



# EMERGING STRONGER

SUSTAINABILITY REPORT 2023



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.

The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542



Bifrost submarine fibre optic cable HDD works in Tuas



680m<sup>3</sup> Split Hopper Vessel Steel Cutting Ceremony



500m<sup>3</sup> Split Hopper Vessel Launching Ceremony

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## BOARD STATEMENT

The Board of Directors at Kim Heng Ltd. (“Kim Heng” and together with its subsidiaries, the “Group”) is pleased to present our sustainability report of the Group for the financial year ended 31 December 2023 (“FY2023”).

As we reflect on FY2023, sustainability remains at the core of Kim Heng’s business ethos. The Board recognises the paramount importance of integrating Environmental, Social, and Governance (ESG) considerations into our strategic decision-making processes, ensuring alignment with our long-term vision and values. Over and above these areas, we have also dovetailed ESG as part of the Group’s Risk Register, both at Department / Unit level as well as the Group at large.

In response to the global call for cleaner energy solutions, Kim Heng continued to expand its portfolio in offshore renewable energy projects. Notably, in FY2023, we secured substantial contracts to support the development of offshore wind farms, reaffirming our dedication to fostering sustainable energy solutions. These encompass the installation of solar panels on our Headquarters rooftops, which started in July 2023 and was completed in February 2024. The solar panels became operational and began generating renewable energy in March 2024.

Moving forward from FY2024, we intend to extend such installation services as a business model to our clients and other business partners. These projects not only contribute to environmental conservation but also demonstrate our technical expertise and capabilities in this burgeoning sector.

In FY2023, Kim Heng embraced several pivotal initiatives to enhance its sustainability practices, which include the following: –

- Expanded the scope of SR coverage to include Thaitan International Pte Ltd (Taiwan branch) and Alpine Progress Shipping Pte Ltd (Taiwan branch) which were not covered in FY2022,
- Partnered with external consultants to enhance the robustness of our sustainability reporting,
- Ensured adherence to industry standards and best practices,
- Refined materiality assessment process with significant improvements i.e. Integrating stakeholders’ engagement and effective prioritization to address key material topics,
- Conducted a comprehensive climate workshop, facilitating the identification of climate-related risks and opportunities, further solidifying our commitment to environmental stewardship,
- Streamlined our sustainability data collection process by implementing a centralized platform, enabling efficient data aggregation and analysis, and
- Set ambitious targets for all material topics, aligning our efforts with strategic objectives to drive positive impacts across our operations.

These efforts reflect our commitment to transparency and continuous improvement, equipping us to navigate emerging challenges and capitalise on sustainable opportunities.

In addition to our sustainability initiatives, it’s noteworthy to highlight Kim Heng’s commendable financial performance in FY2023. We are pleased to report a significant increase in revenue, which surged from \$79.84 million in FY2022 to \$101.19 million, marking an approximate 27% increase. Moreover, our gross profit saw a notable rise, climbing from \$27.72 million in FY2022 to \$32.75 million in FY2023, reflecting an approximate 18% increase. These positive financial outcomes underscore our company’s resilience and strategic growth trajectory, positioning us well for continued success in the future.

Our FY2023 key targets and performance against them are summarised in the table below: -

Indicator	Targets	Performance	Target Met	
<b>Economic</b>	Net worth	We have set a target for FY2024. No target was set for FY2023	Revenue increased by 27%	NA
<b>Environment</b>	% change in energy consumption	Reduce by 2%	Increased by 10%	Increased workload, ship repair, and chartering businesses have led to a rise in energy, waste and water usage
	% change water consumption	Reduce by 2%	Increased by 27%	
	% change in waste generation	Reduce by 2%	Increased by 59%	
	% change in GHG emissions	We have set a target for FY2024. No target was set for FY2023	Increased by 6%	NA
<b>Social</b>	Number of fatalities	0 fatalities	0 fatalities	✓
	Lost time Incident cases	<3 cases	0 case	✓
	Average training hours	We have set a target for FY2024. No target was set for FY2023	Increased average training hours from 1.31 to 11.1 hours per employee	NA
<b>Governance</b>	Cases of significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations	0 case	0 case	✓
	Cases of anti-bribery and corruption incidents or whistle-blowing report	0 case	1 case	One case of suspected corruption incident was reported to police in December 2023

Our dedication to safety, employee welfare, and strict adherence to workplace protocols have ensured the uninterrupted continuation of our operations. The health and safety of our workforce remain paramount, underscoring our steadfast resolve to uphold the highest standards of corporate responsibility.

Looking ahead, Kim Heng remains committed to drive long-term sustainable growth and deliver value to our stakeholders. We are confident that our strategic focus on sustainability will not only fortify our resilience but also position us as a catalyst for positive change in the maritime industry and beyond.

On behalf of the Board, I extend my sincere gratitude to all stakeholders for their continued trust and support as we embark on this journey towards a more sustainable and prosperous future.

**Mr Thomas Tan**  
Executive Chairman & Chief Executive Officer

## ABOUT THIS REPORT

This Report covers the sustainability approach and performance of Kim Heng, including its key business activities for the covering the financial period from 1 January 2023 to 31 December 2023 (“FY2023”). The Group undertakes the Sustainability Reporting (SR) process on an annual basis.

The scope of SR covers Kim Heng Ltd and all its subsidiaries. As part of our evolving business and sustainability process, we are including our operations in Malaysia as well as two subsidiaries previously excluded from our reporting scope. Thaitan International Pte Ltd (Taiwan branch) and Alpine Progress Shipping Pte Ltd (Taiwan branch) will now be incorporated into this Sustainability Report.

This Report is prepared in line with the SR requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and with reference to the Global Reporting Initiative (GRI) Standards, which is one of the most established, widely used, and recognised international sustainability reporting standards. We believe that the GRI Standards reporting framework also enables us to holistically disclose our governance structures, management systems, policies, measures, targets, and performance, as relevant, to communicate Group’s sustainability process to stakeholders.

The preparation of this Report has also taken into consideration elements of the Task Force for Climate-related Financial Disclosures (TCFD) Recommendations. In the preparation of this Report, we have also considered Catalist Rules 711A and 711B and Practice Note 7F of the Catalist Rules.

We have completed the review of the Group’s Corporate Sustainability Policies and Procedures, with the assistance of our Sustainability partners, Boardroom LLP.

The Group has established internal controls and verification mechanisms to ensure the accuracy and reliability of the narratives and data disclosed within this Sustainability Report. The Group has subjected our sustainability reporting process to internal review by our internal auditors, PricewaterhouseCoopers Risk Services Pte Ltd, as required by SGX-ST Listing Rules 711B (3). The internal review was performed as part of Internal Audit plan agreed with and approved by the Audit Committee. The internal review covered the internal controls over the key ESG data disclosed, including the data collection and reporting process. The Board has assessed that independent external assurance of the Sustainability Report is not required at this juncture. We may consider seeking external assurance for our future Sustainability Reports when such needs arise.

This Report and additional corporate information are available on our Company’s corporate website<sup>1</sup>. We earnestly welcome our stakeholders’ feedback and comments which can be directed to [sustainability@kimheng.com.sg](mailto: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, the Group offers a one-stop comprehensive range of products and services that caters to different stages of marine infrastructure projects and offshore oil & gas projects from oil exploration to field development and oil production.

The Group’s operations are primarily located in Singapore, with two shipyards strategically located at 9 Pandan Crescent and 48 Penjuru Road. The shipyards, with a combined waterfront of 205 meters, enable Kim Heng to carry out a multitude of services, including offshore rig repair, maintenance and refurbishment, fabrication, vessel newbuilding and afloat repairs.

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. It 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 Southeast Asia, USA, Latin America, Australasia, Middle East and Europe.

