



SUSTAINABILITY REPORT 2018

CORPORATE PROFILE

Viking Offshore and Marine Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and based in Singapore with a presence in the Asian region and customers all over the world. The principal activities of the Group are that of providing (i) integrated services to the offshore and marine industries and (ii) asset chartering services globally. Further complementing our regional presence, we have a network of service agents worldwide. Through our wholly owned subsidiaries, Viking provides offshore and marine system solutions to yards, vessels owners and oil majors around the world and provide asset management services.

ABOUT THIS REPORT

Sustainability has become a critical success factor for companies to ensure long-term value creation. We hereby present the Group’s annual Sustainability Report, for our financial year ended 31 December 2018. This report is set out on a “comply or explain” basis in accordance with Rule 711B and Practice Note 7F-Sustainability Report Guide of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

BOARD STATEMENT

The key material environmental, social and governance (“**ESG**”) factors for the Group have been identified and reviewed by the management of the Group and the board of directors of the Company (the “**Board**”) oversees the management and monitoring of these factors and takes them into consideration when determining the Group’s strategic direction and policies. Sustainability is a part of the Group’s wider strategy to create long-term value for all its stakeholders.

REPORTING FRAMEWORK

We prepared our report with reference to the Global Reporting Initiatives (“**GRI**”) Core Reporting Options, as well as the SGX Guide to Sustainability Reporting for Listed Companies. This report covers the 2018 financial year from 1 January to 31 December (“**FY2018**”). We have not sought external assurance for FY2018.

REPORTING SCOPE

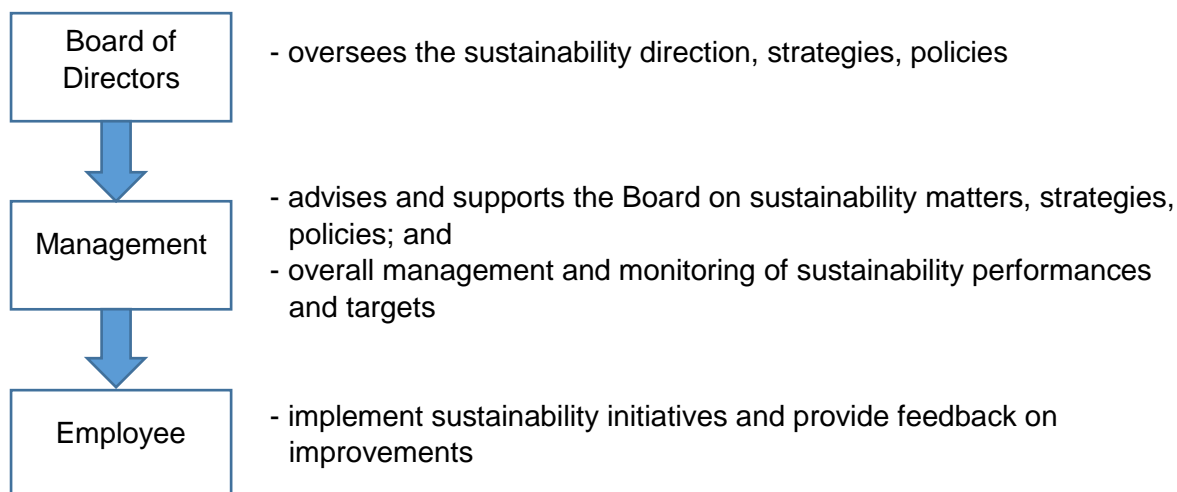
This report will particularly focus on the economic and operation, governance and social issues that affect our group of companies in general aspects, as the Group continues to place its emphasis on bringing back profitability to the Group.

FEEDBACK

We are committed to listening to our stakeholders and we look forward to your feedback. Please send your feedback to info@vikingom.com

GOVERNANCE STRUCTURE

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much influence our financial performance. In order to accommodate our sustainability goals and values, we have developed a sustainability organisational structure.



