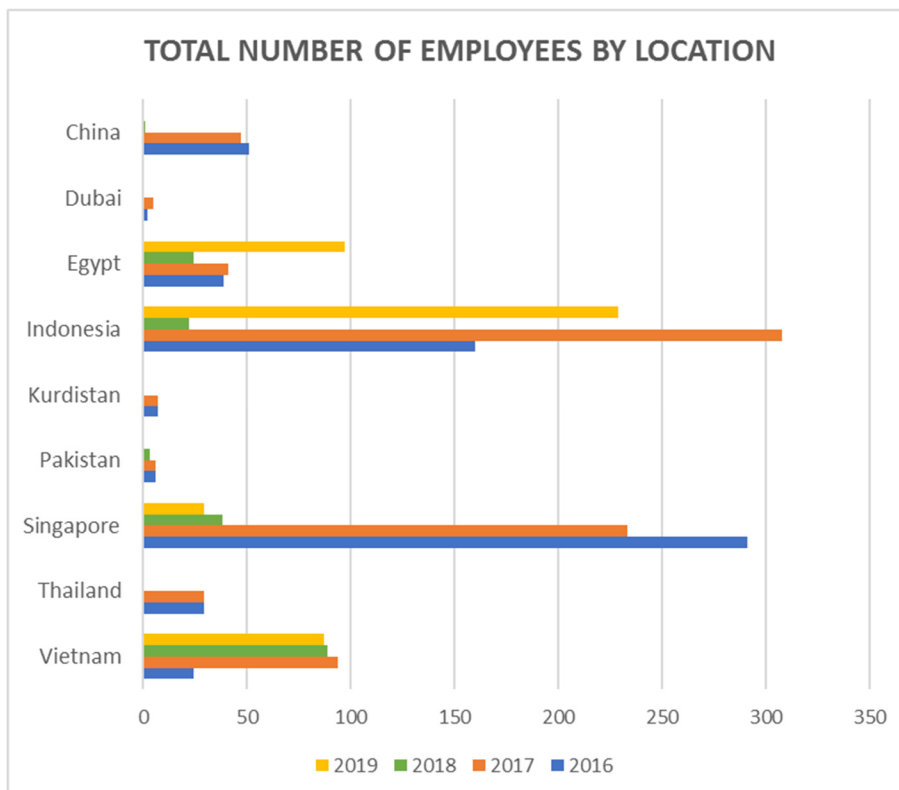
The Group had a total of 442 employees as at 31 December 2019 across all the business units. In the graphs below, we show the total number of employees by gender and location. We encourage remuneration based on merit and experience without gender discrimination. KS Energy has committed to adopt the principles of fair employment under the Tripartite Alliance for Fair Employment Practises since 2011. The 5 principles of Fair Employment Practices are:

- Recruit and select on the basis of merit (such as skills, experience or ability to perform the job) regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- Treat employees fairly and with respect and put in place progressive human resource management systems.
- Provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them achieve their full potential.
- Reward employees fairly based on their ability, performance, contribution and experience.
- Comply with the labour laws and abide by the Tripartite Guidelines on Fair Employment Practices.

Graph showing the total number of employees by gender as at each 31 December:



Graph showing the total number of employees by country as at each 31 December:



During the year ended 31 December 2019 we had significant operations in Indonesia, Vietnam, Egypt and Singapore. Our operations in Indonesia related to both onshore and offshore drilling activities while our operations in both Vietnam and Egypt related to offshore drilling activities. Singapore is the location of the headquarters and administrative centre.

We consider gender diversity and inclusion to be key issues for all companies and we seek to encourage the advancement of diversity and inclusion at KS Energy. We provide equal opportunity in recruitment, career development, promotion, training and reward for all employees, regardless of gender, ethnicity, sexual orientation or physical ability. Although only 18% of our full-time employees were female as at 31 December 2019, we ensure we provide enough opportunities and encouragement for women to join our organisation.

The total number of employees in each location significantly varies based on the number of rigs in operation in each location. Headcount data is compiled and maintained by our Human Resources department.

KS Energy recorded consolidated revenue of S\$32.3 million for the year ended 31 December 2019 (“FY2019”). Total assets, total debt and total equity as at 31 December 2018 were S\$309.6 million, S\$338.2 million and S\$(71.6) million, respectively.

