ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED
(Company Registration No. 200411055E)

Sustainability Report 2018

Date of issue: 29 May 2019

Contents

This sustainability report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This sustainability report 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 Lee Khai Yinn (Telephone number: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Part 1

Overview

Part 1: Overview

- *GRI: 102: General disclosures*

1.A. Corporate Profile

Atlantic Navigation Holdings (Singapore) Limited (the "Company" and together with its subsidiaries, the "Atlantic Group") is listed on the Catalist board ("Catalist") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

This report was prepared in order to comply with second year sustainability reporting requirements under Catalist Rules 711A and 711B, read with Practice Note 7F Sustainability Reporting Guide of the Catalist Rules.

- *GRI: 102-1: Name of the organization*

Atlantic Navigation Holdings (Singapore) Limited

- *GRI: 102-2: Activities, brands, products, and services*
- *GRI: 102-7: Scale of the organization*

The Atlantic Group's history dates back to 1997 when our operations began under Atlantic Marine Services LLC ("AMS LLC") in Dubai, UAE. The principal business activities of AMS LLC were to provide ship repair, fabrication and other marine services to ship owners in the UAE region. The Atlantic Group has since evolved from a ship repair, fabrication and other marine services provider to a ship owner and integrated offshore service provider.

We manage our operations mainly through our subsidiaries, namely Atlantic Maritime Group FZE (based in Hamriyah Free Zone, Sharjah, UAE) and Atlantic Ship Management LLC (based in Abu Dhabi, UAE).

Listed on the Catalist, the Company had changed its name to Atlantic Navigation Holdings (Singapore) Limited on 31 July 2012, following the completion of the reverse acquisition by Fastube Limited.

Over the years, our dedicated services have enabled us to establish strong and stable relationships with various leading oil companies, offshore contractors, survey companies, ship owners, ship yards and ship brokers/charterers in the region.

Our Industry

Primary

- Offshore Marine Oil & Gas Service Provider
- Shipownership & ship management (MLS Division)

Secondary

- Ship repair & maintenance (SRM Division)

Our Services: (1) Marine Logistics Services ("MLS")

Our MLS Division provides ship chartering and technical management, principally for the offshore oil and gas as well as marine construction industries, predominantly in the Middle East region, with expansions plans to include Africa and India.

Our marine logistic services are supported by our owned fleet of 22 vessels (including 2 vessels under investments in Joint Operations) which comprise of 2 lift-boats (a.k.a. jack-up barges), 1 mid-sized DP2 PSV, 9 various AHTs, 4 maintenance utility vessels, 3 tugboats, 1 deck barge, 1 crew boat and 1 work utility vessel with salient features in the following table below:

#	Name of Vessel	Type	Deck Area (sqm)	Crane Capacity	Size
1	AOS Maintainer I	DP-1 Jack-Up Accommodation Barge	1200	Main: 190T Aux: 20T	85.1m / 260 men
2	Delta 22	Jack-Up Barge	700	Main: 45T Aux: 5.4T	46.00m / 92 men
3	AOS Neptune	Platform Supply Vessel – DP2	700	20T	75.00m / 58 men
4	AOS Vision	Maintenance Utility Vessel	200 / 40 men	20T @ 4m; 30m Boom	NA
5	AOS Valor	Maintenance Utility Vessel	200 / 40 men	20T @ 4m; 30m Boom	NA
6	AOS Venture	Maintenance Utility Vessel	200 / 34 men	20T @ 4m; 30m Boom	NA
7	AOS Valiant	Maintenance Utility Vessel	200 / 34 men	20T @ 4m; 30m Boom	NA
8	AOS Eagle	Work Utility Vessel	175 / 30 men	10T @ 3.1m; 18.3m Boom	NA
9	AOS Sapphire	Shallow Draft AHTS	360 / 26 men	4T @ 9m; 12m Boom	NA
10	AOS Emerald	Shallow Draft AHTS	360 / 26 men	4T @ 9m; 12m Boom	NA
11	AOS Power	Anchor Handling Tug – Azimuth Stern Drive	150	3T	NA

#	Name of Vessel	Type	Deck Area (sqm)	Crane Capacity	Size
12	AOS Victory	Anchor Handling Tug Supply Vessel – DP2	360	3T	NA
13	ES Thunder*	Anchor Handling Tug Supply Vessel – DP2	360	3T	NA
14	AOS Triumph**	Anchor Handling Tug Supply Vessel – DP1	350	3T	NA
15	AOS Handler	Anchor Handling Tug Supply Vessel – DP1	350	NA	NA
16	AOS Hauler	Anchor Handling Tug Supply Vessel – DP1	350	NA	NA
17	AOS Provider	Anchor Handling Tug Supply Vessel – DP1	350	NA	NA
18	AOS Swift	Crew Boat	100	25 knots	27.00m / 35 men
19	AOS Honour	Utility	216	NA	45.00m / 18 men accommodation and seating for 30
20	AOS Star	Towing Tug	100	NA	36m / 40TBP
21	AOS Energy	Towing Tug	175	NA	36m / 40TBP
22	AOS 102	Deck Cargo Barge	NA	NA	250 ft

*Under management with 15% ownership under Investment in Joint Operations
**Under management with 51% ownership under Investment in Joint Operations

In addition, we also cross-charter vessels from third parties to service contracts which are secured to serve the specific needs of our customers.

In relation to the oil and gas industry, we provide service supporting different phases of the exploration, construction, development, production, and post-production of offshore oil and gas.

Below is a list of selected services offered by the MLS Division:

- Supporting seismic survey operations
- Supporting subsea surveys, including Remotely Operated Vehicles ("ROV") operation
- Supporting offshore diving operation
- Providing chase boat activities
- Transporting materials and structures for offshore construction and installation
- Assisting pipe-laying, cable-laying, jacket commissioning or decommissioning
- Anchor handling operation
- Towage of drilling rigs, construction barges etc.
- Providing standby duties such as fire-fighting duties and anti-pollution and prevention measures
- Providing supply services for production and maintenance operation
- Providing support for Single Buoy Mooring ("SBM") operation and maintenance
- Providing support for tanker berthing

- Cross chartering and management of third parties vessels to serve the specific needs of our customers
- Providing shipbroking services, acting as intermediaries and/or negotiators between shipowners and charterers to secure vessels for chartering purpose, or between buyers and sellers

Our Services: (2) Ship Repair, Fabrication and Other Marine Services ("SRM")

Our SRM Division provides afloat and dry-dock repair and maintenance services (supported by the workshop facilities at our premises at Hamriyah Free Zone, Sharjah, UAE) to customers in the shipping industry and for vessels utilized in our MLS Division. Our SRM Division also provides steel fabrication works for the shop repairs industry, including mobile drilling rigs.

The types of SRM services provided includes:

- Mechanical works
- Electrical works
- Air-condition works
- Steel works
- Blasting and painting
- Carpentry

Our Services: (3) Project Work

We also work with other service providers in the offshore oil and gas business to bid for projects that leverage off the strength and core competences of each business. As an illustration, Atlantic Ship Management LLC was involved in a consortium which was awarded a US$45.2 million project for the purchase and removal of decommissioned offshore and onshore facilities (the "Project") in April 2017 by a Middle Eastern National Oil Company ("MENOC"), with project execution completed in the first quarter of FY2019.

- *GRI: 102-6: Markets served*

Over the years, our dedicated services have enabled us to establish strong and stable relationships with various leading MENOCs, Engineering, Procurement and Construction ("EPC") contractors, survey companies, ship owners, ship yards and charterers in the region.

We are a pre-qualified marine support and service provider to various MENOCs and oil majors such as Saudi Aramco, Abu Dhabi National Oil Company and its marine operating companies such as ADMA-OPCO, Zakum Development Company (ZADCO), Bunduq Oil Company, Qatar Gas and Qatar Petroleum as well as international offshore EPC contractors including J Ray McDermott, SAIPEM, Boskalis, Dynamic Industries, Technip FMC, Subsea 7 and NPCC.

- *GRI: 102-3: Location of headquarters*

Our headquarters are in Singapore, where we are registered as a listed entity on the Catalist of the SGX-ST. The registered headquarters office details are as follows:

Address: 6 Battery Road #10-01, Singapore 049909
Tel: +65 6381 6868
Fax: +65 6381 6869

Furthermore, our share registrar's location is at the following:

Name: Boardroom Corporate & Advisory Services Pte. Ltd.
Address: 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

- *GRI: 102-4: Location of operations*

While we are registered and headquartered in Singapore, our main operations are in the Middle East, principally the UAE and the Kingdom of Saudi Arabia ("KSA").

The business office address of our subsidiary, Atlantic Maritime Group FZE, is as follows:

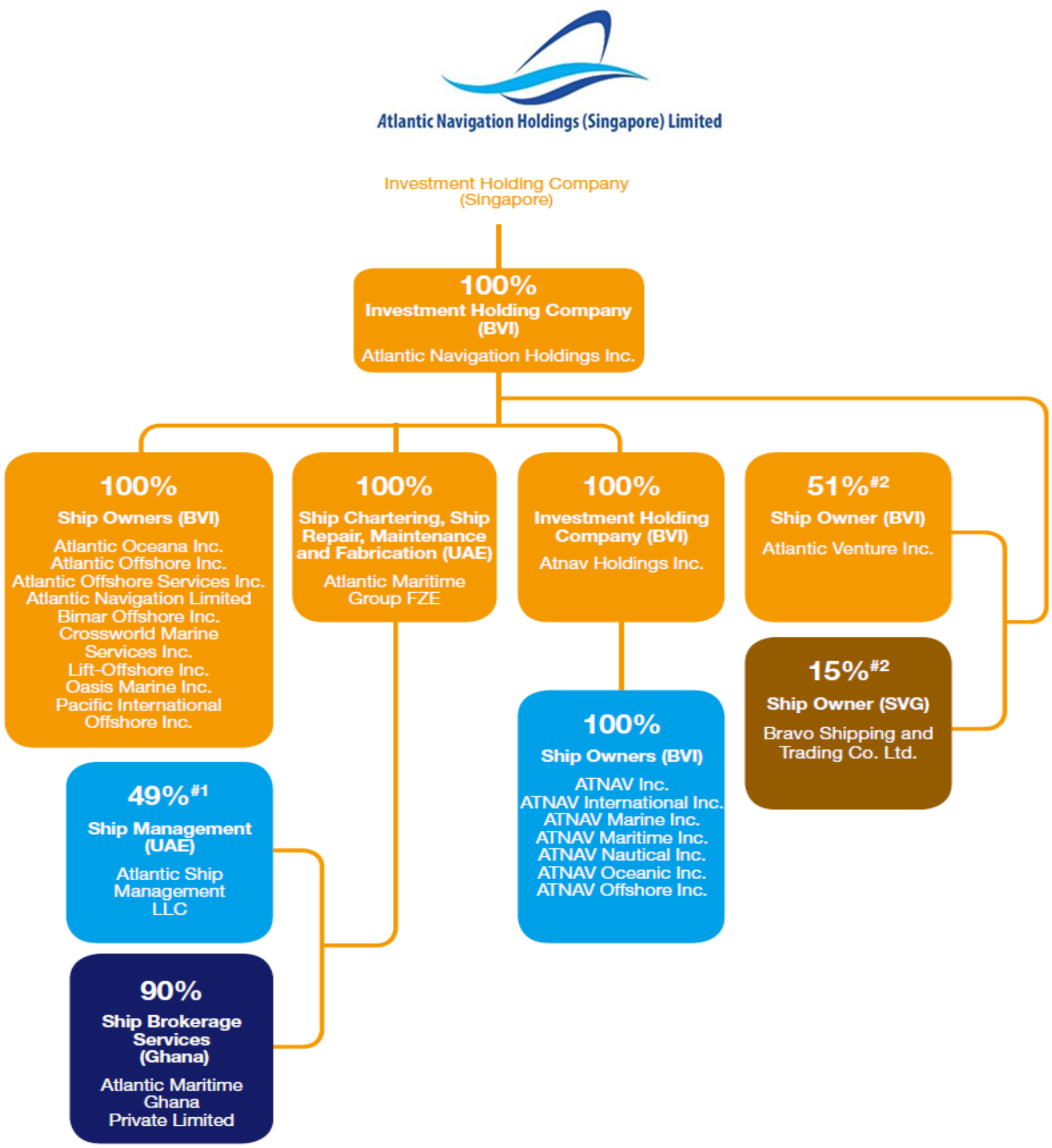
Address: Plot No. HD-02 P.O. Box 50246, Hamriyah Free Zone, Sharjah, United Arab Emirates
Tel: +971 6 5263577
Fax: +971 6 5260292