STAKEHOLDER ENGAGEMENT

The Group's stakeholders include, but are not limited to, customers, shareholders, employees, suppliers and local government. We prioritise our stakeholders for engagement based on the significance of their influence on our business and our dependency on them. We engage with our key stakeholders on a regular basis to ensure two-way communication and this is summarised in the table below:

Stakeholders	Topics of Concern	Frequency of engagement	Mode of engagement
Customers	<ul style="list-style-type: none"> • Product quality • Code of conduct 	Ongoing	<ul style="list-style-type: none"> • Meetings • Email / phone call
Shareholders	<ul style="list-style-type: none"> • Economic performance 	Annually	<ul style="list-style-type: none"> • SGX announcements • Annual report • Annual general meetings
Employees	<ul style="list-style-type: none"> • Personal development • Working environment 	Ad hoc / Annually	<ul style="list-style-type: none"> • Employee handbook • Email communication • Appraisal
Suppliers	<ul style="list-style-type: none"> • Product quality • Code of conduct 	Ongoing	<ul style="list-style-type: none"> • Meetings • Email / phone call
Regulators	<ul style="list-style-type: none"> • Compliance with rules and regulations 	Ad hoc	<ul style="list-style-type: none"> • Meetings • Email / phone call

MATERIALITY ASSESSMENT

After conducting a materiality assessment involving internal stakeholders, taking into account related business risks and opportunities, we have identified the ESG factors that are most material as economic performance, employment, governance and regulatory, and occupational health and safety. All these rank high in significance to stakeholder and to the business.

ECONOMIC PERFORMANCE

Economic performance is very important to a company's stakeholders particularly its investors or owners, because this performance eventually provides them with a return on their investment. Other stakeholders, like the firm's employees and the society at large, are also deemed to benefit from such performance, albeit less directly.

While the offshore and marine sector remained challenging in 2018, the industry players are cautiously optimistic about the future following the gradual recovery of oil prices and increase in offshore asset transactions. The improving global economy and corresponding growth in oil demand is expected to increase the capital expenditures of oil companies. We have seen an increase in customer enquiries and tender invitations in 2019 but acknowledged that competition remains keen and margins challenged.

As a company listed on Catalist of the SGX-ST, we publish a detailed annual report comprising our risk management, corporate governance, and financial performance. For detailed information, please refer the announcements made by the Group on a quarterly basis and the subsequent Annual Report for FY2018 which will be published in due course.

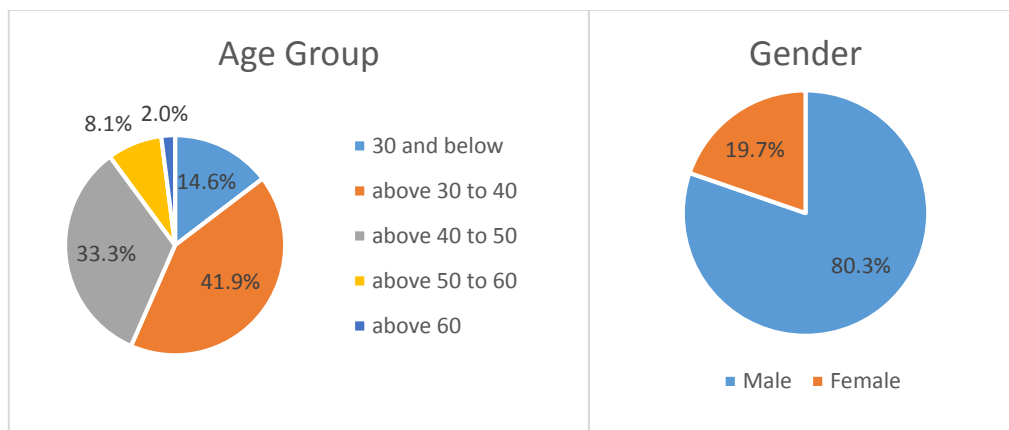
Target:

The Group are focusing on collecting its debts, restructuring its loans and are actively seeking strategic investors for fresh source of funds so as to improve the financial position of the Group.

EMPLOYMENT

The Group is also committed to carry out its social responsibility at the workplace for employees, and recognise that it is important to provide a safe and conducive working environment for employees. In addition, employees are employed under fair and equitable terms. Furthermore, employees are also given equal opportunities with regard to their career advancement.

Employee information of the Group as at 31 December 2018:



We treat all employees fairly, with respect and dignity, regardless of nationality, gender, age, race or religion. The hiring procedures are fair and non-discriminative. Staff are hired on the basis of merit, skills, experience or competency to perform the job.

The Group ensures compliance with labour and employment laws, including working hours and believes in good work-life balance for our employees.

All employees are expected to uphold and ensure that they do not engage in any interest that conflicts with any of the Company's businesses. The code of work ethics is published in our Company's Employee Handbook.

Target:

The Group aims to provide annual training to all its employees regarding compliance with its Code of Conduct as stated in the Company's Employee Handbook.