S\$'M	FY2019	FY2018	FY2017	FY2016
FOR THE YEAR				
Revenue	32.3	51.4	47.1	35.1
AT YEAR END				
Total Assets	309.6	413.6	496.4	566.1
Total Debt	338.2	380.3	408.1	428.7
Total Equity	(71.6)	1.2	52.3	87.0

Governance Structure

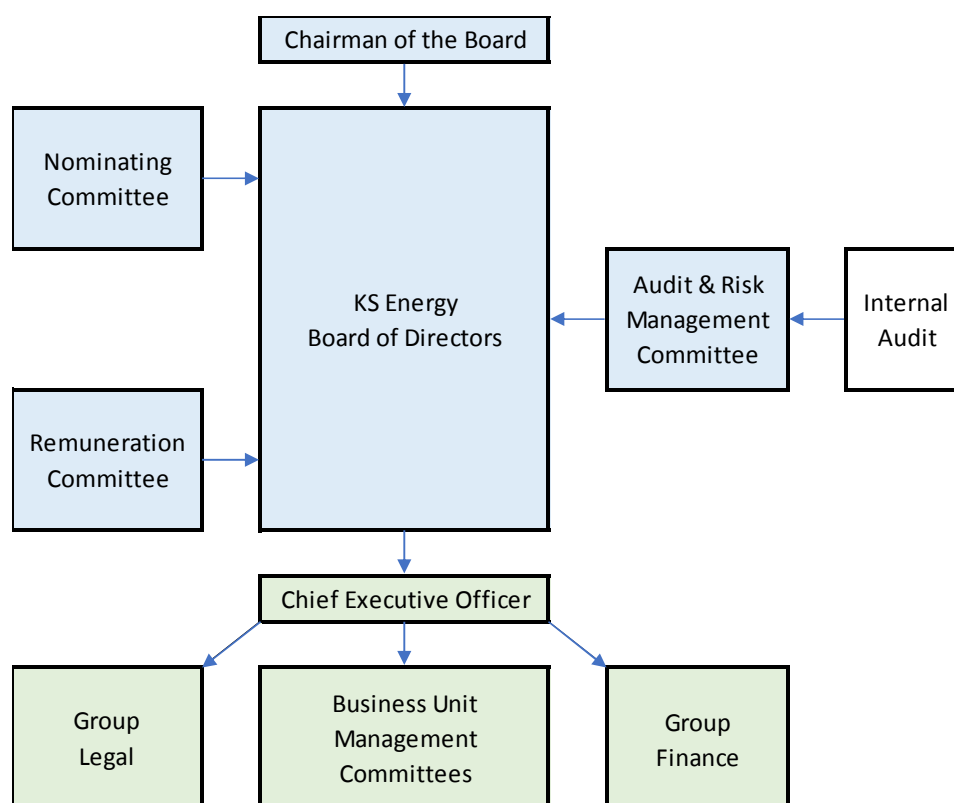
GRI 102-18

KS Energy is committed to setting and maintaining high standards of corporate governance in conducting the Group’s business and believes that strong corporate transparency, together with sound corporate policies, business practices and internal controls enables the Company to safeguard its assets and interests while strives to achieve its objectives and attain sustainable growth and value for shareholders. Corporate governance practices are in line with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018 (the “Code”) where applicable during FY2019.

In addition to the Code, the Company has also adopted the Board Code of Conduct and Ethics, Terms of Reference of Board of Directors and Board Diversity Policy as the Board is also committed to achieve high level of professionalism, integrity, fairness, effective communications on its role, standards of conduct in the discharge of their office. The Board of Directors (the “Board”) recognises that a diverse Board is an essential element in supporting the attainment of its strategic objectives and its sustainable development by enhancing the decision-making process and quality of its performance through their perspectives derived from various aspects such as skills, knowledge and experience.

Mr Kris Wiluan is the Executive Chairman and Chief Executive Officer of the Group and was appointed to the Board in May 2006. Given there is a strong independent element on the Board that enables the exercise of independent and objective judgment on the corporate affairs of the Group, the Board is of the view that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is based on collective decisions of the Directors without any excessive or unrestricted concentration of power or influence residing in any individual. Furthermore, half of the Board consists of Independent Directors (including a Lead Independent) and all the Board Committees are chaired by Independent Directors.

Group-level Governance Structure:



More information can be found in the Corporate Governance Statement of our Annual Report 2019 from page 21.

Singapore And International Efforts

As an organisation, we aim to be efficient users of energy and water across our business units and at our corporate headquarters in Singapore. In 2017, Singapore reaffirmed its commitment to the December 2015 COP 21 Paris Agreement and its pledge to reduce emissions intensity and stabilise emissions. Singapore is a small low-lying city-state with an open economy and significant coastal infrastructure so is particularly vulnerable to the consequence of climate change. In line with the Paris Agreement, Singapore has committed to reduce its emissions intensity by 36 per cent from 2005 levels by 2030, and to stabilise its emissions with the aim of peaking around 2030.