The business office address of our subsidiary, Atlantic Ship Management LLC, is as follows:

Address: P.O. Box 37288 Abu Dhabi, Unit 205, Al Salam Street, Al Salam HQ Building, Abu Dhabi, United Arab Emirates
Tel: +971 2 4453838
Fax: +971 2 4453837

- *GRI: 102-5: Ownership and legal form*
- *GRI: 102-45: Entities included in the consolidated financial statements*

Our ownership & legal form is described in the diagram below:

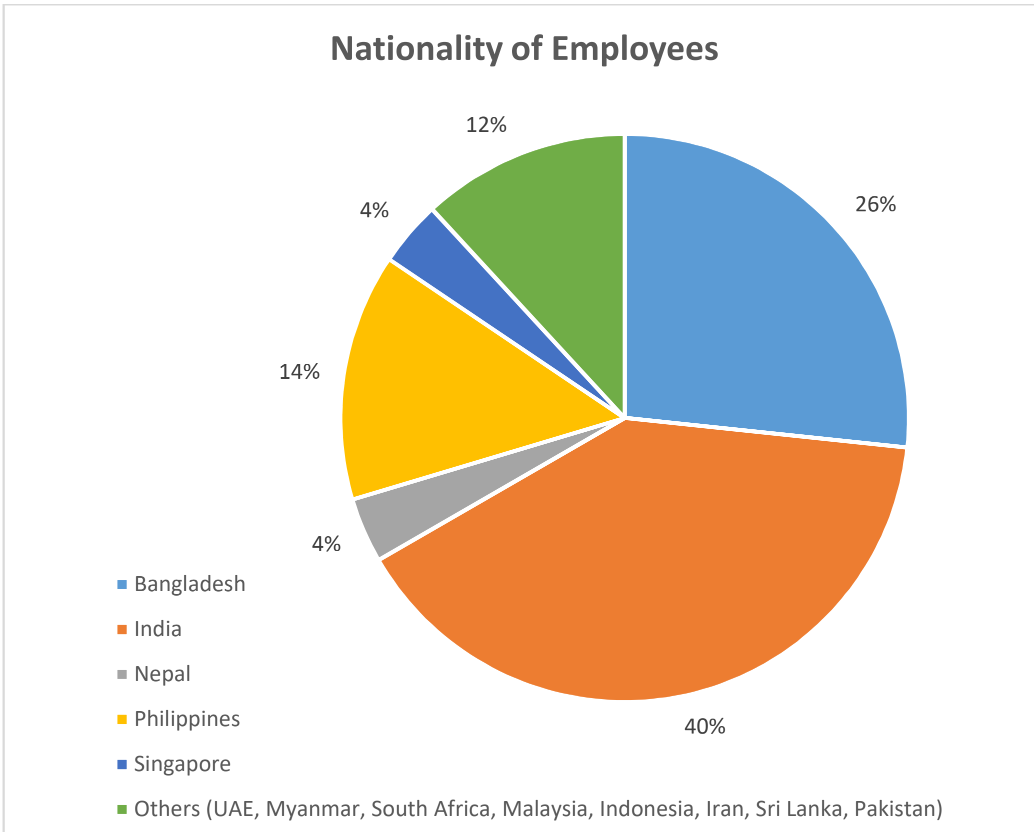


#1) This represents the legal interests of the Atlantic Group in Atlantic Ship Management LLC. The Directors consider Atlantic Ship Management LLC a subsidiary of the Atlantic Group as the Atlantic Group has control over the financial and operating policies and activities of this entity.

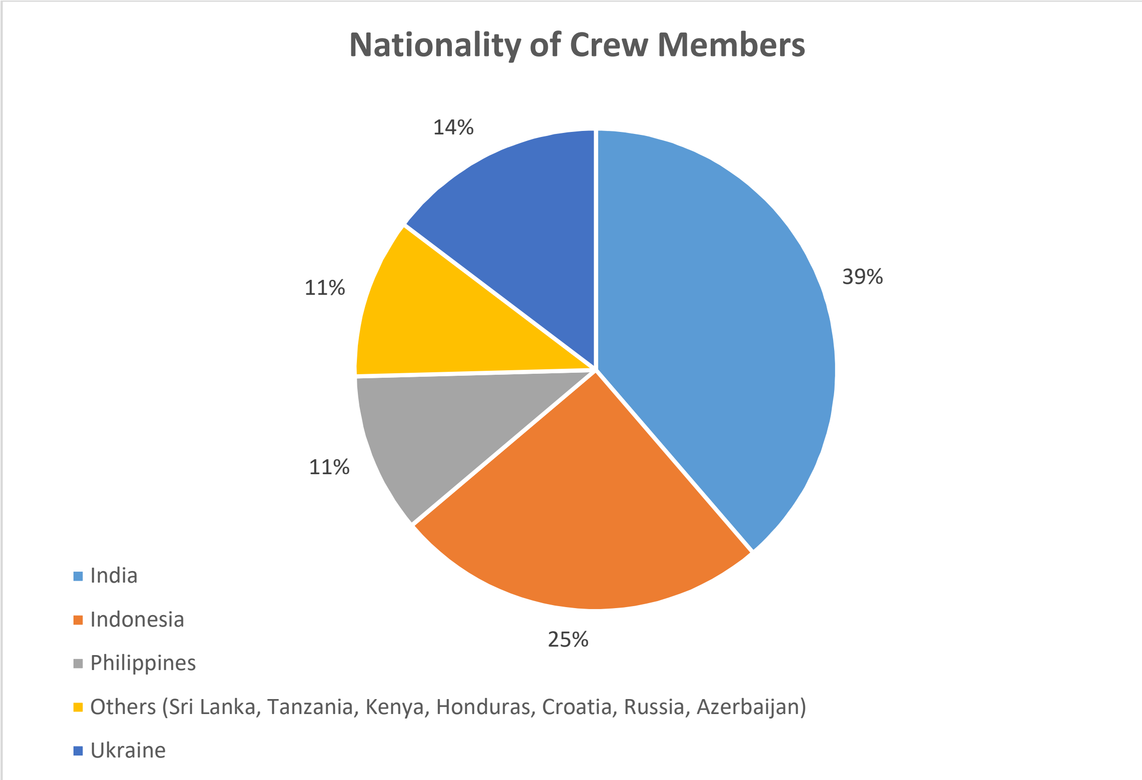
#2) The Atlantic Group has 51% and 15% interests respectively in the ownership and voting rights in two joint operations, Atlantic Venture Inc. and Bravo Shipping and Trading Co. Ltd.. The Atlantic Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

- *GRI: 102-8: Information on employees and other workers*

The Atlantic Group currently employs 64 permanent staff in the MLS Division and 71 employees (who are mostly laborers) in the SRM Division. While the SRM Division consists of only male employees, the MLS Division comprises of 78% male and 22% female employees. Furthermore, current employee nationalities in both divisions are displayed below:



There are also about 350 crewmembers aboard the vessels, but they are not considered as permanent employees. The crew members are mainly hired on a "3 months on, 3 months off" basis. However, experienced crew members may (and are encouraged to) re-join after their 3-month rest period. The nationalities of the current crew member are as follows:



- *GRI: 102-9: Supply chain*
- *GRI: 102-10: Significant changes to the organization and its supply chain*

Supply chain issues and significant changes are discussed in detail in the ESG Material Topics sections. (Reference: Part 3 to Part 5 of this report)

- *GRI: 102-12: External initiatives*

Atlantic Group has aspects that are in line with external initiatives. Specifically, many aspects of our operations and our priorities and activities are in line with Global Reporting Initiative ("GRI") indicators, United Nations Sustainable Development Goals ("UNSDGs"), and other global initiatives. (Reference: **2.D. Sustainability Reporting Frameworks**)

Furthermore, the Atlantic Group is committed to several global industrial standards and codes, such as IMO, SOLAS, MARPOL, and others. (Reference: **3.A. Material Topic #1: Quality, Health, Safety, and Environment (QHSE)**)

1.B. Strategy

1.B.i. General Strategy & Outlook

Given the continuing subdued and volatility in oil prices, the Atlantic Group continues to exercise management prudence in its operations. While the general sentiments have improved with slight increase in enquiries for the Atlantic Group's marine logistics services, the Atlantic Group expects continuing competitive pressure on charter rates due to the influx of excess tonnages from other more adversely affected regions into the Middle East.

Given the established track record and entrenched market presence in the Middle East, while efforts are focused on sustaining the utilization rates of its owned-fleet, the Atlantic Group will continue to explore opportunities for cross chartering-in of third party vessels backed by secured contracts to complement its fleet and service offering to generate positive cash flows and profits for the Atlantic Group.

1.B.ii. Operational Outlook

The Atlantic Group continues to exercise management prudence in its operations and expects to continue to focus on improving its operational efficiencies, while optimizing and reducing its cost of operations as it pursues new contracts with its established pool of existing and new clients.

The Atlantic Group continues to focus on maintaining and protecting the enhanced level of utilization of its existing fleet and securing employment for its owned vessels at competitive market rates.

Having progressively taken full delivery of the 7 new-built vessels by January 2019, we have now a fleet of vessels which are relatively new of less than 4 years old on average, if we disregard the old legacy vessels comprising of a utility vessel, 2 tugboats and 1 remaining deck cargo barge estimated as at 31 March 2019.

While our intention is to limit our capital expenditure in view of the general market condition as well as the demand and supply dynamics, we will continue to evaluate our fleet portfolio in accordance of the needs of the market with a view of continual fleet renewal in our bid to remain streamlined and focused with the ultimate aim of being nimble and competitive in our service offerings.