<sup>1</sup> <https://www.kimheng.com.sg/>

## SCOPE OF BUSINESS

The Group has expanded our 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.



### Offshore WindFarm Support Services and Horizontal Directional Drilling (“HDD”)

- Fabrication & installation of different offshore turbine foundations, monopoles, 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



### Owner & Operator of Offshore Support Vessel

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



### 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



### Shipbuilding & Ship Repair

- Newbuilding of vessels (Tugs, Pipe-Lay Barges, Power Barges, Accommodation and Work Barges etc.)
- Purchase and refurbishment of vessels for on-selling
- Afloat repairs, maintenance and refurbishment of offshore rigs, platforms & vessels



### Marine Construction

- Leasing, sale, maintenance, import and export of heavy equipment
- Wide range of equipment and machineries including crawler, lorry and mobile cranes
- Salvage and diving services



## SUSTAINABILITY GOVERNANCE

The sustainability governance framework at Kim Heng is structured to ensure alignment with our overarching strategic objectives while addressing the evolving landscape of environmental, social, and governance (ESG) considerations. As stewards of the company’s long-term success, the Board plays a pivotal role in embedding sustainability principles into our corporate strategy.

Central to our sustainability governance is the Audit Risk Committee (ARC), which assumes responsibility for overseeing all sustainability matters. A dedicated Sustainability Committee has been established to provide focused attention and expertise in this critical area. The Sustainability Committee is chaired by the Deputy Chief Executive Officer, Chief Financial Officer, and Director of Corporate Services, ensuring representation from key leadership positions.

Furthermore, the Sustainability Committee is supported by a diverse team of individuals with specialized expertise and experience across various facets of our operations. This includes representatives from different functional areas, such as Supply Chain Management, Offshore Chartering, Operations, Shipyard Management, and Risk Management. The inclusion of these stakeholders ensures a holistic approach to sustainability governance, incorporating insights from different parts of the organization.

At the operational level, the Sustainability Committee oversees the activities of the Sustainability Working Group, which comprises heads of departments across the Group. This Sustainability Working Group serves as a platform for collaborative decision-making and implementation of sustainability initiatives, facilitating cross-functional coordination and alignment with strategic objectives.

In response to evolving market dynamics and stakeholder expectations, Kim Heng has intensified its focus on climate-related impacts within its governance framework. The Board, in collaboration with the Sustainability Committee, conducts regular assessments to evaluate the implications of climate change on our business model and operations. This proactive approach enables us to identify emerging risks and opportunities associated with climate-related factors, informing strategic decision-making, and setting objectives to mitigate potential adverse impacts.

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





Rigs reactivation works



Drillship thruster removal works



Geotechnical survey vessel Bridgewater Discovery under overhauling

## STAKEHOLDER ENGAGEMENT

Kim Heng’s sustainability depends on strong connections with our diverse range of stakeholders. We are committed to having effective and adequate engagement with our stakeholders to ensure we understand their views and expectations sufficiently and incorporate such considerations in our business strategies, operations, and engagement with stakeholders.

In addition, we also strive to establish and maintain open and transparent channels with stakeholders to communicate relevant information, such as key information that facilitates stakeholders’ informed decision-making.

The Group has identified four key stakeholder groups, and how the Group engages with them, and the key topics and concerns of our engagements are summarised 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

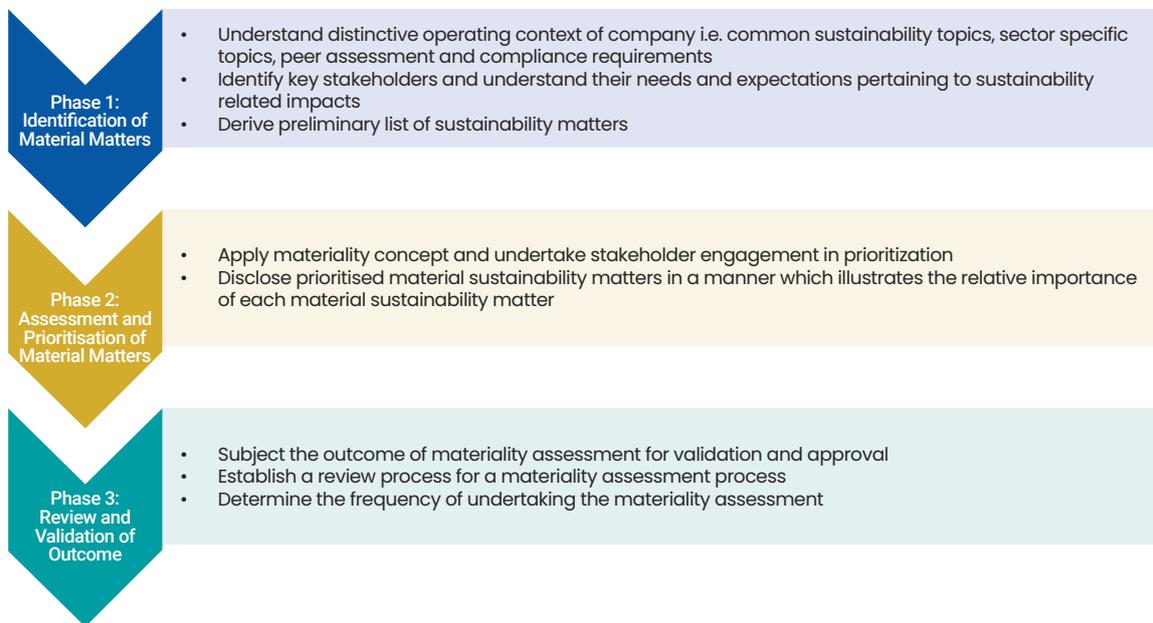
Stakeholder Group	Key Topics and Concerns	Engagement Methods	Frequency
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product and Service Quality</li> <li>Timely Supply of Products and Services</li> <li>QHSE Excellence</li> <li>Environmentally Friendly Solutions</li> </ul>	<ul style="list-style-type: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

## MATERIALITY ASSESSMENT

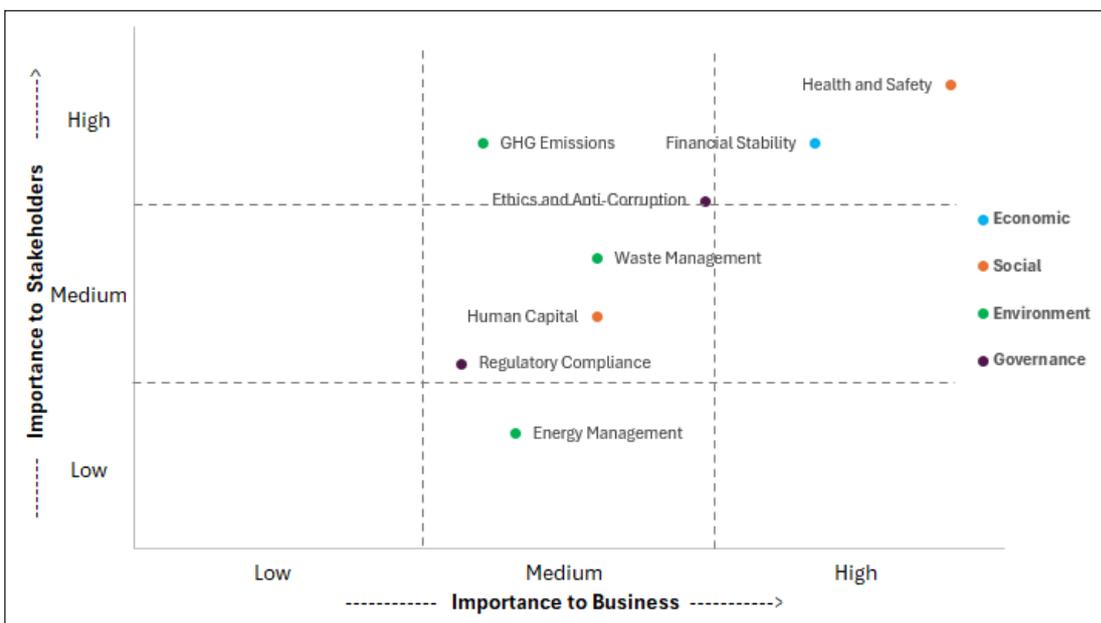
At Kim Heng, we understand the need to focus our efforts on material matters that are most significant to the business and to its stakeholders. We regularly review our performance to identify gaps and further evolve our strategies to fit our stakeholders’ needs in a bid to enhance our business operations.