Performance Data - Environment (Singapore Operations)

	2016	2017	2018	2019
Direct Energy (kwh)	183,747	162,887	142,740	131,142
Potable Water Used (CuM)	358	185	125	70

The above data shows the annual amount of electricity and water used by the KS Energy and KS Drilling offices in Singapore. We encourage staff to recycle using specially labelled bins located within our Singapore offices.

About KS Drilling Pte Ltd (“KS Drilling”)

KS Drilling is an internationally accredited drilling and drilling rig management company providing capital equipment, rig management and drilling services directly to oil and gas companies. As of 31 December 2019, KS Drilling owned, or had partial ownership interests in, and operated three (3) jack-up offshore drilling units and six (6) onshore drilling units.

KS Drilling is headquartered in Singapore and operations are focused around the rig locations.

NAME OF RIG	TYPE OF RIG	LOCATION
KS Java Star	Jack-Up Rig	Indonesia
KS Java Star 2	Jack-Up Rig	Vietnam
KS Medstar 1	Jack-Up Rig	Egypt
KS Discoverer 1	Land Rig	Indonesia
KS Discoverer 3	Land Rig	Indonesia
KS Discoverer 4	Land Rig	Indonesia
KS Discoverer 6	Land Rig	Indonesia
KS Discoverer 7	Land Rig	Indonesia
KS Discoverer 8	Land Rig	Indonesia

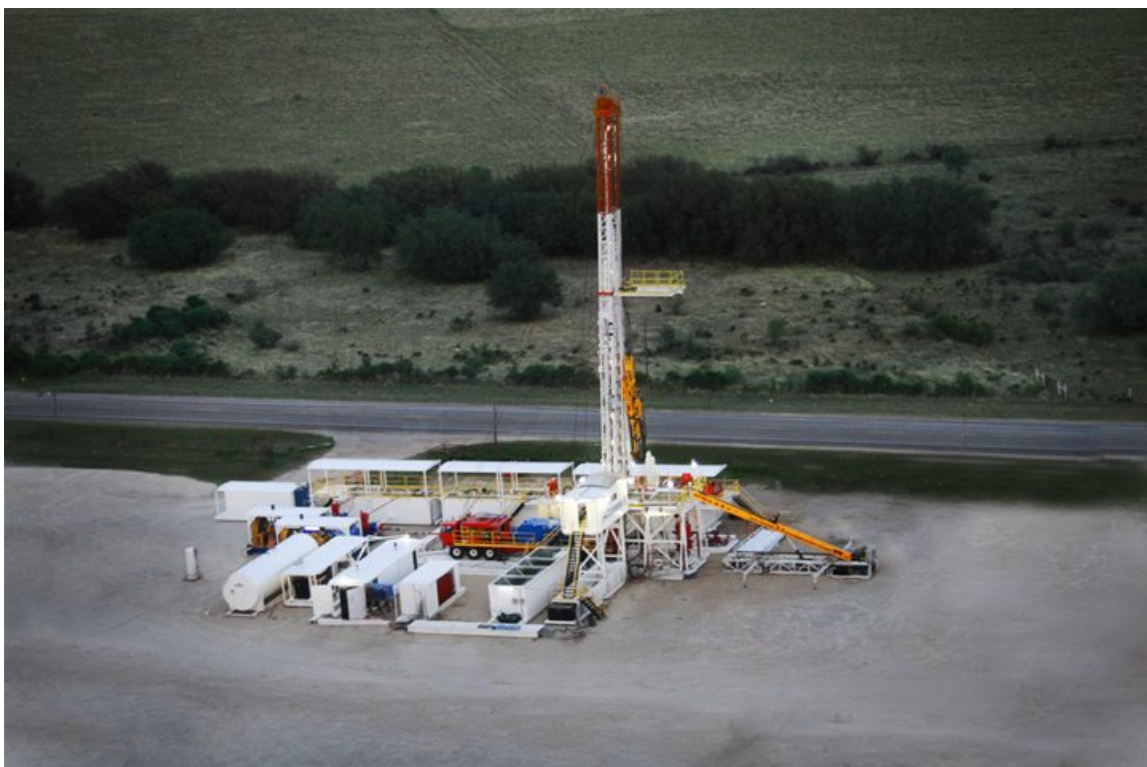


KS Drilling’s total revenue by geography for the year ended 31 December 2019 was:

Country	S\$’M
Indonesia	7.5
Vietnam	22.2
Egypt	1.5
Total	31.2

KS Drilling employed a total of 442 people as at 31 December 2019 of which 126 were full-time permanent employees and the remainder were full-time contracted third-party personnel who represent most workers at rig operational sites. KS Drilling is dependent on highly skilled industry focused professionals. Employee welfare is extremely important, so we can attract and retain the necessary calibre of employees. Employee welfare includes the business and operational environment employees must operate in and the health and safety track record. Employees are based in the following countries.