1.B.iii. Specific Goals, Plans & Strategy Elements

In view of the general strategy and with regards to the outlook of the industry, we intend to embark or follow through on the following:

1) Having taking delivery of the 7 new vessels for a MENOC's 10 vessels project, the Atlantic Group intends to continue to work towards maintaining or improving its overall utilization of the enlarged fleet.

2) The Atlantic Group intends to increase in geographic presence in selected countries in the Middle East and North Africa ("MENA") region given its understanding and track record with a view to improve the daily charter rates and profitability.

3) The Atlantic Group intends to diversify its customer base in two broad categories (i) securing contracts with National Oil Companies ("NOCs"), and (ii) working through established EPC contractors with extensive international operations.

4) The Atlantic Group intends to explore avenues to enhance its presence in KSA, both administratively and operationally, so as to compete more effectively for new contracts, while focusing on one of our largest clients: Saudi Aramco.

5) Depending on the operational requirements, the Atlantic Group intends to reduce the use of leverage and reduce its interest cost.

6) Having recently completed the US$45 million deconstruction project with our joint venture partner, the Atlantic Group intends to build on this track record and evaluate opportunities with strategic partners on such collaborative projects to diversify our business operations.

7) The Atlantic Group intends to invest in system, processes and training for higher efficiency and cost effectiveness, especially in our administrative and operational departments.

8) The Atlantic Group intends to continue to review its cost base with a view to lower operational expenditures, without compromising on operational and service quality.

1.C. Board Statement

- *GRI: 102-14: Statement from senior decision-maker*
- *GRI: 102-32: Highest governance body's role in sustainability reporting*

Board Statement

The board of directors (the "Board" or the "Directors") of the Company is of the view that this sustainability report provides a reasonable and transparent presentation of the Company's sustainability performance, specifically shedding light on its environmental, social, and governance ("ESG") impacts. In this respect, we affirm that our sustainability reporting is in compliance with the second year reporting requirements under the Catalist Rules.

This statement also conforms with Singapore Code of Corporate Governance (issued on May 2, 2012) (the "CG Code"), and specifically Principle 1 of the CG Code, which states that the Board is collectively responsible for the long-term success of the Company. In line with Guideline 1.1 of the CG Code, we affirm that that the Board has fulfilled its role in considering and determining the material sustainability issues throughout this report, and has considered and will continue to consider and further assess ESG factors on an ongoing basis of the Atlantic Group's strategic formulation and direction.

The Board's interaction with management has enabled us to satisfy ourselves on the way sustainability governance is structured and functioning through the various levels of management. In this regard, we currently provide oversight over management through the lens of sustainability performance, and aspire to improve by reviewing on a quarterly basis the Atlantic Group's material ESG factors.

Concerning future reporting, the Board will continue to work with the management in order to determine what needs to be done to improve sustainability reporting with a view in attaining full compliance under the Catalist Rules and the adoption of Global Reporting Initiative ("GRI") reporting framework.

1.D. Ethics & Integrity

- *GRI: 102-16: Values, principles, standards, and norms of behavior*

We recognize that our industry is sensitive in the area of ethics and corruption. Any such issues can lead to significant reputational damage, legal consequences and loss of customers to our business.

We have no tolerance for bribery and corruption in our business. We aim to achieve the highest levels of corporate ethics and transparency through sound corporate governance and appropriate internal controls.

In addition, we have put in place a whistle-blowing policy, issued since February 2013, whereby employees may, in confidence, report possible improprieties that may cause financial or non-financial loss of the Company, including but not limited to fraud, misappropriation of assets, sexual harassment, criminal breach of trust, corruption, questionable or improper accounting, misuse of confidential information, breach of Atlantic Group's policies and authorities, and acts or omissions which are deemed to be against the interest of the Atlantic Group, laws, regulations or public policies. Whistle blowers could call and/or email to the Whistle Blowing Committee directly and in confidence, and his/her identity is protected from reprisals within the limit of the law.

All employees have access to top management, providing communication channels that reach the Chairman of the Board and the CEO who will be informed of any material incidents raised.

Our employees are briefed and have received communication on our whistle-blowing policy. There have been no cases of whistle-blowing in the Atlantic Group during the reporting period. The Atlantic Group will continue to maintain the whistle-blowing policy and other internal controls in place to prevent wrongful acts.

1.E. Governance

- *GRI: 102-18: Governance structure*

The Board of Atlantic Navigation Holdings (Singapore) Limited is committed to maintaining a high standard of corporate governance within the Company and the Atlantic Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

The revised Code of Corporate Governance was recently issued on 6 August 2018 (the "2018 Code"), with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. The 2018 Code is effective for annual reports covering financial years commencing from 1 January 2019. The Atlantic Group will outline its corporate governance practices and structures in place to comply with the 2018 Code, where appropriate, in the next annual report for the financial year ending 31 December 2019.

The Corporate Governance Report 2018 in its entirety can be found on pages 21 to 43 of the Annual Report 2018 while the information on the members of the Board and the Executive Officers can be found on pages 6 to 8 of the Annual Report 2018.

1.F. Reporting Practice

- *GRI: 102-48: Restatements of information*
- *GRI: 102-49: Changes in reporting*
- *GRI: 102-51: Date of most recent report*

This is Atlantic Group's second sustainability report and any material changes in the information from the first sustainability report would be highlighted.

- *GRI: 102-50: Reporting period*

Our financial year end is 31 December ("FY"). Therefore, our reporting period would be from 1 January to 31 December. For the purpose of this second year report, the reporting period is 1 January 2018 to 31 December 2018, unless otherwise stated.

- *GRI: 102-52: Reporting cycle*

Pursuant to Catalist Rule 711A, an issuer must issue a sustainability report for its financial year, no later than 5 months after the end of the financial year. Our reporting cycle, then, is to report on the previous financial year's sustainability activities by the 31st May of each year.

- *GRI: 102-53: Contact point for questions regarding the report*

For questions regarding the report, the contact point would be:

Name: Mr. Hsu Chong Pin
Position: Chief Financial Officer
Organization: Atlantic Navigation Holdings (Singapore) Limited
Telephone: +971 6 5263577
E-mail: cphsu@amguae.net

- *GRI: 102-56: External assurance*

External Assurance of Sustainability Report:

While this is the second time that Atlantic Group has prepared the sustainability report, we have yet to conduct external sustainability assurance over our sustainability report which we are considering to plan for in the future.

External Assurance of Financial Reports:

External assurance over our financial reports is provided by our external auditors: Ernst & Young LLP. The opinion of our auditors over our financial statements for FY2018 remains unqualified.

1.G. Risk Management

- *GRI: 102-11: Precautionary principle or approach*

Principle 11 of Atlantic Group's Code of Corporate Governance is concerned with the importance of risk management and internal control which can be found on page 38 of the Annual Report 2018 in its entirety.

Part 2

Stakeholder Engagement, Materiality & Material Topics Alignment

Part 2: Stakeholder Engagement, Materiality & Material Topics Alignment

2.A. Stakeholder Engagement

- *GRI: 102-46: Defining report content and topic boundaries*

In order to report on the material ESG topics for Atlantic Group, it is important to first determine the important stakeholders that will form the basis of these topics. This is done through a stakeholder-centered approach that follows the following process:

Stakeholder-Centered Approach to Materiality

1. List potential stakeholders, classified as external or internal.
2. Impact matrix to identify high, medium, and low impact stakeholders.
3. List engagement methods for each stakeholder, based on impact importance.
4. Engage with the relevant stakeholders to conduct impact rating on a list of potentially material ESG factors.
5. Create a materiality matrix that identifies each material topic according to the stakeholder impact rating results and other best-practice benchmarking results.
6. Align the material topics to sustainability frameworks (in this case, GRI & UNSDGs) to highlight their ESG elements.
7. Report on each material ESG factor identified, focusing on the high-intensity topics on the materiality matrix.

- **Step 1:**

  - *GRI: 102-40: List of stakeholder groups*

The Atlantic Group interacts with and impacts (directly and indirectly) a variety of stakeholder groups. An assessment resulted in the list of 9 potentially relevant stakeholders below, classified as to whether they are internal or external to the organization:

SN#	**Stakeholders**	**Classification**
1	Customers	External
2	Employees	Internal
3	Management	Internal
4	Shareholders	Internal
5	Creditors	External
6	Suppliers	External
7	Community	External
8	Government / Regulators	External
9	Competitors	External

  - *GRI: 102-41: Collective bargaining agreements*

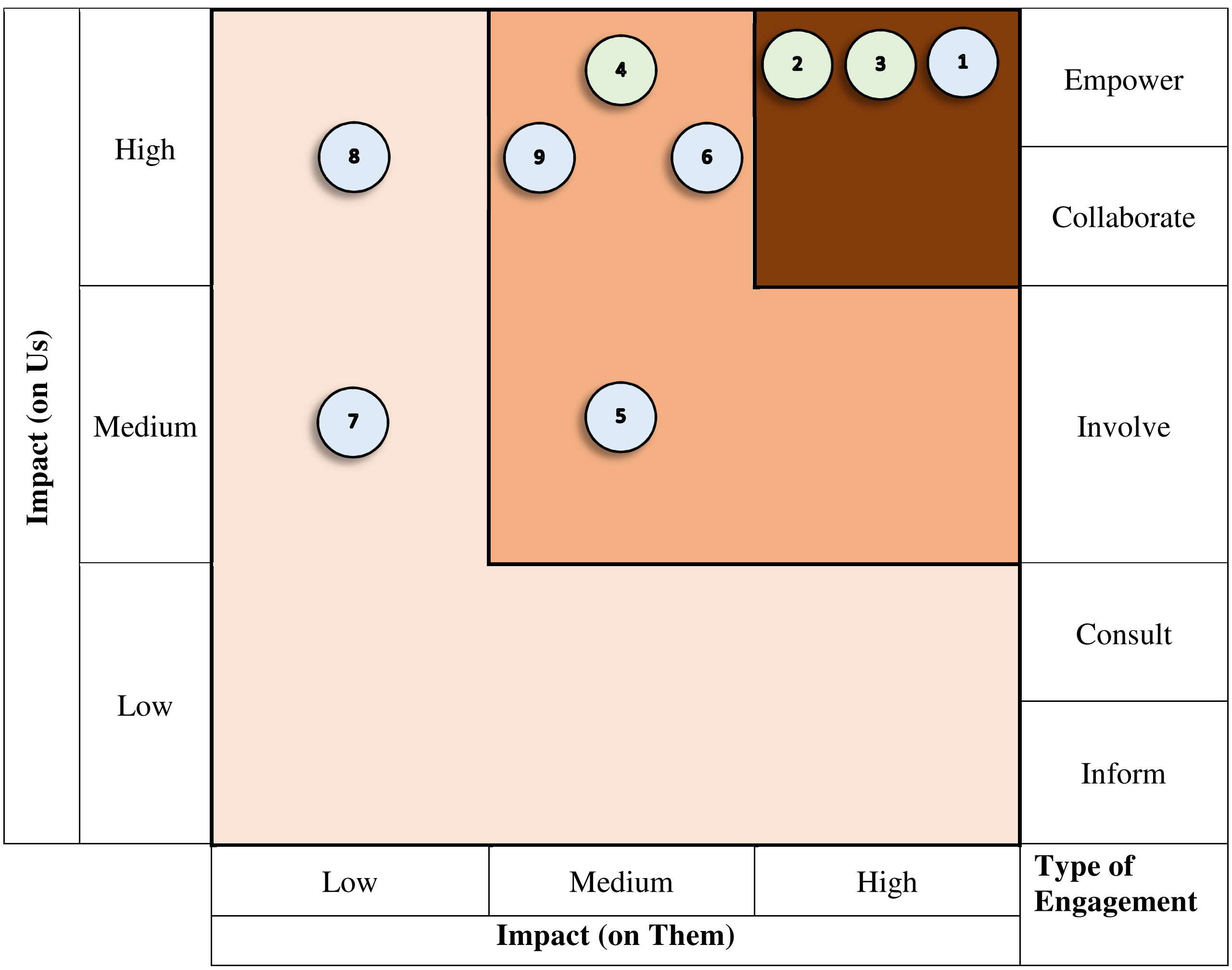
The Atlantic Group does not have any collective bargaining agreements with employees or other stakeholders.