Kim Heng conducts an annual review of its material matters considering stakeholder concerns, company interests, emerging issues from the evolving business environment, and the latest regulatory requirements. To determine material matters, a Materiality Assessment was conducted in 2023 to evaluate the relevance and priority of our existing material matters in terms of their importance to the business and the influence they have on stakeholders’ decision-making. This was conducted internally by the sustainability working teams in consultation with the appointed sustainability report writer (**Diagram 2**).

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



**Diagram 2:** Materiality matrix illustrating Kim Heng’s FY2023 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	2024 Targets
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>• Zero fatality case</li> <li>• No more than 3 lost-time incidents cases every year</li> <li>• Zero case of Property Damage &amp; Fire Explosion</li> </ul>
<b>Financial Stability</b>	<ul style="list-style-type: none"> <li>• Increase in net worth</li> </ul>
<b>Ethics and Anti-Corruption</b>	<ul style="list-style-type: none"> <li>• Zero case of corruption and ethical non-compliance</li> </ul>
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>• Reduce overall waste generation intensity<sup>2</sup> by 2% from FY2023 baseline</li> </ul>
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>• Maintain average training hours per employee over 11 hours</li> </ul>
<b>GHG Emissions</b>	<ul style="list-style-type: none"> <li>• Reduce overall GHG emission intensity<sup>3</sup> by 2% from FY2023 baseline</li> </ul>
<b>Regulatory Compliance</b>	<ul style="list-style-type: none"> <li>• No Major Environmental Incident</li> <li>• No composition fine from authorities</li> <li>• No significant non-compliance</li> </ul>
<b>Energy Management</b>	<ul style="list-style-type: none"> <li>• Reduce overall electricity consumption intensity<sup>4</sup> by 2% from FY2023 baseline</li> </ul>

**Table 2.** Kim Heng's ESG factors and page reference to the detailed disclosure

ESG Factors	Detailed Information
<b>Material factors</b>	
Health and Safety	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 17 - Health and Safety</li> </ul>
Financial Stability	<ul style="list-style-type: none"> <li>• Annual Report, Page 19 - Operations and Financial Review</li> <li>• Annual Report, Page 4 - Financial Highlights</li> <li>• Sustainability Report, Page 9 - Financial Stability</li> </ul>
Ethics & Anti-corruption	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 25 - Ethics and Anti-Corruption</li> </ul>
Waste Management	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 11 - Waste Management</li> </ul>
Human Capital	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 19 - Human Capital</li> </ul>
Energy Management	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 14 - Energy Management</li> </ul>
Regulatory Compliance	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 25 - Regulatory Compliance</li> </ul>
GHG Emissions	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 15 - GHG Emissions</li> </ul>
<b>Additional disclosures</b>	
Water Management	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 16 - Water Management</li> </ul>
Cyber Security	<ul style="list-style-type: none"> <li>• Sustainability Report, Page 26 - Cybersecurity</li> </ul>

<sup>2</sup> Waste Intensity = Total waste generated (Tonne) / Total Revenue (SGD \$'000)

<sup>3</sup> Emission Intensity = Total Emissions (Tonne CO<sub>2</sub>e) / Total Revenue (SGD \$ million)

<sup>4</sup> Electricity consumption intensity = Electricity Consumption (KWh) / Total Revenue - Chartering and Towage Revenue (SGD \$'000)

## FINANCIAL STABILITY

### ESG factors:

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

Having a healthy financial position and performance is fundamental to Kim Heng's business continuity. In addition to the financial performance disclosed in Kim Heng's Annual Report FY2023, the Group also contributes to the development of the economy in which it operates, through employees' compensation and benefits, payments to the government including taxes, dividends to shareholders, and procurement of goods and services from vendors and suppliers.

Kim Heng's FY2023 economic value generated and distributed is summarised in the table below (**Table 3**).

**Table 3:** Kim Heng's economic value generated and distributed in FY2023

	FY2023 (SGD \$'000)
<b>Economic value generated (Consists of):</b>	<b>101,194</b>
Total Revenue	101,194
<b>Economic value distributed (Consist of):</b>	<b>100,738</b>
Compensation and benefits for employees	14,167
Operating costs	68,435
Payments to provider of capital <sup>5</sup>	17,389
Payments to the government including taxes	747

Refer to the Chairman's Message (pages 6 to 9), Operations and Financial Review (pages 19 to 21), and the audited financial statements (pages 70 to 74) of Kim Heng's Annual Report FY2023 for further details on its financial performance and position.

## ENVIRONMENTAL

As environmental concerns gain traction worldwide, stricter regulations are tightening the grip on carbon emissions and pollution in the marine and offshore industry. In response, Kim Heng actively seeks to contribute to the clean energy shift within the shipping sector, demonstrating a commitment to environmental responsibility.

In the maritime industry, adherence to stringent environmental regulations regarding air pollution, ballast water discharge, and waste treatment is paramount. At Kim Heng, our sustainability journey empowers us to view these regulations not merely as compliance requirements but as opportunities to minimize waste and optimize operations within our business. We firmly believe in the transformative benefits that sustainability efforts can bring to the triple bottom line—economic, social, and environmental. Demonstrating our commitment to sustainability, Kim Heng maintains compliance with ISO 14001 Environmental Management System (EMS), ISO 9001:2008 Quality Management System (QMS), ISO 45001:2018 Safety & Health Management System, ISO 14001:2018 Environmental Management System, and ISO 9001:2015 Quality Management System standards, ensuring that our operations align with the highest industry standards for environmental responsibility, quality assurance, and occupational health and safety.

<sup>5</sup> Payments to provider of capital is sum of Interest paid, Repayment of lease liabilities, and Repayment of term loans.

## TAKING CLIMATE-RELATED RISKS INTO CONSIDERATION

We recognise the importance of aligning our business practices with the recommended climate change disclosures by the Task Force on Climate-related Financial Disclosures (“TCFD”). We recently conducted a comprehensive risk workshop dedicated to identifying and assessing climate-related risks, as well as evaluating the efficacy of existing mitigation measures. The primary objective of this workshop was to fortify our understanding of climate risks and bolster our resilience against potential challenges arising from environmental shifts.

Throughout the workshop, we employed a systematic approach to scrutinize our operations and value chain, seeking out areas vulnerable to climate risks such as extreme weather events, regulatory shifts, and evolving market preferences. Engaging stakeholders including employees, customers, and industry experts provided diverse perspectives essential for a thorough assessment of climate risks and their potential impacts on our operations.

Our efforts extend beyond mere identification and assessment; we’re dedicated to implementing tailored mitigation strategies. From transitioning to lower-emission fuels to enhancing energy efficiency and diversifying our product offerings, our initiatives align with both regulatory requirements and emerging market trends. Furthermore, we’re committed to ongoing monitoring and review, ensuring our climate risk management efforts remain adaptive and responsive to changing circumstances.