Country	31-Dec-19
Indonesia	229
Vietnam	87
Egypt	97
Singapore	29
Total	442



About KS Energy Engineering Services Pte Ltd

KS Energy Engineering Services Pte Ltd (formally known as KS Fabrication and Engineering Pte Ltd) provides customised engineering and fabrication services to a wide range of companies in the oil and gas industry with customers spanning from the Americas to Asia through its subsidiary Globaltech Systems Engineering Pte Ltd (“Globaltech”). Globaltech operations are based in Singapore and total revenue for the year ended 31 December 2019 was S\$1.1 million. Globaltech did not have any employees as at 31 December 2019.

Supply Chain

GRI 102-9

Our procurement supply chain mainly comprised of the suppliers for materials and consumable items required by our jack-up drilling rigs and onshore drilling rigs. KS Drilling's supply chain mission statement is: "Our aim is to provide optimum support to operations in delivering essential materials and services in a manner which is of superior quality and lower cost of ownership. This will be done on time, every time." KS Drilling has a robust supply chain policy which is part of the company management system. Policies and procedures have been developed for each stage from source to settle, in line with the best industry practices.

Our supply chain policies encompass a range of activities including warehouse management, procurement, contracts, logistics and compliance. We maintain a detailed approved vendor list which consists of reputable, ethical, and high performing vendors that meet our needs and provide the best value in terms of cost, quality and delivery. Where practical, KS Drilling encourages local sourcing to help develop local businesses in the countries it operates. At present, data on the geographic location of suppliers is not maintained.

Periodic vendor performance audits are conducted based on spend volume, criticality and service rankings. Vendor audits include visits to their facilities by Management to determine performance and improvement opportunities are recommended. As an ISO certified company, we also audit some of our approved vendors on environmental aspects in compliance with industry standards.

KS Drilling participates in worldwide IADC supply chain initiatives and shares in lateral learning in the drilling sector of the industry through forum discussions.

Significant changes to the organization and its supply chain

GRI 102-10

There has been no significant change to the size, structure, ownership, or supply chain during the reporting period. The KS Discoverer 3 land rig was relocated from Pakistan to Indonesia during 2019.

Precautionary Principal

GRI 102-11

The precautionary approach was introduced by the United Nations in Principle 15 of 'The Rio Declaration on Environment and Development'. It states: 'In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.'

For details on our risk management please see details in the Corporate Governance section of the Annual Report 2019 on pages 40-41.

External initiatives

GRI 102-12

KS Energy has committed to adopt the principles of fair employment under the Tripartite Alliance for Fair Employment Practices since 2011.

Membership of associations

GRI 102-13

Mr Soh Gim Teik, our lead independent director is a member of the Governing Council of the Singapore Institute of Directors and Deputy Chairman of the Singapore Science Centre.

Values, principles, standards, and norms of behaviour

GRI 102-16

The KS Energy employee handbook provides a guide for the expected standards of employee's professional conduct. The Group's values and principles are summarised in the following core aspects.

Performance:

We strive for a performance driven culture in which our people are empowered and motivated to perform to the best of their abilities. We set "improvement of customer satisfaction" as the underlying objective to all our activities, and judge all internally proposed policies and plans by its level of contribution to this effort.

Professional development:

We constantly upgrade our people's abilities and technical skills to cater to the changing needs of the industries. We continuously develop our human resources, encourage employees to exercise their full potential and create relationships where both the corporation and individual can grow together.

Teamwork and work ethics:

We are committed to a culture of teamwork and professionalism that fosters synergies within the group. Every action we take reflects the highest ethical standards. We interact with our customers, our employees and our shareholders with honesty and integrity.

Employee welfare:

We endeavour to create an invigorating environment that encourages our people to maintain a healthy equilibrium between their professional work and personal life responsibilities. We regard our employees as our most important resource and strive to fully appreciate each person's individual value.