- **Step 2:**

  - *GRI: 102-42: Identifying and selecting stakeholders*

After listing the 3 internal and 6 external stakeholder groups that could be potentially relevant, another assessment was done to determine the stakeholders' relevance based on the impact they have on us, as well as the impact we have on them. A further step adds a column on the right that helps determine the type of engagement with each stakeholder group, based on the impact intensity (to be discussed in Step 3). The results are illustrated in the below Stakeholder Impact Matrix:

<u>Stakeholder Impact Matrix – with Engagement Type</u>



Legend

	External Stakeholders
	Internal Stakeholders
1	Customers
2	Employees
3	Management
4	Shareholders
5	Creditors
6	Suppliers
7	Community
8	Government / Regulators
9	Competitors

The results of the stakeholder impact matrix show that stakeholders with highest-intensity impact on and from the Atlantic Group are 1 external stakeholder group (**customers**) and 2 internal stakeholder groups (**employees** and **management**).

- **Step 3:**

  - *GRI: 102-43: Approach to stakeholder engagement*

After identifying the relevant stakeholders, the Atlantic Group determines how these stakeholders are engaged. Using the same stakeholder impact matrix in Step 2, the type of engagement can be determined according to the intensity of impact, where the types of engagement (from highest impact to lowest impact stakeholders) are: empower, collaborate, involve, consult, and inform.

The results of the stakeholder impact matrix (along with engagement types) show that customers, employees, and management, along with shareholders should be engaged in an empowering way, since their involvement is very highly significant to the operations of the Atlantic Group. This means that our actions should not be aimed at simply communicating with these stakeholders, but also empowering them to be able to reap the optimal benefits for both us and them. Customers could be empowered through Atlantic Group events and delivery of superb quality of service, employees and management could be empowered through training, events, certain policies & procedures, etc while shareholders are provided with periodic results announcements and timely disclosure of material events.

Next in significant are government / regulators as well as suppliers who should be engaged with in a collaborative way. This means that they are not too significant to directly allocate our resources to in order to empower, yet they are significant enough to collaborate with rather than just simply communicate with. This can be done by having Atlantic Group representatives meeting with government representatives / regulators and suppliers in a productive and meaningful way, especially to hear the concerns of both parties and work together towards maximizing the benefits of each. With regard to competitors, as their operations compete and hence impact our business, we monitor our competitors' development and aspire to compete effectively with an efficient fleet and excellent services delivery while at the same time, explore ways to selectively work on cross charter-in opportunities given our entrenched position in the Middle East and MENOCs.

The rest of the stakeholders should be involved with Atlantic Group—i.e. not only communicated with in an informative or consultative manner, but rather directly engaged with especially with our creditors which have supported the operations of the Atlantic Group.

Next, after determining the engagement category for the appropriate stakeholders, the next table lists the specific engagement methods Atlantic Group applies towards each of these stakeholder groups:

Stakeholder Engagement Methods

SN#	Stakeholders	Principal Methods of Engagement	
1	Customers	• Company website • News	• Meetings
2	Employees	• Company website • News • Meetings	• Employee events / programs • Training • Bulletins & circulars
3	Management	• Company website • News • Financial statements & other reports	• Meetings • Bulletins & circulars
4	Shareholders	• Company website • News • Financial statements & other reports	• SGX-ST website • Meetings
5	Creditors	• Company website • News • Financial statements & other reports	• Meetings
6	Suppliers	• Company website • News	• Meetings
7	Community	• Company website • News	• Community events
8	Government / Regulators	• Company website • News • Financial statements & other reports	• SGX-ST website • Meetings • Government reports
9	Competitors	• Company website	

		• News • Financial statements & other reports

Step 4:

2.B. Identification of Material Topics

- *GRI: 102-44: Key topics and concerns raised*

After determining the most significant stakeholders and their engagement methods, the next step is to use the input from these stakeholders, to determine ESG topics that are most material to them. Selected internal stakeholders, especially employees and management, were engaged by doing an impact rating of a list of potentially material ESG topics. Material topics were discussed and compared to previous results, and stakeholders were asked to rate the current importance of these topics based on various dimensions of impact. Impact rating was done on a scale of 0 to 3, meaning:

- 0: No impact
- 1: Low impact
- 2: Medium impact
- 3: High impact

The table below shows how stakeholders rate the 7 preliminary topics across various dimensions:

Impact Rating of Potential ESG Material Topics for FY2018

		Personal impact	Other stakeholder impact	Environmental impact	Social impact	Governance impact	Economic impact	Average rating:
Potential Material Topic	1. QHSE	1	1	3	3	2.5	2.5	**2.17**
	2. Succession Planning	2	2	1	0.5	2.5	3	**1.83**
	3. Political Risk	1.5	2	1	2.5	2.5	3	**2.08**
	4. Profitability	3	3	2	2	2.5	3	**2.58**
	5. Services to Clients	3	3	2	2	3	3	**2.67**
	6. Internal Processes & Procedures	2.5	3	2.5	2	3	2.5	**2.58**
	7. Localization	2.5	2.5	1	2	2.5	3	**2.25**

The results of the rating show the following ESG topics, from most material (highest rating) to least material (lowest rating):

Material Topics – by Materiality Rating

Topic #	Topic	Rating
5	Services to Clients	**2.67**
4	Profitability & Cash flow	**2.58**
6	Internal Processes & Procedures	**2.58**
7	Localization	**2.25**
1	Quality, Health, Safety, and Environment (QHSE)	**2.17**
3	Political Risk	**2.08**
2	Succession Planning	**1.83**

Furthermore, the table below classifies the material topics by their specific ESG elements, specifically: environmental, social, or governance & economic:

Material Topics – by ESG Classification

Topic #	Topic	ESG Classification
5	Services to Clients	Governance & Economic
4	Profitability & Cash flow	Governance & Economic
6	Internal Processes & Procedures	Governance & Economic
7	Localization	Social
1	Quality, Health, Safety, and Environment (QHSE)	Environmental
3	Political Risk	Social
2	Succession Planning	Social

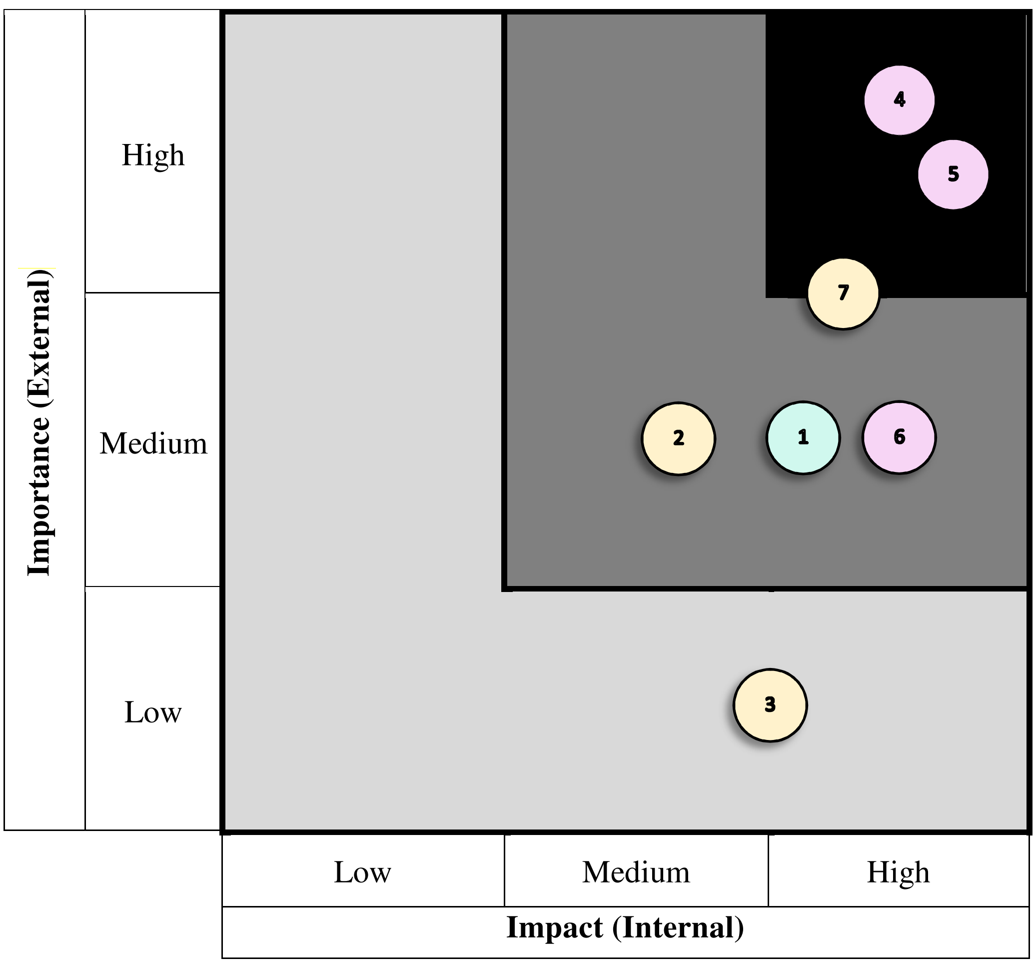
- **Step 5:**

2.C. Materiality Matrix

- *GRI: 102-47: List of material topics*

After having identified the most material ESG topics to stakeholders derived from internal stakeholders, the next step is to create a materiality matrix. This matrix has the internal stakeholders' ratings on the x-axis, and the y-axis maps these material topics with external sources to determine their importance. Specifically, these external sources include benchmarking / best practice of how these material topics (or similar topics) were rated in other materiality matrices in various other sustainability reports.