The outcome of the climate-related risk assessment is summarised as follows:

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

Risk Category	Risks	Risk Impact	Mitigation Efforts	
Physical Risks	Acute	Increased severity of extreme climate events i.e. Floods, cyclone, earthquake	Marginal / Low	Extreme weather events are covered under insurance
	Chronic	Rising mean temperature	Medium	Strategies for mitigation are still under consideration
Transition Risks	Policy and Legislation	Increased pricing of GHG emissions	Low	We have set emission reduction target and continue to evaluate the impact of developing regulatory landscape
		Mandates on and regulation of existing products and services	High	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	High	We have implemented a multi-pronged approach focused on operational efficiencies and adherence to evolving regulations. Key initiatives include:- <ul style="list-style-type: none"> <li>• Transitioning to fuels with reduced sulphur content</li> <li>• Optimizing machinery performance</li> <li>• Proactively complying with IMO Standards, as well as standards and guidelines established by class societies, governments, and oil companies</li> <li>• Implementing a Planned Maintenance System (PMS)</li> </ul>
		Accelerated EV Adoption	Low	EV technology for vessels is in a nascent stage and still evolving; Kim Heng is regularly monitoring these developments
		Execution of new projects to support the energy transition	High	Strategies for mitigation are still under consideration
	Market	Changing customer base	High	Kim Heng is focusing on the renewable energy business and developing capabilities for the same
		Increased cost of raw material	Medium	Strategies for mitigation are still under consideration
	Reputation	Public perception and reputation building	Low	Assessed to be low impact on the business

**Table 5:** Summary of Kim Heng's climate opportunity assessment

Opportunity Category	Opportunity	Opportunity Description
Resource Efficiency	Use of more efficient modes of transport, production, and distribution	Shipping companies can, for instance, design more fuel-efficient vessels, optimize routes, and explore cleaner fuels like biofuels or alternative fuels such as ammonia or hydrogen
	Recycling	Several recycling opportunities exist for Kim Heng including scrapping old vessels, plastic recycling, recycling scrap steel and concrete among others
Energy Source	Use of low carbon energy/new technology	Low carbon technologies include to design more fuel-efficient vessels, optimize routes, and explore cleaner fuels like biofuels or alternative fuels such as ammonia or hydrogen
Products and Services	Development of new products and services through innovation	Kim Heng has opportunities to cater to newer renewable energy companies, digitalization and data-driven services can also be harnessed to optimize routes, monitor emissions in real-time, and perform predictive maintenance
Markets	Green finance	Green bonds and loans offer lower interest rates and attract ESG investors for eco-friendly projects. Additionally, grants and subsidies from governments and institutions could support green shipping initiatives. These can finance the green transition and boost environmental performance.

Kim Heng is dedicated to enhancing its sustainability efforts and resilience in the face of climate-related challenges. Kim Heng will continue to review and enhance its risk assessment and mitigation processes. Moving forward, we plan to conduct scenario analysis to identify quantitative impact of the risks and integrate climate risks into our Enterprise Risk Management (ERM).

## WASTE MANAGEMENT

### ESG factors:

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

At Kim Heng, we prioritize environmental responsibility and strive to uphold the highest standards of waste management practices. Committed to sustainable operations, we adhere to the MARPOL Annex V regulations for the prevention of pollution by garbage. Our stringent waste management procedures and guidelines have been meticulously developed in alignment with both local and international standards, ensuring compliance and environmental stewardship throughout our operations.

In our ongoing commitment to enhancing waste management efforts, Kim Heng has taken proactive steps this financial year. We have expanded our initiatives by introducing recycling bins at selected operating locations, further reinforcing our dedication to reducing waste and promoting recycling practices within our organization. We have also made conscientious effort in working with our vendors who carry out recycling and segregate the recyclable parts of any waste from the non-recyclable parts. This would substantially reduce the wastages and increase our green initiatives from our day-to-day operations. Inadvertently, these measures underscore our commitment to sustainability and our proactive approach to environmental conservation.



Arranging floating dock delivery to Taiwan

# EXPANDING OUR HORIZONS





Thruster overhaul works in Kim Heng yard



Bridgewater 161 performing ship-to-ship transfer operation in Australian waters

In the past year, Kim Heng observed an increase in waste generation recorded. This rise can be attributed to the expansion of our operations and increased activities at our shipyards. Despite this increase, efforts to manage waste effectively remain a priority for the Group.

**Table 6:** Total Waste Generated

Waste Generated		2022	2023
Vessel	Tonne	259	514
Shipyards	Tonne	475	650
Total waste generated	Tonne	734	1164
Waste Intensity (Total waste generated / Total Revenue)	Tonne/SGD \$ million	9.2	11.5
Year-on-year % change of Total waste generated			59%

We aim to systematically decrease our waste intensity levels by 2% annually. Business challenges such as increased workload, ship repair, crewing and chartering businesses have led to a rise in waste generation, resulting in a deviation from our projected trajectory.

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.

## ENERGY MANAGEMENT

### ESG factors:

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

Kim Heng recognizes the critical importance of energy management in our sustainability efforts and operational efficiency. Aligned with industry regulations and standards, Kim Heng remains compliant with the Ship Energy Efficiency Management Plan (SEEMP) established by the International Maritime Organisation (IMO). Our vessels are equipped with approved SEEMP Certificate of Compliance, ensuring adherence to best practices in fleet efficiency performance.

We have diligently monitored and managed our electricity and fuel consumption, striving to optimize efficiency and minimize environmental impact. The two primary sources of energy used in our operations are electricity and marine gas oil. As these fuels are currently reliant on fossil fuels, it is pertinent to ensure the efficient management of these resources. In 2023, Kim Heng experienced a notable increase in overall energy consumption, primarily driven by the expansion of our operations and heightened activities at our shipyards. While electricity intensity decreased, we observed a rise in fuel intensity within our chartering and towage business. It's important to note that in our chartering and towage operations, fuel is provided by the client and is under their control, influencing our fuel consumption intensity.

**Table 7:** Fuel consumption

Fuel Consumption		2022	2023
Fuel Consumption	Tonne	8,147	8,608
Fuel Intensity (Fuel Consumption/ Chartering and Towage Revenue) <sup>6</sup>	GJ/SGD \$'000	12.2	14.2

<sup>6</sup> Assumed Energy density of MDO uses 42.7 GJ/ Tonne, Fourth IMO GHG Study 2020

**Table 8:** Electricity consumption

Electricity Consumption		2022	2023
Electricity Consumption	KWh	1,128,127	1,243,757
Electricity Intensity (Electricity Consumption/ Remaining Revenue) <sup>7</sup>	KWh/SGD \$'000	22.0	16.5
Year-on-year % change of Energy Consumption <sup>8</sup>			10.2%

In the latter half of FY2023, Kim Heng made significant strides towards sustainable energy consumption by sourcing 600,332 kWh of energy from renewable sources with zero carbon emissions. This achievement was made possible through the redemption of Renewable Energy Certificates (RECs), underscoring our commitment to transitioning towards cleaner energy sources.

We aim to systematically decrease our energy consumption intensity levels by 2% annually. Looking ahead, we are exploring various initiatives to further enhance our energy management practices. This includes investigating the installation of solar panels and LED lighting solutions across our operations and evaluating the feasibility of transitioning from diesel vehicles to Electric Vehicles (EVs). Subject to feasibility studies and approvals, we aim to install solar panels on the rooftops of our other shipyard at no. 9 Pandan Crescent by 2024 and even consider this as another business towards our esteem customers and business partners over the years.

## GHG EMISSIONS

### ESG factors:

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

At Kim Heng, we are dedicated to environmental stewardship and ensuring the highest standards of emission management across our fleet. In FY2023, our commitment to regulatory compliance and emission control was evident through our diligent conduct of the annual Recognized Organization (RO) class survey on all vessels. This rigorous adherence enabled our vessels to maintain accreditation with both the International Energy Efficiency Certificate and International Air Pollution Prevention Certificate, underscoring our commitment to emission control and regulatory compliance.