Health and Safety:

Health and Safety is ensured primarily through understanding and complying with rules and regulations, a strict execution of everyone's duty, and improvements in technology and expertise, built up through ceaseless efforts. We demand strict adherence to practices that relate to the health and safety of our people.

Collective bargaining agreements

GRI 102-41

Our employees are not covered by collective bargaining agreements but are given the right to exercise freedom of association.

Economic Sustainability

Economic Performance 2016

GRI 201

Management Approach 2016

GRI 103-1, 103-2 and 103-3

Economic sustainability is a key concern for our stakeholders. Our independent auditors have flagged conditions which indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern in each audit report from FY2015 to FY2017. In FY2018 and again in FY2019, our independent auditors issued a disclaimer of opinion as they had not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. The matters, relating to going concern, are described in the independent audit report within our Annual Report 2019 on pages 57 to 59.

Details in relation to the management approach and its components are shown in the notes to the financial statements under note 2.1 "going concern basis of accounting" on pages 68 and 69 of our Annual Report 2019.

The Company has been on the minimum trading price ("**MTP**") entry criterion watch-list under Rule 1311(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual since June 2017 and the financial entry criteria watch-list under Rule 1311(1) since June 2018. Pursuant to Rule 1314, the Company may be removed from the watch-list if it satisfies the following requirements, where applicable. Financial exit criteria: The company records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months. MTP exit criteria: The company records a volume-weighted average price of at least S\$0.20 and an average daily market capitalisation of S\$40 million or more over the last 6 months. In addition, Rule 1315 states the company must take active steps to meet the requirements of Rule 1314. If the issuer fails to comply with Rule 1314 within 36 months of the date on which it was placed on the watch-list, the Exchange may either remove the issuer from the Official List, or suspend trading of the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the Official List.

The Company's goal is to exit the SGX-ST watch-lists within the required timeframe by enhancing the average daily market capitalisation to S\$40 million or more over the required 6 months, and by meeting the other exit criteria.

On 11 May 2020, the Singapore Exchange Regulation announced that it is removing the MTP rule for Mainboard issuers with effect from 1 June 2020. The MTP watch-list will cease to exist on 1 June 2020 and Mainboard companies on the list will no longer need to satisfy the exit criteria and apply for removal from the MTP watch-list. Accordingly, the Company will no longer need to satisfy the exit criteria for removal from the MTP watch-list.

The financial performance of the Group is formally reviewed by the Audit & Risk Management Committee and the Board on a quarterly basis. The financial information within these disclosures are sourced from our audited financial statements which are prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International).

Direct economic value generated and distributed

GRI 201-1

For the year ended 31 December 2019, the direct economic value generated by the Group was:

- \$32.3 million from revenues – net sales plus revenue from sales of assets

For the year ended 31 December 2019, the economic value distributed by the Group was:

- \$16.5 million for operating costs – this includes purchases from suppliers and other operating expenses
- \$18.2 million for employee wages and benefits – this includes salaries and benefits
- \$1.9 million for payments to providers of capital – this includes interest paid to banks
- \$0.2 million for payments to governments – this includes corporate incomes taxes paid net of refunds

For the year ended 31 December 2019, the economic value retained by the Group was therefore minus \$4.5 million (direct economic value generated less economic value distributed). The target for the Group is to retain a positive economic value, on average, over the economic cycle, to support new investments.

Financial implications and other risks and opportunities due to climate change

GRI 201-2

KS Energy does not have a system in place to calculate the financial implications or costs, or to make revenue projections. It does not currently have plans to develop the necessary systems but will review this requirement on an annual basis.

Defined benefit plan obligations and other retirement plans

GRI 201-3

KS Energy does not provide a retirement plan for its employees. In Singapore, the Central Provident Fund (CPF) is a comprehensive social security savings plan that enables Singapore citizens and permanent residents to set aside funds for retirement. Under the CPF scheme, both KS Energy and its employees make monthly contributions in accordance with the prevailing regulations.

Financial assistance received from government

GRI 201-4

In 2019, the Group received a total of almost \$4,900 in financial assistance from governments. Here, the Group refers to Singapore subsidiaries and therefore relates to the activities of KS Energy, KS Drilling and Globaltech. All financial assistance received was from the Singapore government's employment credit schemes as well as cash grants under its leave incentives for childcare schemes.