Materiality Matrix



Legend

1	Quality, Health, Safety, and Environment (QHSE)	(teal circle)	Environmental
2	Succession Planning	(yellow circle)	Social
3	Political Risk	(pink circle)	Governance & Economic
4	Profitability & Cash flow		
5	Services to Clients	(black)	Level 1 Materiality
6	Internal Processes & Procedures	(dark grey)	Level 2 Materiality
7	Localization	(light grey)	Level 3 Materiality

Plotting the topics on the materiality matrix shows that the topics can be categorized into 3 levels of materiality, from level 1 (highest) to level 3 (lowest). The table below shows the levels per topic:

Material Topics – Level Classification

Topic #	Topic	Materiality Level
5	Services to Clients	Level 1
4	Profitability & Cash flow	Level 1
6	Internal Processes & Procedures	Level 2
7	Localization	Level 2
1	Quality, Health, Safety, and Environment (QHSE)	Level 2
3	Political Risk	Level 3
2	Succession Planning	Level 2

These topics will be assessed in detail throughout the report, with especially deeper focus on the highest level of material topics (i.e. services to clients, and profitability & cash flow).

- **Step 6:**

2.D. Sustainability Reporting Frameworks

  - *GRI: 102-54: Claims of reporting in accordance with the GRI Standards*

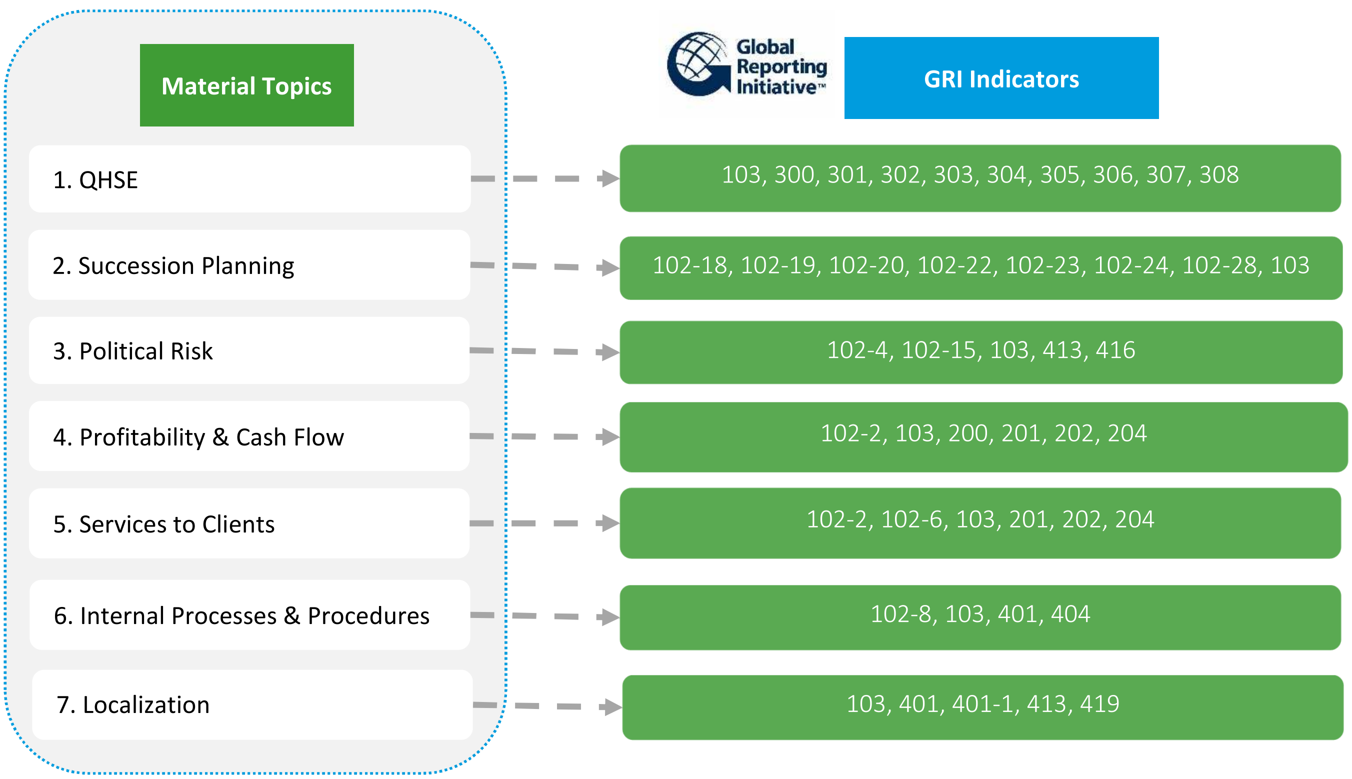
After identifying the material topics with their materiality levels, the next step is to map each topic with its associated sustainability frameworks, in order to highlight on each one's ESG elements. In this case, the topics are mapped to GRI indicators, as well as to UNSDGs.

Additionally, this is to also note that besides material topic alignment to GRI, GRI is also the foundational basis upon which this report is prepared and even structured. Specifically, Parts 1 & 2 are structured on GRI General Disclosures, while Parts 3, 4, and 5 are structured on Topic-Specific GRI's.

Furthermore, though it is not required by the Catalist Rules, this report is aligned with the "Core" GRI requirements, meaning the core GRI indicators have been addressed. In terms of future sustainability reports, we aim to at least provide core GRI level and preferably "Comprehensive" level in the near future.

2.D.i. Alignment of Material Topics with GRI

The diagram below first aligns the material topics to GRI indicators:



2.D.ii. Alignment of Material Topics with UNSDG's

The diagram below then aligns the material topics to the UNSDG's:

Material Topics	UNSDGs
1. QHSE	6, 7, 11, 12, 13, 14, 15
2. Succession Planning	8, 16
3. Political Risk	3, 8, 11
4. Profitability & Cash Flow	1, 8, 9, 12
5. Services to Clients	8, 9, 12, 17
6. Internal Processes & Procedures	4, 8, 9, 12
7. Localization	1, 8

Part 3

Environmental Factors (GRI: 300)

Part 3: Environmental Factors (GRI: 300)

3.A. Material Topic #1: Quality, Health, Safety, and Environment (QHSE)

3.A.1. Current policies, practices and performance

QHSE at the Atlantic Group

The Atlantic Group believes that the safe operation of vessels, safety of its employees (including contractors and all persons working under its control), together with the public, as well as the protection of the environment, are the overriding responsibilities and considerations in carrying out its diverse marine operations.

The Atlantic Group maintains strict quality control programs to monitor and control its operational risks. We remain focused on increasing QHSE awareness among our employees and crew, and on upholding our core values in our daily operational activities. Structured safety meetings are held and safety trainings were organized for them throughout the year.

The Stop Work policy of the Atlantic Group provides responsibility and authority to all employees or contractors to stop an activity, if, in his/her opinion or judgement, the activity is deemed to be an unsafe or risky behavior.

Atlantic Maritime Group FZE ("AMG") has successfully aligned its safety management system from OHSAS 18001:2008 to the new standard ISO 45001:2018. AMG follows a risk based approach and proactive method of implementing control measures or taking preventive actions to achieve its goal of zero accidents.

The commitment of the Atlantic Group in ensuring the safety of employees, the protection of environment, and the continual improvement are evident from the statistics showing zero Lost Time Injury ("LTI"), and zero oil spills in the past 5 years.

Global & Industrial Standards

As one of the leading offshore companies operating mainly in the Middle East, The Atlantic Group is fully committed to implementing and complying with all of the standards, regulations and statutory requirements codes from:

- International Maritime Organization ("IMO") conventions
- International Convention for the Safety of Life at Sea ("SOLAS")
- Internal Convention for the Prevention of Pollution from Ships ("MARPOL")
- Other conventions directly or indirectly related to safety and the environment in full

The Atlantic Group complies with these standards; class certifications are received for the vessels. Specifically, IMO and MARPOL are applicable to all vessels; SOLAS is applicable to most vessels but not all the vessels.

Client Standards

All of our key clients and their EPC subcontractors are required to comply fully with all the international regulations related to ESG (especially environmental) compliance, and also to meet and comply with their own specific standards and requirements. Most of these specific standards and requirements deal with their QHSE policies.

Our Compliance

The Atlantic Group's fleet of vessels comply fully with these regulations, standards and specific requirements from our clients and international/industrial/marine standards. Most importantly, we have achieved zero LTI and zero oil spills in the past 5 years.

- *GRI: 102-13: Membership of associations*

The Atlantic Group has various QHSE-related standards and accreditations, including:

	QHSE Standard	*Mandatory*	*Voluntary*
1	Maritime Labor Convention (MLC)	Mandatory	
2	International Safety Management (ISM) System	Mandatory	
3	International Organization for Standardization (ISO) 9001:2015 – Quality Management System		Voluntary
4	International Organization for Standardization (ISO) 14001:2015 – Environment Management System		Voluntary
5	Occupational Health & Safety Assessment Series (OHSAS) 18001:2008*		Voluntary

*OHSAS 18001:2008 is to be replaced in 2019 by ISO 45001:2018 – Occupational Health and Safety Management System.

We would like to highlight that we comply with all the required mandatory QHSE requirements and to have taken further steps to ensure that the Atlantic Group abides by the highest QHSE standards. We also actively engage and hence comply with other additional QHSE requirements from our clients, and receive audit reports concerning our level of compliance.

3.A.2. Future plans & targets

Proactive Compliance

Compliance with various QHSE standards is critical to continue to serve our existing contracts and to secure and tender for new contracts from clients—whether existing and new. In order to ensure this into the future, we strive to not only meet the current standards, but to also proactively anticipate and prepare our fleet for any future possible QHSE standards that may arise—whether from clients or from global/industrial initiatives. In order to achieve this proactive compliance, we constantly keep ourselves updated with QHSE impacts through close interactions across the operational divisions, and continuously plan for and implement new measures for improving QHSE elements within our operations.

Sulphur Content Limitations in Fuel

Under the revised MARPOL Annex VI, the global sulphur limit in fuel will be reduced from current 3.50% to 0.50% m/m, effective from 1 January 2020, subject to a feasibility review to be completed no later than 2018. The 70th Marine Environmental Protection Committee (MEPC), held on October 2016, considered an assessment of fuel oil availability to inform the decision to be taken by the parties to MARPOL Annex VI, and decided that the fuel oil standard (0.50% m/m sulphur limit) shall become effective on 1 January 2020. The limits applicable in Emission Control Areas (ECAs) for Sulphur oxides (SOx) and particulate matter (PM) were reduced to 0.10% m/m, from 1 January 2015.

With respect to the Atlantic Group managed fleet, our vessels are using Low sulphur Marine Gas Oil ("MGO") and complying fully with the low sulphur requirement standard. The MGO sulphur content ranges from 0.01% to 0.10% m/m which we actively monitor through bunker delivery notes which would indicate the percentage of sulphur at all bunkering operations.

International Energy Efficiency Certificates ("IEEC")

Ship exhaust gases can not only be reduced by the use of higher quality fuels or exhaust gas cleaning systems, but also by increasing the energy efficiency of a ship. For this reason, the IMO has adopted an amendment to MARPOL Annex VI with effect from 2010 to increase the energy efficiency. According to this amendment, all new ships must now possess a so-called Energy Efficiency Design Index ("EEDI") with effect from 2013 which is an index indicating the CO_2 emissions per ton of cargo and nautical mile sailed.