Aligned with the IMO MARPOL treaty, our company adheres to stringent regulations such as the IMO 2020 regulation, which limits sulphur content in ships' fuel to a maximum of 0.50%. Kim Heng maintains strict adherence to this regulation, utilizing fuel falling within the acceptable range of 0.37% to 0.5% sulphur levels, as per ISO 14596:2007 standards for sulphur content determination.

In 2023, our fleet comprised 80% of vessels operating within the range of 0.037% to 0.1% sulphur levels, with the remaining 20% utilizing fuel with 0.4% sulphur content, still falling within the accepted MARPOL range. Notably, our Anchor Handling Tug Supply (AHTS) vessels exclusively utilize Low Sulphur Marine Gas Oil (LSMGO) instead of the traditionally used Marine Fuel Oil (MFO), with LSMGO boasting a sulphur content of less than 0.1%. Furthermore, Kim Heng prioritizes the use of LSMGO during bunkering, with the majority of our bunker suppliers complying with the latest LSMGO requirements to supply Diesel upto a maximum of 0.1% sulphur content. To reinforce our commitment to emission control and energy efficiency, our marine department has intensified inspection and audits on vessel maintenance, ensuring compliance with emission standards and enhancing operational efficiency.

<sup>7</sup> Remaining Revenue = Total Revenue - Chartering and Towage Revenue

<sup>8</sup> Only includes electricity consumption

In addition to our regulatory compliance and stringent emission control measures, Kim Heng is committed to transparency in disclosing our Scope 1 and 2 emissions data. Below, we present a comprehensive table showcasing our emissions data over the past 2 years (**Table 9**).

**Table 9:** GHG Emissions and Intensity

Emissions		2022	2023
Scope 1 (From Fuel Consumption) <sup>9</sup>	Tonne CO <sub>2</sub> e	26,119	27,597
Scope 2 (From Electricity Consumption) <sup>10</sup>	Tonne CO <sub>2</sub> e	458	518
Total Emissions (Scope 1 & 2)	Tonne CO <sub>2</sub> e	26,577	28,115
Emission Intensity (Total Emissions/ Total Revenue)	Tonne CO <sub>2</sub> e/SGD \$ million	332.9	277.8
Year-on-year % change of Total Emissions			5.7%

During FY2023, Kim Heng experienced a rise in emissions, largely due to increased fuel consumption throughout our operations. There was an increase in both Scope 1 emissions, originating from direct sources such as fuel combustion, and Scope 2 emissions, resulting from purchased electricity. Looking ahead, Kim Heng is dedicated to emission mitigation efforts, with a target to annually reduce our emission intensity level by 2%.

## WATER MANAGEMENT

### ESG factors:

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

At Kim Heng, we prioritise responsible water management practices to minimize our environmental footprint and conserve this vital resource. Our steadfast commitment to water management is reflected in our adherence to established ballast water management protocols, ensuring compliance with international standards and regulations.

All our vessels-maintained compliance with either the D1 or D2 standard<sup>11</sup> for ballast water management, as stipulated by international regulations. Additionally, our vessels are equipped with the requisite International Ballast Water Management Certificate, affirming our dedication to preventing the spread of harmful aquatic organisms. Furthermore, our vessels operate in strict accordance with MARPOL Annex 1 regulations, complemented by the implementation of Shipboard Marine Pollution Emergency Plans (SMPEP) and the attainment of International Oil Pollution Prevention (IOPP) certificates.

Beyond regulatory compliance, Kim Heng integrates sustainable practices into our office and shipyard operations, leveraging rainwater harvesting and reuse initiatives to reduce reliance on freshwater sources. To track and optimize water consumption, we conduct daily and monthly manual verifications of freshwater consumption across our operations. This meticulous monitoring allows us to identify opportunities for water conservation and implement targeted measures to minimize wastage.

Despite our proactive efforts, we acknowledge the challenges posed by space and equipment limitations on board vessels, hindering the implementation of comprehensive water conservation measures. Nevertheless, Kim Heng remains committed to exploring innovative solutions and technologies to enhance water efficiency across our fleet.

<sup>9</sup> Emission factor of 3.206 grams CO<sub>2</sub> per gram, Fourth IMO GHG Study 2020

<sup>10</sup> Singapore's average Grid emission factor, 0.4168 kg CO<sub>2</sub>/kWh in 2022

<sup>11</sup> D1 standard specifies requirements for ships to exchange ballast water in open seas, away from coastal areas and D2 standard requires ships to conform to the maximum amount of viable organisms allowed to be discharged, including specified indicator microbes harmful to human health

In FY2023, Kim Heng observed a considerable uptick in water consumption, which can be attributed to expanded operations and increased activity levels across our facilities. We remain vigilant in our efforts to manage water resources responsibly, implementing measures to minimize wastage and maximize conservation wherever possible.

**Table 10:** Water Consumption

Water Consumption		2022	2023
Water Consumption	m <sup>3</sup>	36,062	45,688
Water Consumption Intensity (Water Consumption/ Total Revenue)	m <sup>3</sup> / SGD \$'000	0.45	0.45
Year-on-year % change of Total water consumption			27%

## SOCIAL

### HEALTH AND SAFETY

**ESG factors:**

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

At Kim Heng, the safety and well-being of our employees and contractors are paramount. We are dedicated to fostering a safe and healthy environment across our shipyards and worksites, recognizing the inherent risks associated with our operations. To uphold the highest standards of health and safety, we adhere to best-in-class practices and implement stringent measures outlined in our Health, Safety, and Environment (HSE) policy. This policy delineates key requirements for all employees and is diligently monitored and enforced by designated HSE personnel. These individuals oversee HSE-related matters for both shipyards and vessels, ensuring compliance with relevant certifications and regulations.

In line with our commitment to continuous improvement, our HSE Risk Management Team conducts comprehensive risk assessments regularly. Comprising key stakeholders such as the Head of Shipyard, HSE Manager, and HSE Committee members, this team evaluates safety protocols to mitigate risks effectively. Furthermore, our expanded Risk Management Team now includes leaders from every department, enhancing accountability and streamlining reporting channels specific to each job function. We firmly believe that ensuring safety is a collective responsibility. Every employee is expected to adhere to established procedures and remain vigilant against unsafe acts or conditions. To reinforce this commitment, we encourage the reporting of Safety Observations to promote safe work practices and hazard control. These observations are integrated into our Standard Operating Procedures (SOPs), ensuring the consistent implementation of safe practices and procedures throughout our operations.

We have achieved the ISO45001:2018 certification for Occupational Health and Safety Management System. This certification underscores our ability to implement and maintain an Occupational Health and Safety Management System that not only enhances occupational health and safety but also eliminates hazards and minimizes associated risks across our activities. In addition to ISO45001:2018 certification, Kim Heng upholds various other certifications to ensure comprehensive safety standards. These include: -