Anti-Corruption

Anti-Corruption 2016

GRI 205

Management Approach 2016

GRI 103-1, 103-2 and 103-3

Anti-corruption is a key concern for our stakeholders. Our financiers and other stakeholders expect the Group to adhere to integrity, governance and responsible business practises. The Group is committed to setting and maintaining high standards of corporate governance in conducting the Group's business and believes that strong corporate transparency, together with sound corporate policies, business practices and internal controls enables it to safeguard its assets and interests while it strives to achieve its objectives and attain sustainable growth and value for shareholders. Corporate governance practices are in line with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018 (the "Code") and where there are variations to the Code, explanations are provided in the Annual Report 2019 on pages 21 to 49.

In addition to the Code, the Company has also adopted the Board Code of Conduct and Ethics, Terms of Reference of Board of Directors and Board Diversity Policy as the Board is also committed to achieve high level of professionalism, integrity, fairness, effective communications on its role, standards of conduct in the discharge of their office.

The Company has in place a Whistle-blowing Policy to provide an accessible channel through which employees and any other persons of the Group may report and raise in good faith and in confidence, any concerns about possible improprieties, fraudulent activities, or malpractices within the Group in a responsible and effective manner. The objective of the Whistle-blowing Policy is to facilitate independent investigation of such matters and for appropriate follow-up action. This policy was updated in FY2017. Reports can be made verbally or in writing to any member of the Audit and Risk Management Committee ("ARMC") whose contact numbers and email addresses are stated in the said policy. External parties may access the Whistle-blowing Policy which is available on the corporate website. An independent investigation of the matters raised would be conducted and appropriate follow-up action would be undertaken. There were no whistle-blowing reports received in FY2019.

Risk assessments for prospective contracts are performed by senior management and include an assessment for the location of operations which considers a variety of location specific issues including anti-corruption. When challenging management's proposals or decisions constructively, the Independent Directors bring independent and objective judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The duties and obligations of the Directors, including their responsibilities as fiduciaries and how to deal with conflicts of interest that may arise are clearly set out in their respective letter of appointment issued to them upon appointment.

In recent years, the Group has focused on employee volunteerism to support projects in society rather than by giving charitable donations. Our employee volunteerism programme with TOUCH Centre for Independent Living (TCIL), a special needs service group of TOUCH Community Services, started in 2015. We collaborated in card-making sessions as well as a bowling tournament, which inspired greater mutual understanding and fostered new friendships. Such activities not only provide all participants with much enjoyment, they also put the handmade craft into practical use. The birthday cards made are given to all employees on their birthdays. Over the span of many years, we have made more than 900 cards. In addition, employees have over several years participated in the Race Against Cancer, an event organized by the Singapore Cancer Society, and which aims to create awareness and raise funds for those battling the disease.

Operations assessed for risks related to corruption

GRI 205-1

Anti-corruption is part of the Group's culture, both as part of our practice of good corporate governance and because we understand the grave consequence on the Group's reputation and business operations of legal breaches. Senior management highlight, when necessary, work ethics to employees when dealing with matters that may give rise to conflicts of interest.

The Group has an Enterprise Risk Management ("**ERM**") Framework (the "**ERM Framework**"), which governs the risk management process of the Group. Through this ERM Framework, risk capabilities and competencies are continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks and associated key controls to the Group's business. The ownership of these risks lie with the respective business operations and corporate executive heads with stewardship residing with the Board. The key risks of the Group are deliberated by Management and reported to the ARMC on a quarterly basis. The ARMC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis the external and internal environment in which the Group operates.

Communication and training about anti-corruption policies and procedures

GRI 205-2

The Board Code of Conduct and Ethics has been communicated to all Board members of the Company. A policy for business conduct and ethical practices forms part of the KS Drilling company management system and states that all employees are required to strictly comply with relevant Foreign Corrupt Practices Acts or equivalent law. The policy is provided to all new employees who receive an induction on the company management system. The management approach and disclosures for this material topic therefore relate to the KS Drilling business unit.

Confirmed incidents of corruption and actions taken

GRI 205-3

There were no incidents of breaches of anti-corruption laws over the 12 months of this reporting period. We target zero breaches in the coming period.

Environmental Compliance

Environmental Compliance 2016

GRI 307

Management Approach 2016

GRI 103-1, 103-2 and 103-3

Environmental compliance is a key concern for our stakeholders. Our financiers, customers and other stakeholders expect the Group to comply with environmental laws and regulations, including international declarations, conventions and treaties, as well as national, sub-national, regional and local regulations. The Group is committed to operating efficiently while supporting environmental protection.