The above EEDI index calculations do not apply to our fleet as they do not belong to the sub-categories of ships as defined under the regulations. However, as per other amendments of MARPOL Annex VI, vessels require IEEC to certify that they are in compliance with requirements of having a ship energy efficiency management plan ("SEEMP") onboard. All of our vessels where such compliance is applicable have received the IEEC certification and carry respective SEEMP onboard. The contents of each SEEMP include the following items:

#	Contents of SEEMP
1	Introduction to SEEMP
2	SEEMP Objectives
3	Training
4	SEEMP Plan & Implementation
5	Monitoring & Reviewing Progress
6	Records
7	SEEMP Forms

3.A.3. Metrics

The following table includes a few key performance indicators ("KPIs") that may be used to measure our performance in this material topic – QHSE:

#	KPI	Goal
1	% of sulphur content in fuel	To maintain full compliance
2	# and type of QHSE accreditations, standards, and requirements complied with	Increase
3	# of QHSE standards and requirements not complied with	To remain at zero non-compliance
4	# of vessels with IEEC certification where compliance is applicable	To maintain full compliance
5	Lost time injury	To remain at zero
6	Oil spills	To remain at zero
7	Near misses*	To reduce to zero
8	QHSE trainings conducted	Increase
9	Safety meetings conducted	Increase
10	Safety drills conducted	Increase

** Defined as an incident in which no property was damaged and no personal injury was sustained, but where, given a slight shift in time or position, damage or injury easily could have occurred.*

3.A.4. 2018 performance & 2017 comparisons

#	KPI	2017	2018	Comments
1	% of sulphur content in fuel	0.01% - 0.10% m/m	0.01% - 0.10% m/m	In full compliance
2	# and type of QHSE certifications, standards, and requirements complied with	5	5	2017 & 2018 sees compliance with 2 ISO, 1 OHSAS, and 1 ISM standard and 1 MLC. 2019 will be the same, with the replacement of OHSAS with the new ISO standard.
3	# of QHSE standards and requirements not complied with	0	0	In full compliance
4	# of vessels with IEEC where compliance is applicable	12	19	In full compliance
5	Lost time injury	0	0	Remains at zero, in line with current goal
6	Oil spills	0	0	Remains at zero, in line with current goal
7	Near misses	0	3	The 3 near misses that occurred in 2018 were not significant (i.e. not relating to collusion, oil spills or may cause serious injuries to crew or financial loss) and were swiftly rectified; Target to reduce to zero
8	Number of QHSE training sessions conducted	N/A	569	Data tracked since 2018
9	Number of Safety meeting sessions conducted	N/A	353	Data tracked since 2018
10	Number of Safety drill sessions conducted	N/A	1,342	Data tracked since 2018

Part 4

Social Factors (GRI: 400)

Part 4: Social Factors (GRI: 400)

4.A. Material Topic #2: Succession Planning

4.A.1. Current policies, practices and performance

The Atlantic Group recognizes that succession planning for the Board and key management positions can be a long-drawn process, with the successors having to spend time understanding and managing different aspects / departments of the Atlantic Group's business in order to ensure proper, smooth knowledge and skill transfer.

With regard to succession planning of the Board of Directors, in selecting potential new directors, the Nominating Committee (“NC”) will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC will evaluate the suitability of the nominee(s) or candidate(s) based on his/her qualifications, experience, commitment and ability to contribute to the Board process and such qualities and attributes that may be required by the Board.

The succession planning process with regard to the members of Board of Directors are detailed on pages 25 to 26 of the Annual Report 2018. It should be noted that 4 out of the 5 current directors were recently re-elected (where 3 were recent appointees including the Chairman) on 26 April 2019 as an indication of strong board renewal process.

Concerning the general issue of succession planning of the management, the management team provides the Board with an assessment on a regular basis as to the status and progress on its succession plans for key management positions.

In general, succession planning in the Atlantic Group starts with identification of the right candidates to join the Group with the necessary experience, expertise and attributes with the potential to grow and take on more responsibilities. On-the-job training with the close supervision and guidance provided by the seniors ensure continual learning and alignment with corporate culture of the Atlantic Group.

Succession planning for management, in particular for the Chief Executive Officer, Mr. Wong Siew Cheong (“Bill”), has been identified as a key risk, given that Bill is the founder and key shareholder since its formation some 17 years ago and had established a strong relationship in the Middle East with our clients and key suppliers.

4.A.2. Future plans & targets

The Atlantic Group is striving to proactively address this issue of management succession planning, and had recently recruited senior appointments including a new Chief Operating Officer (“COO”) with experience in all areas of the Atlantic Group's business. Mr. Stoyan Radev Ialamov is the newly appointed COO and comes with much experience, bringing in capable professionals to manage specific divisions and operations. Mr. Ialamov also internally promoted capable employees from operations to fleet management—which is a testament to the heightened commitment to job training and guidance. Besides Mr. Ialamov, other new top management positions hired includes Mr. Hsu Chong Pin as the Chief Financial Officer ("CFO") with the necessary work and industry experience to complement the senior management team.

Most significantly, following the completion of the investment by Saeed Investment Pte. Ltd., which is controlled by Mr. Kum Soh Har, Michael ("Mr. Kum") and his spouse. Mr. Kum has since been appointed as the Non-Executive Non-Independent Chairman of the Company in December 2018. As an industry veteran with more than 40 years of experience in the offshore oil and gas sector and in particular being an early entrant to the Middle East market, the appointment of Mr. Kum is expected to enhance the bench of experience and expertise of the Atlantic Group.

The management team is expected to benefit from Mr. Kum's strategic advice with respect to the expansion plans and financial strategy of the Atlantic Group and vast industry contacts who may be relevant and useful in recommending suitable senior candidates to lead the Atlantic Group through his vast industry contacts.

4.A.3. Metrics

To the extent that the Atlantic Group is able to provide quantitative data, it has provided or updated them. The reasons that some of quantitative numbers are not provided are mainly due to information which were not tracked and/or not available, sensitive information, difficult to quantify given their nature, and/or even if they are quantifiable, these information may no longer be meaningful as business operations evolve. These data in quantitative terms are hence not disclosed, but rather more appropriate to be disclosed in qualitative descriptions.

#	KPI	Goal
1	# of empty unfilled job positions due to resignation	Decrease
2	Hours put into succession planning training & developing	Increase
3	# of reports to the Board concerning succession planning	Increase
4	# of promotions per year	To monitor closely based on work progress

The Atlantic Group will be reviewing and updating these KPIs for FY2019 and subsequent reports and provide updates if applicable or relevant.

4.B. Material Topic #7: Localization

4.B.1. Current policies, practices and performance

Importance of Localization

The Atlantic Group must comply with the minimum local staffing requirements set by the various governments in countries we operate in and the clients that we work with. Specifically, the Atlantic Group must ensure that it is hiring ample numbers of Saudi and Emirati nationals, since our main operations are in the UAE and the KSA.

Localization continues to be perceived as an opportunity than compliance requirements. It is a chance for us to learn about the local environment in which we operate, and also a chance to bolster our local image and local standing. Furthermore, since we are already established and complying to the localization requirements, this is currently an opportunity for us that may keep out potential market entrants in the region; in effect, the localization requirements act as a form of cabotage / enhanced barrier to entry that makes it more difficult for other foreign companies to comply, and, as a result, to secure business in the MENA region.

On the other hand, while there is opportunity, there is also risk of non-compliance, in case we do not reach the required levels of localization. Besides compliance risk, we must also face the multi-ethnicity within our organization with persistent efforts to maintain cultural harmony within the organization as part of managing staff attrition rate and creating opportunities for personal development of all employees.

The In-Kingdom Total Value Add ("IKTVA") Program

IKTVA is Saudi Aramco's program for encouraging Saudi localization, the ultimate aim of which is to achieve 70% localization by the year 2021. IKTVA looks at various factors, such as localized goods and services, salaries paid to Saudis, training & development to Saudis, etc.

Since Saudi Aramco is one of Atlantic Group's key clients, we are increasing our efforts to hire and train suitably qualified Saudi nationals in order to contribute towards IKTVA, and in return reap current and future benefits of working with Saudi Aramco.

While it should be noted that the Atlantic Group is currently not obliged to comply to IKTVA, we currently have Saudi Arabian crew members under our payroll. However, as we evaluate the setting up a local direct presence in KSA to expand operations especially with Saudi Aramco, compliance with IKTVA is an important standard to consider as a priority.

The In-Country Value ("ICV") Program

ICV is ADNOC's program for encouraging Emirati localization, aiming to improve knowledge transfer and create job opportunities for UAE nationals. As part of this, ADNOC requires its suppliers to declare their localization achievements by meeting several criteria to ultimately acquire the ICV certificate. This certificate is then verified by a third-party annually.

Since ADNOC is also one of the Atlantic Group's key clients, we ensure that we comply with the ICV by hiring adequate Emirati nationals and utilize the services of local suppliers to booster the compliance with the ICV certificate criteria, and in return reap current and future benefits of working with ADNOC.

Our most recent ICV certificate was issued on 30 January 2019 and remains valid until 29 July 2020. The ICV certificate criteria and the applicability to us are outlined below:

#	*Criteria*	*Applicability to Atlantic Group*
1	Goods manufactured	No
2	Third party spend	Yes
3	Investment	Yes
4	Investment – top up	Yes
5	Manpower – Emiratization	Yes
6	Manpower – Expats	Yes
7	Additional Bonus (Exports + Emirati Head counts)	Yes

4.B.2. Future plans & targets

Saudi Localization

With the view of enhancing our presence in Saudi Arabia together with our partners or through direct presence, we plan to grow both our operational and administrative staff to include more Saudi nationals. Specifically, we will continue to recruit and train more Saudi nationals as marine crew to ensure that we meet the quota for Saudi crew, specifically in vessels serving Saudi Aramco.

Further, we plan to procure more services from approved Saudi contractors to meet our IKTVA targets. These efforts will become increasingly important as we further develop our presence in the KSA.

Emirati Localization

The Atlantic Group is aiming to continue to increase our ICV score by ensuring increase in local involvement by way of hiring Emirati nationals and increase procurement with local suppliers.

4.B.3. Metrics

#	KPI	Goal
1	# of Saudi employees	Increase
2	Compensation paid to Saudi employees	Increase
3	# of services procured from Saudi contractors	Increase
4	# of Emirati employees	Increase
5	Compensation paid to Emirati employees	Increase
6	# of services procured from Emirati contractors	Increase

The above information consists primarily of sensitive information. The Atlantic Group will be reviewing and updating these KPIs for FY2019 and subsequent reports and provide updates if applicable or relevant.

4.C. Material Topic #3: Political Risk

4.C.1. Current policies, practices and performance

Changes in the political environment have caused restrictions in access to a number of offshore fields and the associated activities and clients. In some cases, these changes directly resulted in unavailability of previously existing work opportunities and developments, and deeper isolation and restrictions in terms of accessing operating areas.

In FY2018, Atlantic Group's business had been further influenced by the impact of the political developments and rising tensions amongst countries within the Gulf region, as we had specifically been impacted in areas of availability and restrictions on procuring charter contracts, banking practices, procurement and logistics support in vessels operating in the region.