OCCUPATIONAL HEALTH AND SAFETY

Health safety and environment ("HSE") for our workforce has been a key focus throughout our growth as a company. It is not only a fundamental right for our workers to be able to work in a safe and healthy environment, but when our employees' wellness is attained, our productivity increases, and we can provide the best for our customers.

Our HSE Policy, applies to all employees and contractors, and focuses on prevention and compliance. We conduct safety risk assessments at all levels and across all operating locations.

We have a HSE Committee to oversee the promotion of safety culture and practices in the workplace. Led by a member of our Management, the Committee includes a few representatives from each functional department. Monthly meetings are held to discuss HSE related matters, including reviews of changes in regulatory requirements, outcomes of monthly safety inspection, results from regular risk assessments and the necessary preventive measures. The information is then disseminated by Committee members to their peers during their respective department meetings. All our employees are represented by the joint management-worker HSE Committee.

Our operations in Singapore have safety management systems in place. The certifications for bizSAFE STAR, ISO 14001 and OHSAS 18001:2007 are in place.

Health and safety trainings on aspects such as risk assessment, fire safety, and first aid are provided for all staff according to their job requirements. Both workshop-based and field staffs are sent for relevant risk management training sessions throughout the year and are familiarised with the latest safety frameworks. Specific programmes are provided for high-risk site engineers, where they learn how to work safely at heights and in confined spaces. Relevant employees who are nominated as First-Aiders will be given CPR+AED training. In addition, we conduct health talks and activities for all our employees regularly.

We follow Ministry of Manpower (MOM)'s Workplace Safety and Health Guidelines to manage safety and health of our employees in shipyards and ships. One significant hazard that our field service engineers at shipyard or on-board vessels may be exposed to is high noise level. To prevent noise-induced deafness (NID), all engineers are required to use appropriate personal protection equipment at work. All our new engineers are required to go through audiometric tests, which are followed-up annually to monitor hearing and detect any symptoms of NID.

We had no fatalities during the reporting period.

Our accident frequency rate (ASR) and accident severity rate (AFR) was 133.01 and 8.49 per million man hours worked in FY2018 respectively. The ASR and AFR have increased from zero and zero per million man hours worked in FY2017 respectively. This was due to the cases which occurred because of human negligence and resulted in considerable man-day loss. In response to this, the Group has since taken appropriate corrective actions.

Target:

The Group targets to continue to stress the importance of workplace safety and aim for an AFR and ASR of zero in the upcoming years.

GOVERNANCE AND REGULATORY

The Group strives to comply with the best practices of good governance, guided by the Singapore's Code of Corporate Governance 2012 (the "**Code**"), throughout its operations to safeguard the interests of all stakeholders. The Group recognises that good corporate governance processes are essential for enhancing corporate sustainability. While the Group is in the midst of finalising its Annual Report 2018, the Group will be guided by the Code.

• Risk Management

An integral part of good corporate governance, a comprehensive risk management framework enables the Group to identify and manage risks in a systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessment. Fraud, corruption and economic value-added risks have been identified as material to ensure business sustainability.

- Whistle Blowing Policy

The Whistle Blowing Policy adopted by the Board serves to provide an effective mechanism for employees and other stakeholders of the Group to raise concerns regarding any illegal conduct or malpractice. The policy also allows such concerns to be raised without being subject to victimization, harassment or discriminatory treatment, and ensures that such concerns are properly channelled to the right party for further investigation.

- Dealings in Securities

The Group's code of conduct includes guidelines to directors and employees in the Group, which sets out prohibitions against dealings in the Company's securities (i) while in possession of material unpublished price-sensitive information and (ii) before the announcement of the Company's results. Prior to announcement of the Group's results, an email would be sent out as reminder to all directors and employees of the Group to inform them of the duration of the period.

Target:

The Group will continue to comply with the SGX-ST Listing Manual Section B: Rules of Catalyst, the Code and the transition to the new Code of Corporate Governance 2018.



Viking Offshore and Marine Limited
21 Kian Teck Road Singapore 628773
Tel: (65) 6601 9500
Fax: (65) 6601 9600
Website: www.vikingom.com

*This report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The report has not been examined or approved by the SGX-ST. The SGX-ST assume no responsibility for the contents of this report including the correctness of any of the statements or opinions made or reports contained in this report. The contact person for the Sponsor is Mr Ken Lee, Associate Director, Investment Banking. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.*