Environmental compliance is most significant for our drilling rig operations within the KS Drilling business unit. The management approach and disclosures for this material topic therefore relate to the KS Drilling business unit. As at 31 December 2019, KS Drilling had a fleet of six onshore drilling rigs, all located in Indonesia, and three offshore drilling rigs, located in Egypt, Vietnam and Indonesia.

KS Drilling is committed to continually improve the quality of our services while protecting people and environment. Our focus will be placed on quality development, human health, operational safety, environmental protection (“QHSE”). This commitment is in the best interests of our employees, customers, contractors, shareholders and local communities where we work and operate through the implementation of the KS Drilling company management system and strive to provide drilling solutions to the energy sector.

- Committed to meet customer specific requirements and satisfaction through implementation of the KS Drilling company management system and set quality strategic objectives for continuous improvement
- Committed to prevent work related accidents and ill health at all locations realizing that its personnel form its strongest asset
- Committed to apply the safety policies & procedures throughout and empower all employees to stand by the KS Drilling safety policies and procedures to prevent accidents
- Committed to protect the environmental impact and prevent environmental pollution throughout its operations and mitigate all major risks to minimize our environmental impact

KS Drilling systems have been developed and will be implemented in accordance with ISO and OHSAS standards and comply with all applicable legislation.

Non-compliance with environmental laws and regulations

GRI 307-1

There were no significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations during the reporting period. We target zero such non-compliance in the coming period.

Health and Safety

Occupational Health and Safety 2016

GRI 403

Management Approach 2016

GRI 103-1, 103-2 and 103-3

Both employee welfare and health & safety are core aspects of the Group's values and principles. Our people are our greatest asset and their actions and achievements contribute to the overall success of the Group.

Occupational Health & Safety risk is most significant for our people working on our drilling rigs within the KS Drilling business unit. The management approach and disclosures for this material topic therefore relate to the KS Drilling business unit. As at 31 December 2019, just over 80% of KS Drilling employees worked on our drilling rigs and the balance worked in corporate roles. All employees who work on the drilling rigs undergo annual medicals.

- KS Drilling has a fully developed and continuously enhanced system and process to support quality, health, safety and environmental ("QHSE") objectives across the business; and
- KS Drilling provides employees the necessary training and coaching needed to meet the required standards and to follow the processes, including weekly site safety meetings

Health & safety information is gathered by the most senior employee at rig locations. It is discussed and reviewed by Management, who approve any recommendations, and shared over the intranet. The information is gathered for our employees (permanent and contract staff) and third-party employees who are also on-site.

QHSE performance is reported to the board of both KS Drilling and KS Energy on a quarterly basis. The QHSE performance includes lost time incidents rate ("LTIR") and total recordable incidents rate ("TRIR") plus their appropriate frequency rate. An LTI is a work-related incident (injury or illness) to an employee in which a physician or licensed health care professional recommends days away from work due to the incident, excluding the day of the incident. The incident rates are calculated per 200,000 manhours worked and the frequency rates are calculated per 1,000,000 manhours worked. All work-related recordable injury or illness cases that occur to employees (those assigned to rigs as well as shore based administrative and support personnel) are reported and investigated for remedial actions and lessons learnt sharing.

The QHSE performance is compared against data from the International Association of Drilling Contractors (the "IADC") which has tracked safety and accident information for the drilling industry since 1962 in their Incident Statistics Program ("ISP"). First Aid cases are not considered to be recordable and are not included in the QHSE data for IADC ISP. First aid cases include any treatment of minor scratches, cuts, burns, splinters and so forth, and any follow-up visit for the purpose of observation. KS Drilling submits its QHSE performance to IADC.

In addition to the recordable incidents, KS Drilling also records a description of all first-aid cases, near-misses, equipment loss or damage, environmental and other similar cases, together with actions or measures taken to prevent similar future cases occurring. QHSE performance and incident reports are regularly reviewed by senior management.

All our operations have a qualified medic on-site with medicines plus a safety coordinator. Weekly safety meetings are held together with safety briefings at shift changes and at the beginning of tasks. Personal safety equipment is provided by the company for all employees.

Workers representation in formal joint management–worker health and safety committees
GRI 403-1

Regular formal joint management-worker health & safety committee meetings are held which bring together senior management, senior employees at rig locations and worker representatives from rig locations.

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

GRI 403-2

The below QHSE performance data excludes minor (first-aid) injuries, in line with industry standards. The injury rate is expressed as the total recordable incident rate is calculated per 200,000 manhours worked, also in line with industry standards. There were no work-related fatalities included within the QHSE performance data. Absentee rates are not recorded as workers are generally paid by a day-rate or by an hourly rate, so absenteeism is not an issue.