With respect to political risk, our vessels are backed by the necessary business continuity and crisis management measures to be adopted in anticipation of emergencies. In this regard, in December 2017, our QHSE Division has implemented (from the ground up) a vessel crisis management—also called the rescue operations plan—which outlines a safety-related procedure to follow in case of an emergency.

The rescue operations plan constitutes of the following elements:

#	RESCUE OPERATIONS PLAN ELEMENTS
1	Types of emergency situations
2	Emergency control center
3	Emergency reporting
4	Rescue plan
5	Search operation
6	Launching of Fast Rescue Craft (FRC)
7	Recovery of person from water
8	Search pattern
9	Rescue operation
10	Recovery
11	Evacuation
12	Emergency / toxic / flammable gas alerting
13	Collision or grounding
14	Fire fighting
15	Medical evacuation & winching operation
16	Hazard analysis and related risks
17	Mission suspended
18	Reporting documents
19	Vessel specific equipment & procedures

We recognize that procuring insurance is a necessary approach towards mitigating politic risks. In this regard, we procure adequate insurance coverage especially in relation to marine war risk and only from reputable insurance companies and Protection & Indemnity clubs. Furthermore, we include our clients, both NOCs/IOCs and EPC contractors as co-insured in our insurance policies. The types of insurance that we acquire include, but are not limited to, the following:

#	Type of Insurance
1	Hull & Machinery (H&M)
2	Marine War Risks
3	Protection & Indemnity (P&I) Insurance
4	Co-assurance policies as part of contract requirement.

4.C.2. Future plans & targets

It is not practical for the Atlantic Group to eliminate all risks by directly reducing the political risks in the country in which it operates given that the politic risks are outside of its control. Instead, we work towards mitigating the risk through other measures, such as risk avoidance, sharing, etc. Some ways in which we plan to deal with political risk include:

i) We are planning to enhance our awareness, foresight, and impact assessments of political situations in the countries in which we operate, in order to proactively identify and prepare for potential political risks.

ii) Coordinating with insurance companies in order to mitigate the political risks in a favorable manner.

iii) Moving our operations away from politically risk locations to more politically stables ones.

iv) Engaging consultants to adopt business continuity and crisis management measures, such as cold/warm/hot sites to protect data.

4.C.3. Metrics

#	KPI	Goal
1	Political Stability Index (“PSI”) as per the World Bank with reference to our countries of operation	Decrease
2	Average PSI across countries of operations	Decrease
3	Hours spent assessing and dealing with political risk	Increase
4	# of insurance types procured to insure against risk	Maintain / Increase
5	# of business continuity and crisis management policies & measures	Increase

4.C.4. 2018 performance & 2017 comparisons

#	KPI	2017	2018	Comments
1	PSI per country of operation	0.63 (UAE) -0.62 (KSA)	-	2018 data not available yet. Shows positive improvements in perception in UAE and negative in KSA for 2017.
2	Average PSI across countries of operations	0.005	-	2018 data not available yet. Shows an average positive index.
3	Hours spent assessing and dealing with political risk	NA	NA	Ongoing development and process and hence not meaningful to track on this basis.
4	# of insurance types procured to insure against risks	3	3	Remained the same.
5	# of business continuity and crisis management policies	1	2	Relating to vessel operations and IT and communication capabilities.

The Atlantic Group will be reviewing and updating these KPIs for FY2019 and subsequent reports and provide updates if applicable or relevant.

Part 5

Governance & Economic Factors (GRI: 200)

Part 5: Governance & Economic Factors (GRI: 200)

5.A. Material Topic #4: Profitability & Cash Flow

5.A.1. Current policies, practices and performance

Financial Challenges

Given the continuing subdued and volatility in oil prices, and general oversupply of vessels resulting in competitive pressures on charter rates, many offshore oil & marine companies including the Atlantic Group have been under significant financial pressures. Various companies in the oil & marine industry are undergoing restructuring processes, such as Chapter 11 bankruptcy protections, judicial managements and scheme of arrangements, and consensual restructuring with the creditors including some peer companies listed on the SGX-ST.

The key reasons for the situation above is that while, for vessel owners, charter rates had collapsed significantly due to reduced demand while contending with oversupply of vessels in general, operators had also not been able to materially reduce operating expenses due to the need to continue to meet the stringent criteria and demands of the NOCs/IOCs—such as vessel requirements, employment requirements, etc.

Cash flow position of vessel owners had severely weakened due to the continuing need to service loans and interest payment of assets that were purchased at a high price during the boom years (before oil prices crashed in 2015) and having to upkeep the running cost and maintenance of the vessels with the annual and special surveys.

5.A.2. Future plans & targets

Our Response to Challenges

The Company has recently completed the cash-for-equity investment of US$26 million by Saeed Investment Pte. Ltd.. Apart from strengthening the equity base and cash flow position of the Atlantic Group, a significant proportion of the proceeds had been used to fully redeem the principal and interests under the SCF Convertible Loan Agreement in December 2018. This had resulted in a significant decrease in the use of leverage within the Atlantic Group and had strengthened our cash flow position to support various contracts secured including the US$236 million long-term contracts secured in FY2016 from a MENOC.

Having taken delivery of all the 7 new-built vessels progressively by January 2019 coupled with the recent general increase in utilization rate across the enlarged fleet, the Atlantic Group is positioning itself for improving performance in FY2019 over FY2018.

Specific Financial Plans

The Atlantic Group's specific financial plans are as follows:

1) Explore new markets within the MENA region with a view to broaden the client base to increase the daily charter rates and revenue

2) Maintain and improve operational efficiencies to control or reduce cost for improved margins

3) Sustain our enhanced utilization rates

4) Looking into increase cross-chartering and management of third party vessels

5) Evaluating market trends in relation to demand and supply dynamics for certain class and types of vessels which could be attractive from an earnings and yields perspective over the longer term as potential acquisitions

5.A.3. Metrics

#	KPI	Goal	Classification
1	Net Working Capital (US$'000)	Improve	Cash flow indicators
2	Current ratio (times)	Increase	
3	Revenue (US$ million)	Increase	Profitability indicators
4	Gross Profit (US$ million)	Increase	
5	Gross Profit Margin	Increase	
6	Net Profit to Sales Ratio	Improve	
7	Return on Total Assets ("ROA")	Improve	
8	Return on Shareholders' Equity ("ROE")	Increase	
9	Net Asset Value per share (US$ cents)	Increase	Other indicators
10	Net Gearing	Decrease	

5.A.4. 2018 performance & 2017 comparisons

In summary, we have seen increases in The Atlantic Group's Revenue and Gross Profit, though Net Loss has increased mainly due to significant impairment of asset values in FY2018.

Further financial performance and comparisons are illustrated below according to set KPI's:

#	KPI	2017	2018	Comments
1	Net Working Capital (US$'000)	(21,518)	(25,904)	Negative net working capital in 2018 increased compared to 2017; however, to target to improve in view of improving performance expected in FY2019
2	Current ratio (times)	0.46	0.45	2018 decreased marginally compared to 2017
3	Revenue (US$ million)	33.9	58.8	Has increased, in line with current goals to increase
4	Gross Profit (US$ million)	3.3	15.3	Has increased, in line with current goals to increase
5	Gross Profit Margin	9.66%	26.10%	Has increased, in line with current goals
6	Net Profit to Sales Ratio	NM	NM	Not meaningful as both FY2017 and FY2018 were loss-making
7	ROA	NM	NM	Not meaningful as both FY2017 and FY2018 are loss-making
8	ROE	NM	NM	Not meaningful as both FY2017 and FY2018 are loss-making
9	Net Asset Value per share (US$ cents)	29.0	16.1	FY2018 decreased compared to FY2017, due mainly to significant impairment losses in vessel values in aggregate of US$16.4 million in FY2018
10	Net Gearing	57.3%	57.0%	Has decreased slightly, in line with current goals to decrease

The Atlantic Group will be reviewing and updating these KPIs for FY2019 and subsequent reports and provide updates if applicable or relevant.

5.B. Material Topic #6: Internal Processes & Procedures

5.B.i. Material Sub-Topic #6.A: Age of Assets (Vessels)

5.B.i.1. Current policies, practices and performance

We market our vessels according to the specifications of the operators where an important specification for operators includes the age of vessels which has an impact on operational efficiencies. Both ADNOC and Saudi Aramco generally now require that vessels servicing their offshore fields be no more than 15 years old. Our MLS Division is a capital intensive industry, and the Atlantic Group's ability to continue to meet the various demands and criteria of the NOCs requires a high internal program for maintenance, upkeep and also continuing investment and retrenchment of aging assets. Besides the requirements, this internal program is needed in order to meet NOCs requirements such as:

- More environmentally friendly vessels
- Technically advanced vessels
- Vessels that are economical to run
- Stringent industry standards for QHSE

The Atlantic Group had, since its listing on the Catalist Board of the SGX-ST in 2012, grown its fleet from 12 vessels to 22 vessels (including 2 owned under joint operations). We had over the last 2 years disposed of a couple of our old and low-value vessels with a view to lower the average age of our fleet and maintain a young and efficient fleet.

After progressively taking delivery of 7 new vessels, the last 2 of which in October 2018, the average age of the vessels in the fleet was 3.9 years estimated as at 31 March 2019 excluding the 4 utility / supply / tug and barge vessels.

#	Name of Vessel	Type	Year Built
1	AOS Maintainer I	DP-1 Jack-Up Accommodation Barge	2015
2	Delta 22	Jack-Up Barge	2013*
3	AOS Neptune	Platform Supply Vessel – DP2	2015
4	AOS Vision	Maintenance Utility Vessel	2018
5	AOS Valor	Maintenance Utility Vessel	2018
6	AOS Venture	Maintenance Utility Vessel	2018
7	AOS Valiant	Maintenance Utility Vessel	2018
8	AOS Eagle	Work Utility Vessel	2018
9	AOS Sapphire	Shallow Draft AHTS	2018
10	AOS Emerald	Shallow Draft AHTS	2018
11	AOS Power	Anchor Handling Tug – Azimuth Stern Drive	2012
12	AOS Victory	Anchor Handling Tug Supply Vessel – DP2	2014
13	ES Thunder**	Anchor Handling Tug Supply Vessel – DP2	2014
14	AOS Triumph***	Anchor Handling Tug Supply Vessel – DP1	2014
15	AOS Handler	Anchor Handling Tug Supply Vessel – DP1	2010

#	Name of Vessel	Type	Year Built
16	AOS Hauler	Anchor Handling Tug Supply Vessel – DP1	2010
17	AOS Provider	Anchor Handling Tug Supply Vessel – DP1	2010
18	AOS Swift	Crew Boat	2015
19	AOS Honour	Utility / Supply / Tug	2006
20	AOS Star	Utility / Supply / Tug	2008
21	AOS Energy	Utility / Supply / Tug	2006
22	AOS 102	Deck Cargo Barge	2006

* Year rebuilt
** Under management with 15% ownership under Investment in Joint Operations
*** Under management with 51% ownership under Investment in Joint Operations

5.B.i.2. Future plans & targets

The Atlantic Group will continue to, both qualitatively and quantitatively, monitor its fleet to ensure that the vessels meet the evolving requirements of our key clients. While the Atlantic Group's fleet is young, the Atlantic Group has been and will continue to evaluate opportunities to improve the fleet operational efficiency which may include divesting of lower value and older vessels in its fleet.