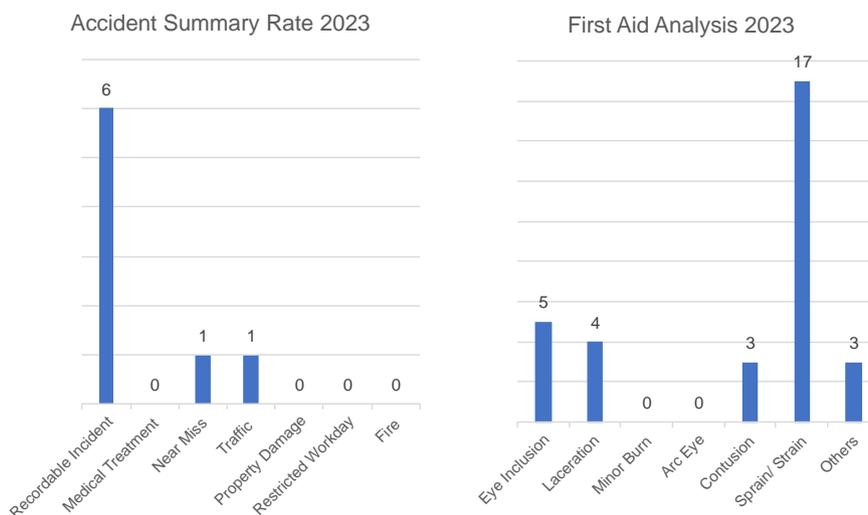
- BIZSAFE STAR certification, signifying our commitment to workplace safety and risk management
- ISO14001:2015 certification for Environmental Management System, reinforcing our dedication to environmental stewardship alongside occupational health and safety
- Shipyard holds ISO 22000 certification, complying with International Ship and Port Security (ISPS) and International Safety Management (ISM) codes, further emphasizing our commitment to maritime safety standards

Kim Heng remains steadfast in our mission to actively reduce the risks of accidents, injuries, and illnesses for the well-being of our employees and the communities we serve. Through proactive measures and a culture of safety awareness, we strive to cultivate a workplace where everyone returns home safely at the end of each day. In FY2023, we achieved our targets as there were no workplace fatalities and no lost time incidents<sup>12</sup>, although there were six recordable work-related injuries. The table below indicate the performance summary of the group throughout FY2023.

**Table 11:** Safety and Health Performance

Group safety and health performance	FY2022	FY2023
Number of fatalities as a result of work-related injury	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
Number of recordable work-related injuries	4	6
Number of fatalities as a result of work-related ill health	0	0
Number of cases of recordable work-related ill health	0	0
Number of hours worked	899,004	949,567
Rate of recordable work-related injuries <sup>13</sup>	0.7	1.26
Lost Time Incidents	0	0

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 FY2024 would be

- Zero fatality case
- No more than 3 lost-time incidents cases every year
- Zero case of Property Damage & Fire Explosion

<sup>12</sup> Lost Time Incidents = Work-related accidents with medical leave of 3 or more than 3 consecutive days

<sup>13</sup> 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.

**Table 12:** Current Employees by gender

Current Employees		2022 <sup>14</sup>	2023
Permanent	Male	218	255
	Female	31	46
Temporary	Male	159	191
	Female	1	1
Total		409	493

**Table 13:** Current Employees by Age

Current Employees	2022	2023
Age <30	45	73
30 < Age <50	307	347
Age >50	57	73

## TRAINING AND DEVELOPMENT

At Kim Heng, we recognize the paramount importance of fostering a culture of continuous learning and skill enhancement among our workforces. We are committed to providing comprehensive training programs tailored to specific job scopes, ensuring that our employees possess the necessary skills and knowledge to excel in their roles.

Throughout the fiscal year, we prioritize the upskilling of our employees through targeted training initiatives. For shipyard workers, specialized training such as the Shipyard Safety Instruction Course (SSIC) is provided to enhance safety awareness and compliance within shipyard operations. Similarly, employees involved in offshore projects undergo Basic Offshore and Emergency Induction Training (BOISJET) to equip them with essential skills and knowledge for offshore work environments.

<sup>14</sup> We have restated FY2022 employee data by excluding departing employees, which were previously included.



Bridgewater 131 working for a platform decommissioning project in Malaysian water

# ELEVATING OUR POTENTIAL



Gas pipeline installation works by Direct Pipe



Bridgewater 68 and Kim Heng 2370 loading cargoes in Malaysian waters

In response to our expansion into the windfarm sector, we successfully implemented Global Wind Organization (GWO) training standards for our employees. These rigorous training programs encompass various aspects such as Basic Safety Training, First Aid, Working at Height, Sea Survival, Fire Awareness, and Manual Handling, ensuring our workforce is well-prepared for the demands of the industry. We remain steadfast in our commitment to compliance with local regulations governing mandatory training courses, making policies, procedures, and training materials easily accessible to all employees.

**Table 14:** Total List of Training Offered in FY2023

Course Name	Total Headcount
APPLY WORKPLACE SAFETY AND HEALTH IN CONSTRUCTION SITES	4
APPLY WORKPLACE SAFETY AND HEALTH IN PROCESS PLANT	4
APWAH	32
AUTOCAD ADVANCED TRAINING	2
AWSHS	34
COMMERCIAL SELF-CONTAINED UNDERWATER BREATHING APPARATUS (CSCUBA) DIVER COURSE	1
CRAWLER CRANE OPERATION	1
CSOC COURSE	2
ESG ESSENTIALS FOR SMES: KICKSTART YOUR ESG JOURNEY	1
FIRST AID COURSE	7
FORKLIFT REFRESHER COURSE	10
HEAVY VEHICLE DRIVING COURSE PACKAGES FEE	1
JOB REDESIGN AND RESKILLING WORKSHOP	1
LOW LEVY	5
MANAGE WORK AT HEIGHT COURSE	1
MARINE DECARBONISATION CHAMPION WORKSHOP	1
OCCUPATIONAL FIRST AID (DIVING)	3
OPERATE BOOM LIFT	2
SSIC GT RECERT COURSE	29
SSIC HT	58
SSSC COURSE	1
SURFACE SUPPLIED DIVING EQUIPMENT (SSDE) DIVER COURSE	1
WELDING TRAINING & TEST FOR LOW LEVY	13
WORK AT HEIGHT	3
WORKSHOP SAFETY & HEALTH CONTROL MEASURE	1
WORKSHOP TO ENHANCE THE SAFETY OF CRANE OPERATION	1
WSQ DEVELOP A RISK MANAGEMENT IMPLEMENTATION PLAN	1
WSQ MANAGE HAZARDOUS SUBSTANCES	1

In FY2023, Kim Heng allocated a total of \$27,769.19 towards training and development initiatives, reflecting our investment in the growth and development of our workforce. We are pleased to report that our average training hours per employee increased from 1.31 hours in FY2022 to 11.1 hours in FY2023. This is due to a combination of factors which include identifying staff with skillset gaps and the availability of more relevant physical training classes. We affirm our dedication to empowering our employees with the necessary skills and knowledge to thrive in their roles. The following table provides a comprehensive summary of training provided over the years.

**Table 15:** Training hours

Training and Development	2022	2023
Average Training Hours	1.31	11.1

## EMPLOYEE BENEFITS

At Kim Heng, we prioritize the well-being and satisfaction of our employees by adhering to the mandatory requirements set forth by the Ministry of Manpower (MOM) for employee benefits. We remain committed to providing a supportive and inclusive work environment where employees feel valued and respected.

To enhance employee well-being, we foster open and transparent communication channels, allowing employees to directly engage with supervisors, management, or the HR department. Feedback received from employees is diligently reviewed by management, with appropriate action taken to address any concerns raised. Additionally, we ensure that downward feedback is conveyed back to employees when applicable, fostering a culture of collaboration and continuous improvement.

As part of our commitment to employee development, we conduct annual performance appraisals to assess individual performance and provide constructive feedback. These appraisals serve as valuable opportunities for employees to identify areas for growth and development, enabling them to reach their full potential within the organization. In managing employee exits, we conduct exit interviews to gain insights into the reasons for departure and identify areas for improvement in talent retention strategies. By understanding the factors contributing to employee turnover, we strive to continuously enhance our workplace environment and address any underlying concerns effectively.