Recordable Incident Rate	2013	2014	2015	2016	2017	2018	2019
KS Drilling	0.52	0.16	0.13	0.23	0.26	0.00	0.00
Industry Average	0.81	0.75	0.60	0.46	0.54	0.68	0.63

Health and Safety Highlights

- Zero Fatalities in 2019
- Zero Lost-Time Incidents in 2019

We target to maintain zero fatalities and a lower than industry average recordable incident rate in the coming period.

Workers with high incidence or high risk of diseases related to their occupation

GRI 403-3

Workers in our industry may suffer hearing loss from working in a noisy environment and back injuries from manual lifting. We therefore take particular care to ensure all employees wear ear protectors when necessary and we provide training in lifting technique and injury prevention.



Global Reporting Initiative (GRI) Content Index

GRI 102-55

Page number references showing “AR” refer to our Annual Report 2019.

GRI Standards - Content Index			
GRI Standard	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	Page Number
GRI 101: Foundation 2016			
GRI 102:			
ORGANISATIONAL PROFILE			
General	102-1	Name of the organization	p. 1
Disclosures	102-2	Activities, brands, products, and services	p. 8-13
2016	102-3	Location of headquarters	p. 8-13
	102-4	Location of operations	p. 8-13
	102-5	Ownership and legal form	p. 8
	102-6	Markets served	AR p. 18
	102-7	Scale of the organization	AR p. 4-14 and 60-155
	102-8	Information on employees and other workers	p. 8-13
	102-9	Supply chain	p. 14
	102-10	Significant changes to the organization and its supply chain	p. 14
	102-11	Precautionary Principle or approach	p. 14
	102-12	External initiatives	p. 14
	102-13	Membership of associations	p. 15
STRATEGY			
	102-14	Statement from senior decision-maker	p. 3
ETHICS AND INTEGRITY			
	102-16	Values, principles, standards, and norms of behaviour	p. 8, 10 and 15
GOVERNANCE			
	102-18	Governance structure	p. 10-11
STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups	p. 4
	102-41	Collective bargaining agreements	p. 15
	102-42	Identifying and selecting stakeholders	p. 4
	102-43	Approach to stakeholder engagement	p. 4
	102-44	Key topics and concerns raised	p. 4
REPORTING PRACTICE			
	102-45	Entities included in the consolidated financial statements	p. 7
	102-46	Defining report content and topic boundaries	p. 6 and 7
	102-47	List of material topics	p. 5
	102-48	Restatements of information	p. 5
	102-49	Changes in reporting	p. 5
	102-50	Reporting period	p. 4
	102-51	Date of most recent previous report	p. 4

102-52	Reporting cycle	p. 6
102-53	Contact point for questions regarding the report	p. 7
102-54	Claims of reporting in accordance with the GRI Standards	p. 7
102-55	GRI content index	p. 23-25
102-56	External assurance	p. 7

GRI Standards - Content Index			
GRI Standard	Disclosure Number	Disclosure Title	Page Number
GRI 201		ECONOMIC SUSTAINABILITY	
Economic	201-1	Direct economic value generated and distributed	p. 17
Performance	201-2	Financial implications and other risks and opportunities due to climate change	p. 17
2016	201-3	Defined benefit plan obligations and other retirement plans	p. 17
	201-4	Financial assistance received from government	p. 17

GRI Standards - Content Index			
GRI Standard	Disclosure Number	Disclosure Title	Page Number
GRI 403		OCCUPATIONAL HEALTH AND SAFETY	
Occupational Health and Safety	403-1	Workers representation in formal joint management– worker health and safety committees	p. 22
2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 22
	403-3	Workers with high incidence or high risk of diseases related to their occupation	p. 22
	403-4	Health and safety topics covered in formal agreements with trade unions	n/a

GRI Standards - Content Index			
GRI Standard	Disclosure Number	Disclosure Title	Page Number
GRI 205		ANTI-CORRUPTION	
Anti-Corruption	205-1	Operations assessed for risks related to corruption	p. 19
2016	205-2	Communication and training about anti-corruption policies and procedures	p. 19
	205-3	Confirmed incidents of corruption and actions taken	p. 19

GRI Standards - Content Index

GRI Standard	Disclosure Number	Disclosure Title	Page Number
GRI 307 Environmental Compliance 2016	307-1	ANTI-CORRUPTION Non-compliance with environmental laws and regulations	p. 20