5.B.i.3. Metrics

#	KPI	Goal
1	Average age of vessel in fleet – overall (in years)	Maintain or allow for gradual increase due to passing of time (i.e. one year)
2	Expenditures towards new vessels in fleet (number of vessel increase)	Not expected to increase but will evaluate opportunities to acquire vessels with favourable economics
3	# of older vessels to be disposed of	Evaluate opportunities subject to demand and supply dynamics and chartering outlook
4	Total number of low-value vessels disposed of	To evaluate, as above
5	Expenditure towards vessel maintenance aiming to meet customer requirements	Increase (to a limit), subject to cost benefits analysis vis-à-vis terms of charter contract
6	# of maintenance jobs done on vessels to meet customer requirements	Increase (to a limit), to enhance vessel appeal to charterer
7	% of vessels that comply with customer requirements	Maintain at 100%
8	% of vessels that are not in compliance with customer requirements	Maintain at zero

5.B.i.4. 2018 performance & 2017 comparisons

#	KPI	2017	2018	Comments
1	Average age of vessel in fleet – overall (in years)	9.1	5.4	Decreased from 2017 in view of the 7 newbuilt additions to the fleet in FY2018
2	Expenditures towards new vessels in fleet (number of vessel increase)	0	7	Addition of 7 new vessels in fleet delivered in FY2018
3	# of older vessels disposed of	2	1	Decreased as we disposed 2 in 2017 and 1 in 2018.
4	Total number of low-value vessels disposed of	2	1	Deck cargo barges
5	Expenditure towards vessel maintenance aiming to meet customer requirements	See Comments	See Comments	Sensitive information
6	# of maintenance jobs done on vessels to meet customer requirements	See Comments	See Comments	All requests by customers are dealt with promptly by operation and technical teams in order to ensure the vessels meet customer requirement, and difficult or not meaningful to quantify.
7	% of vessels that comply with customer requirements	100%	100%	Maintained
8	% of vessels that are not in compliance with customer requirements	0%	0%	Maintained

The Atlantic Group will be reviewing and updating these KPIs for FY2019 and subsequent reports and provide updates if applicable or relevant.

5.B.ii. Material Sub-Topic #6.B: Processes, Systems, and Training

5.B.ii.1. Current policies, practices, and performance

Training

Given that the UAE's population profile is about 80% expatriates, our staff, excluding crews, comes from about 10 countries with different cultures, educational backgrounds, training, and work experience. Therefore, training is crucial to ensure that our diverse workforce is equipped with the appropriate skills necessary to conduct their functions.

A training plan is developed by the HR department each year, in collaboration with each head of department. Specifically, concerning the onshore staff, our HR is supportive in providing in-house training, such as QHSE and granting time-off for staff to attend relevant courses. With regards to offshore staff, training is provided in order to gain certain industry-specific certifications as per project requirements.

Processes & Systems

One of our main operating entities, Atlantic Maritime Group FZE, has been established in the UAE for 17 years. While it had relied on fundamentally legacy (old) processes and systems, the Atlantic Group intends to be more efficient, effective and competitive to provide its stakeholders with reasons to be committed and to continue to invest in the Atlantic Group.

The current operating procedures and practices are continually being reviewed in light of implementing a process-based risk-assessed quality control system. The process-based risk analysis and assessment includes evaluation and measures to prevent failures in the different aspects of the company's business activities, including: offshore marine operations, internal communications and information flow-exchange, changes in market dynamics, client evaluation, risks from clients, etc.

The Atlantic Group will upgrade and optimize the current reporting and information management system to an advanced Enterprise Resource Planning ("ERP") solution. During FY2018, the off-shore crewing ERP had been undergoing testing and rolling out preparation which went live in operations in the first quarter of 2019. With regards to accounting back-office ERP (which is intended to interface among other operational divisions), we are currently shortlisting a few potential vendors.

5.B.ii.2. Future plans & targets

The Atlantic Group plans to review, invest in (where necessary), and upgrade its processes and system, embrace new technologies, and conduct training so that its personnel can be more mobile, connected and able to react and respond to clients and operating demands in a timelier manner.

We are planning on working more closely with our staff to provide the necessary training required to develop their skills, both external and in house as required. Specifically, when the performance of the Atlantic Group improves, there are plans to allocate budget towards training our employees.

5.B.ii.3. Metrics

#	KPI	Goal
1	Total hours of training provided	Increase
2	# of automated processes	Increase
3	# of un-automated and manual processes	Decrease
4	# of clients' service requirements tracked by system	Increase
5	# of clients' service requirements only tracked manually	Decrease
6	Age of the system (in years)	Decrease
7	Expenditure towards automating processes and enhancing system	Increase (to a limit)

The above information consists primarily of data which are not easily tracked or available, or even if they are quantifiable, they may not be meaningful or applicable to our industry. The Atlantic Group will be reviewing and updating these KPIs for FY2019 and subsequent reports and provide updates if applicable or relevant.

5.C. Material Topic #5: Services to Clients

5.C.1. Current policies, practices, and performance

Changing NOC & EPC Developments

The Atlantic Group's fleet composition is currently concentrated in the anchor handling / towing / supply sector of the offshore activities, which has become saturated with vessels that result in low utilization and low charter rates. Current charter rates and utilization rates are not likely in general to support the capital investment of such vessels.

The offshore dynamics are currently developing a demand for workboats and vessels with high crane specifications, as well as subsea support. Not responding to these market changes will isolate the fleet into a small, low-earning sector of the offshore operations.

NOCs and EPC contractors have increasingly focused on cost reduction of operating costs, based on efficiency and optimization of their practices, as opposed to the just price reduction, which followed the initial market drop. The direct impacts of such practices are changes in the utilization per type of vessel and corresponding charter rates.

Evolving Market Trends

Coupled with the over-supply of offshore vessels in the market, this has prompted an analysis of the Company's fleet earning potentials and the business operating model. The current fleet utilization is divided between long term contracts with Saudi Aramco, and spot market engagement with EPC contractors and offshore contracting companies. While the long term Saudi Aramco engagement is a low-risk recurring revenue stream, the spot market utilization is based mainly on the type of anchor-handling tug supply ("AHTS") units.

The AHTS market is currently on the lower earning potential in terms of charter rates and utilizations. The current market demand is inclined towards vessels related to various work and construction activities – including both subsea and top-side works. The market also demands vessels with more specialized operating specifications, such as large fuel capacity, shallow draft, accommodation, crane lifting capabilities, etc.

The demand for lift-boats in the Middle East is expected to remain well-supported mainly due to ageing platforms and high spending on greenfield projects in KSA, UAE and Qatar. In general, markets in the Middle East, Southeast Asia and Africa are less penetrated than the Gulf of Mexico or North Europe. Utilization levels of lifeboats are increasing with the potential to show improvements in the near term. With higher charter rates in comparison to AHTS, the lift boats are major contributors to the revenue generation of the Atlantic Group. The two lift-boats in the Atlantic Group's fleet, i.e. *AOS Maintainer I and Delta 22* are currently both on contracts with two different MENOCs.

5.C.2. Future plans & targets

We now operate from 2 offices in the UAE, which are those of Atlantic Maritime Group FZE and Atlantic Ship Management LLC. We are evaluating on expansion of our operations and offices in other Gulf Cooperation Council (GCC) countries. This will allow us to increase our presence geographically, and to better meet the clients' needs.

To capitalize on the changing current market demands, the Atlantic Group intends to enhance on and diversify the fleet capability by expanding its service offerings in support of different aspects of offshore construction, subsea, survey and top-side operations and establish accesses to such vessels, either through suitable charters from other vessel owners, as well as enhancing the specifications of our own existing vessels.

Enhancement of capacities for our own vessels, such as accommodation facilities, positioning services, and cargo capacities will allow the vessel to access not only the AHTS category, but also the work category which would result in improving utilization of the fleet, as well as allowing for the additional services to clients, and therefore, generating more revenue streams in addition to the charter rates.

5.C.3. Metrics

#	KPI	Goal
1	% of vessels in line with changing NOC & EPC developments	Maintain
2	# of vessels in line with current market trends	Increase
3	Operational expenditure	Decrease (to a limit)
4	Total fleet utilization	Increase
5	Utilization per vessel	Increase
6	Diversity: # of types of fleet services & capabilities	Increase
7	# of local offices	Increase (to a limit)
8	# of countries with presence	Increase (to a limit)

5.C.4. 2018 performance & 2017 comparisons

#		2017	2018	Comments
1	% of vessels in line with changing NOC & EPC developments	82%, or 14 out of 17 vessels	87%, or 20 out of 23 vessels,	The market trend is in general is for newer vessels, hence the older vessels (excluding deck cargo barges) built in 2006 and 2008 which are not refurnished are not in line with market trends, i.e. AOS Honour, AOS Energy, AOS Star
2	# of vessels in line with current market trends	14 out of 17 vessels	20 out of 23 vessels	See above
3	Operational expenditure	See Comment	See Comment	This is sensitive information
4	Total fleet utilization	See Comment	See Comment	Sensitive information, information not disclosed in 2017 and 2018
5	Utilization per vessel	See Comment	See Comment	Sensitive information. Information not disclosed for 2017 and 2018
6	Diversity: # of types of fleet services & capabilities	See Comment	See Comment	Specified under *GRI: 102-2: Activities, brands, products, and services under* ***PART 1A***
7	# of local offices	2	2	Plan is to increase our presence in MENA region
8	# of countries with presence	2	2	Plan is to increase our presence in MENA region

The Atlantic Group will be reviewing and updating these KPIs for FY2019 and subsequent reports and provide updates if applicable or relevant.

Part 6

GRI Content Index (GRI: 102-55)

Part 6: GRI Content Index (GRI 102-55: GRI content index)

Core GRI Indicator____Page #

Part 7

Index on SGX Rulebook Compliance

Atlantic Navigation Holdings (Singapore) Limited

Part 7: Index on SGX Rulebook Compliance

Rulebook Clause	SGX Rulebook Requirement	Reference in Report
711 A	*Sustainability Report	• Throughout
711 B1 a)	*Material environmental, social and governance factors	• Part 2: Stakeholder Engagement, Materiality & Material Topics Alignment
711 B1 b)	*Policies, practices, and performance	• Part 3: Environmental Factors • Part 4: Social Factors • Part 5: Governance & Economic Factors
711 B1 c)	*Targets	• Part 3: Environmental Factors • Part 4: Social Factors • Part 5: Governance & Economic Factors
711 B1 d)	*Sustainability reporting framework	• Part 2: Stakeholder Engagement, Materiality & Material Topics Alignment → 2.D. Sustainability Reporting Frameworks
711 B1 e)	*Board Statement	• Part 1: Overview → 1.C. Board Statement
711 B2	*Primary content exclusion	• N/A