**Table 16:** New Hires by Gender

New Employees Hires	2022	2023
Male	219	332
Female	12	27
Total	231	359

**Table 17:** New Hires by Age

New Employees Hires	2022	2023
Age <30	44	78
30 < Age <50	172	253
Age >50	15	28

**Table 18:** Employee Turnover by Gender

Employee Turnover	2022	2023
Male	189	272
Female	11	14
Total	200	286

**Table 19:** Employee Turnover by Age

Employee Turnover	2022	2023
Age <30	26	39
30 < Age <50	157	227
Age >50	17	20

The Group has deferred the implementation of the Employee Share Option Scheme (ESOS) and the Employee Performance Share Plan (PSP) until FY2025, as it is studying the best approach to initiate and implement ESOS and PSP which will give the best value add to the employees and to the Group with the aim of retaining and rewarding employees in the future.

## 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. Key aspects of board and management composition are as follows:

**Table 20:** Board Composition

Board Composition	2022	2023
Total Directors	4	4
Independent Directors	2	2
% Independent Directors	50%	50%
Women Directors	0	0

**Table 21:** Management Composition

Management Composition	2022	2023
Women in Senior Management	1	1
Total Senior Management	5	5
% of Women in Senior Management	20%	20%

## REGULATORY COMPLIANCE

In the Offshore and Marine industry, strict adherence to environmental, social, and economic laws and regulations is paramount. Noncompliance can lead to severe legal consequences and damage to reputation, highlighting the importance of regulatory compliance within our operations.

At Kim Heng, we have established a robust management policy dedicated to compliance with social and environmental laws. This policy is regularly communicated to all staff members to ensure awareness and understanding. We uphold the highest ethical standards in our dealings, strictly adhering to legal requirements governing securities, contracts, and other provisions outlined in our Code of Ethics. Additionally, we remain vigilant in our compliance with all domestic and international laws and regulations, maintaining a proactive approach to regulatory adherence.

In FY2023, Kim Heng received no monetary fines, non-monetary sanctions, or open cases related to social and economic non-compliance. Building upon this success, our objective is to maintain zero instances of social and economic non-compliance in our operations.

Furthermore, we are committed to stringent environmental compliance, striving to operate in accordance with all environmental regulations and requirements. In FY2023, we achieved zero reported incidents of environmental non-compliance, demonstrating our dedication to environmental stewardship.

Our vessels remain in compliance with existing MARPOL regulations, including the new changes introduced in MARPOL Annex V for waste management. Looking ahead to FY2024, our goal is to maintain this exemplary record and achieve zero reported incidents of environmental non-compliance, reaffirming our commitment to sustainability and responsible business practices.

**Table 22:** Cases of significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations

	FY2022	FY2023
Cases of significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations	0	0

## ETHICS AND ANTI-CORRUPTION

At Kim Heng, we recognize the critical importance of upholding ethical standards and combating corruption within our industry. Breaches of ethics and corruption not only pose legal risks but also jeopardize the trust and credibility we have cultivated with our stakeholders over time. Maintaining a commitment to integrity, Kim Heng maintains a zero-tolerance approach to bribery and corruption. We prioritize transparency and corporate ethics, implementing rigorous policies and robust internal controls to safeguard against unethical conduct.

Our anti-bribery and corruption (ABC) policy serves as a cornerstone of our commitment to ethical business practices. This policy provides clear guidance to management and staff on mitigating risks associated with bribery and corruption, while also ensuring compliance with regulatory requirements and marketplace expectations. In addition, our whistleblowing policy empowers employees to report any suspicious activities discreetly and without fear of reprisal. This mechanism allows for the prompt investigation of allegations related to financial misconduct or fraudulent acts, reinforcing our commitment to accountability and transparency.

To ensure widespread understanding and adherence to our ABC and whistle-blowing policy, all employees receive comprehensive training and regular communications on these policies on a yearly basis. The policies are readily accessible on a shared drive and are included in the induction process for new employees. Periodic reviews by the Audit and Risk Committee further enhance the effectiveness of these policies.

In FY2023, Kim Heng encountered one case of suspected corruption incident which was reported to SGX and the enforcement authorities in December 2023. Management has evaluated the financial damages from the incident and ascertained that there was no material impact of this incident to the Group's financial statements for FY2023. Pursuant to the review, management has tightened up the systems and processes to minimise the risks exposed from this incident. The Police is currently investigating into the matter.

**Table 23:** Corruption incidents

Anti-Corruption	2022	2023
Cases of anti-bribery and corruption incidents or whistle-blowing reports	0	1

We are dedicated to upholding high standards. This commitment includes providing continuous training to all new hires, conducting annual refresher courses on ABC policy and whistle-blowing policy, and aiming to achieve zero incidents of bribery and corruption in FY2024. Through these measures, we reassert our adherence to ethical conduct and responsible business practices.

**Table 24:** Anti-Corruption policies and procedures

Anti-Corruption	2022	2023
Percentage of employees who have been communicated anti-corruption policies and procedures	100%	100%
Percentage of employees who attended anti-corruption training	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, Kim Heng is 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, Kim Heng remains 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.



Hailong Offshore Wind Farm HDD works in Taiwan



Blowout Preventor & Lower Marine Riser Package offloading in anchorage



Bridgewater 168 towing 300 feet barge from Singapore to Taiwan



Bridgewater 168 towing a rig from offshore Malaysia to Kemaman

## 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
<b>Governance</b>	a. Describe board's oversight of climate-related risks and opportunities	5
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	5
<b>Strategy</b>	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	10-11
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	10-11
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	10-11
<b>Risk management</b>	a. Describe the organization's processes for identifying and assessing climate-related risks.	5, 10-11
	b. Describe the organization's processes for managing climate-related risks.	5, 10-11
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	5, 10-11
<b>Metrics and targets</b>	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	15-16
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	15-16
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	15-16

## PERFORMANCE DATA TABLE

### SGX CORE METRICS

Quantitative metrics		2023	2022
GHG Emissions	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2 (Tonnes CO <sub>2</sub> e)	<b>Scope 1</b> 27,597	<b>Scope 1</b> 26,119
		<b>Scope 2</b> 518	<b>Scope 2</b> 458
		<b>Total</b> 28,115	<b>Total</b> 26,577
	Emission intensities by: (a) Total; (b) Scope 1, Scope 2; (Tonnes CO <sub>2</sub> e/ SGD \$ million)	<b>Scope 1</b> 272.71	<b>Scope 1</b> 327.14
		<b>Scope 2</b> 5.12	<b>Scope 2</b> 5.73
		<b>Total</b> 277.83	<b>Total</b> 332.87

Energy Consumption	Total energy consumption (kWh)	1,243,757	1,128,127
	Energy consumption intensity (kWh/SGD \$'000) <sup>15</sup>	16.52	22.00
Water Consumption	Total water consumption (m <sup>3</sup> )	45,688	36,042
	Water consumption intensity (m <sup>3</sup> /SGD \$'000)	0.45	0.45
Waste Management	Total waste generated (Tonne)	1164	734
Gender Diversity	Current employees by gender	Male - 446 Female - 47	Male - 377 Female - 32
	New hires and turnover by gender	<b>New hires</b> Male - 332 Female - 27  <b>Turnover</b> Male - 272 Female - 14	<b>New hires</b> Male - 219 Female - 12  <b>Turnover</b> Male - 189 Female - 11
Age-Based Diversity	Current employees by age groups	Age <=30 - 73 30 < Age 50 - 347 Age >=50 - 73	Age <=30 - 45 30 < Age 50 - 307 Age >=50 - 57
	New hires and turnover by age groups	<b>New hires</b> Age <=30 - 78 30 < Age 50 - 253 Age >=50 - 28	<b>New hires</b> Age <=30 - 44 30 < Age 50 - 172 Age >=50 - 15
		<b>Turnover</b> Age <=30 - 39 30 < Age 50 - 227 Age >=50 - 20	<b>Turnover</b> Age <=30 - 26 30 < Age 50 - 157 Age >=50 - 17
Employment	Total turnover	286	200
	Total number of employees	493	409
Development & Training	Average training hours per employee	11.1	1.31
	Average training hours per employee by gender	NA	NA
Occupational Health and Safety	Fatalities	0	0
	High-consequence injuries	0	0
	Recordable injuries	6	4
	Recordable work-related ill health cases	0	0
Board Composition	Board independence	50%	50%
	Women on the board	0%	0%
Management Diversity	Women in the management team	20% (1)	20% (1)
Ethics and Anti-Corruption	Anti-corruption disclosures	Refer to "ETHICS AND ANTI-CORRUPTION"	
	Anti-corruption training for employees	Refer to "ETHICS AND ANTI-CORRUPTION"	
Certifications	List of relevant certifications	Refer to "MEMBERSHIPS / EXTERNAL CHARTERS"	

<sup>15</sup> Energy consumption intensity = Electricity Consumption (kWh) / Total Revenue – Chartering and Towage Revenue (SGD \$'000)

## GRI CONTENT INDEX

<b>Statement of use</b>	Kim Heng has reported the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standards(s)</b>	Not applicable

<b>GRI Standard/ Other Source</b>	<b>Disclosure</b>	<b>Information/ Location</b>
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	<ul style="list-style-type: none"> <li>Annual Report, Page 22 - Corporate Structure</li> <li>Sustainability Report, Page 3 - About this Report</li> </ul>
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> <li>Sustainability Report, Page 3 - About this Report</li> </ul>
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> <li>Sustainability Report, Page 3 - About this Report</li> </ul>
	2-4 Restatement of information	<ul style="list-style-type: none"> <li>Kim Heng has restated FY2022 employee data by excluding departing employees</li> <li>Sustainability Report, Page 19 - Human Capital</li> </ul>
	2-5 External assurance	<ul style="list-style-type: none"> <li>Kim Heng has not sought external assurance on this report</li> </ul>
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> <li>Annual Report, Page 1 - Company Overview</li> <li>Annual Report, Page 2 - Company Milestones</li> </ul>
	2-7 Employees	<ul style="list-style-type: none"> <li>Sustainability Report, Page 19 - Human Capital</li> </ul>
	2-8 Workers who are not employees	<ul style="list-style-type: none"> <li>Sustainability Report, Page 19 - Human Capital</li> </ul>
	2-9 Governance structure and composition	<ul style="list-style-type: none"> <li>Annual Report, Page 12 - Board of Directors</li> <li>Annual Report, Page 18 - Management Team</li> <li>Sustainability Report, Page 5 - Sustainability Governance</li> </ul>
	2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> <li>Annual Report, Page 35 - Corporate Governance: Selection, appointment and re-appointment of Directors (Provision 4.3)</li> </ul>
	2-11 Chair of the highest governance body	<ul style="list-style-type: none"> <li>Annual Report, Page 12 - Board of Directors</li> </ul>
	2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> <li>Sustainability Report, Page 5 - Sustainability Governance</li> </ul>
	2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> <li>Sustainability Report, Page 5 - Sustainability Governance</li> </ul>
	2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> <li>Sustainability Report, Page 5 - Sustainability Governance</li> </ul>
	2-15 Conflicts of interest	<ul style="list-style-type: none"> <li>Annual Report, Page 26 - Corporate Governance: Directors' fiduciary duties and conflict of interest (Provision 1.1)</li> <li>Annual Report, Page 36 - Corporate Governance: Directors' other directorships and principal commitments (Provision 4.5)</li> </ul>
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> <li>Sustainability Report, Page 5 - Sustainability Governance</li> </ul>
	2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> <li>Sustainability Report, Page 5 - Sustainability Governance</li> <li>Annual Report, Page 27 - Corporate Governance: Directors' Orientation, Induction, Training and Development (Provision 1.2)</li> </ul>

GRI Standard/ Other Source	Disclosure	Information/ Location
<b>GRI 2: General Disclosures 2021</b>	2-18 Evaluation of the performance of the highest governance body	• Annual Report, Page 37 – 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 38 – Corporate Governance: Remuneration Matters
	2-20 Process to determine remuneration	• Annual Report, Page 38 – Corporate Governance: Remuneration Matters
	2-22 Statement on sustainable development strategy	• Sustainability Report, Page 1 – Board Statement
	2-23 Policy commitments	• Sustainability Report, Page 24 – Ethics and Anti-Corruption
		• Sustainability Report, Page 19 – Human Capital
	2-24 Embedding policy commitments	• Sustainability Report, Page 25 – Ethics and Anti-Corruption
	2-25 Processes to remediate negative impacts	• Sustainability Report, Page 25 – Ethics and Anti-Corruption
	2-26 Mechanisms for seeking advice and raising concerns	• Sustainability Report, Page 25 – Ethics and Anti-Corruption
	2-27 Compliance with laws and regulations	• Sustainability Report, Page 25 – Regulatory Compliance
	2-28 Membership associations	• Sustainability Report, Page 6 – Stakeholder Engagement
	2-29 Approach to stakeholder engagement	• Sustainability Report, Page 6 – Stakeholder Engagement
	2-30 Collective bargaining agreements	• Not applicable, no collective bargaining agreements are in place.
<b>Material Topics</b>		
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	• Sustainability Report, Page 7 – Materiality Assessment
	3-2 List of material topics	• Sustainability Report, Page 7 – Materiality Assessment
<b>Financial Stability</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	• Annual Report, Page 19 – Operations and Financial Review
		• Annual Report, Page 70 – Financial Statements
		• Sustainability Report, Page 9 – Financial Stability
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	• Sustainability Report, Page 9 – Financial Stability
<b>Ethics and Anti-Corruption</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	• Sustainability Report, Page 25 – Ethics and Anti-Corruption
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	• Sustainability Report, Page 25 – Ethics and Anti-Corruption
	205-3 Confirmed incidents of corruption and actions taken	• Sustainability Report, Page 25 – Ethics and Anti-Corruption

GRI Standard/ Other Source	Disclosure	Information/ Location
<b>Energy Management</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	• Sustainability Report, Page 14 - Energy Management
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	• Sustainability Report, Page 14 - Energy Management
	302-3 Energy intensity	• Sustainability Report, Page 14 - Energy Management
<b>Water Management (Non-Material Topic)</b>		
<b>GRI 303: Water and Effluents 2018</b>	303-5 Water consumption	• Sustainability Report, Page 16 - Water Management
<b>GHG Emissions</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	• Sustainability Report, Page 15 - GHG Emissions
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	• Sustainability Report, Page 15 - GHG Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	• Sustainability Report, Page 15 - GHG Emissions
	305-4 GHG emissions intensity	• Sustainability Report, Page 15 - GHG Emissions
<b>Waste Management</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	• Sustainability Report, Page 11 - Waste Management
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	• Sustainability Report, Page 11 - Waste Management
	306-2 Management of significant waste-related impacts	• Sustainability Report, Page 11 - Waste Management
	306-3 Waste generated	• Sustainability Report, Page 11 - Waste Management
<b>Human Capital</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	• Sustainability Report, Page 19 - Human Capital
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	• Sustainability Report, Page 19 - Human Capital
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Sustainability Report, Page 19 - Human Capital
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	• Sustainability Report, Page 19 - Human Capital
	404-2 Programs for upgrading employee skills and transition assistance programs	• Sustainability Report, Page 19 - Human Capital
<b>405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	• Sustainability Report, Page 19 - Human Capital
<b>Health and Safety</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	• Sustainability Report, Page 17 - Health and Safety
<b>GRI 403: Occupational Health and Safety 2018</b>	403-9 Work-related injuries	• Sustainability Report, Page 17 - Health and Safety
	403-10 Work-related ill health	• Sustainability Report, Page 17 - Health and Safety



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