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# VALLIANZ HOLDINGS LIMITED

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SUSTAINABILITY REPORT 2018

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## Message from the Board

Dear Stakeholders,

The Board of Vallianz Holdings Limited (the “Company”, and together with its subsidiaries, the “Group” or “Vallianz”) is pleased to present the Group’s inaugural sustainability report. This report has been prepared in alignment with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules – Sustainability Reporting Guide, for the Group’s financial year ended 31 March 2018 (“FY2018”).

Having grown into an established provider of offshore support vessels and integrated offshore marine solutions to the global oil and gas industry, the Group recognises that its success over the long term is dependent not only on its financial performance, but also on other non-financial factors such as the relationships it has forged with various stakeholders.

As part of our strategic formulation process, the Board has carried out a materiality assessment and identified the material Environmental, Social, and Governance (ESG) factors that are of greatest relevance to the Group. These material factors have been strategically chosen as they are deemed to have the largest impact on our stakeholders, and in order for the Group to obtain optimal results from its sustainability efforts.

The Board is committed to ensuring sustainable business practices in the Group as we believe that placing greater focus on these practices can create value for stakeholders by generating competitive advantage, improved financial returns and a positive societal impact in the long run. As such, the Board has assumed responsibility to oversee the management and monitoring of the relevant ESG factors, as well as the Group’s sustainability practices and the development of the sustainability report.

While the past few years have been extremely challenging for the offshore support vessel industry due to the prolonged uncertainties afflicting the global oil and gas sector, Vallianz has been able to consistently deliver a creditable performance, as reflected in both its financial results and operational performance during this period. We believe that being adaptable in this ever changing and highly competitive market is paramount to sustaining the Group’s growth.

The Board views sustainability as a continuous journey and believes that Vallianz has to continue to improve its sustainability efforts in order to achieve our aim of creating significant value add for the communities we serve.

***“Vallianz has shown it is committed to operating and growing the Group’s business in a responsible and sustainable manner that fulfils its obligations to all stakeholders. As this has always been a key tenet of Rawabi’s business philosophy, it gives us the confidence as Vallianz’s majority shareholder to put our full backing behind the Group.”***



*(Sheikh Abdulaziz Ali AlTurki, Chairman of Vallianz Holdings Limited)*



## Report Background

This inaugural sustainability report of Vallianz is organised and supported by an independent consultant in compliance with SGX-ST Listing Rules 711A and 711B and has been prepared with reference to the “core – option” for Global Reporting Initiative (GRI) Standards. Going forward, the Company will be publishing our sustainability report on an annual basis.

<p><b>Reporting Boundaries and Standards</b></p>	<ul style="list-style-type: none"> <li>• <b>Materiality:</b> focusing on issues that impact business growth and are of utmost importance to stakeholders;</li> <li>• <b>Stakeholder Inclusiveness:</b> responding to stakeholder expectations and interests;</li> <li>• <b>Sustainability Context:</b> presenting performance in the wider context of sustainability; and</li> <li>• <b>Completeness:</b> including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Group’s performance.</li> </ul>
<p><b>Report Period and Scope</b></p>	<p>This report covers data and information from 1 April 2017 to 31 March 2018, and discusses the Group’s achievements and performance towards Economic, Environmental, Social and Governance issues.</p>
<p><b>Accessibility &amp; Feedback</b></p>	<p>As part of our environmental conservation efforts, the Group will only print limited copies of this sustainability report. Current electronic editions of the report will be made available at: <a href="http://www.vallianzholdings.com/ir.html">http://www.vallianzholdings.com/ir.html</a></p> <p>We are committed to listening to our stakeholders and look forward to your feedback. Please send feedback and enquires to: <a href="http://www.vallianzholdings.com/contact.html">http://www.vallianzholdings.com/contact.html</a></p>

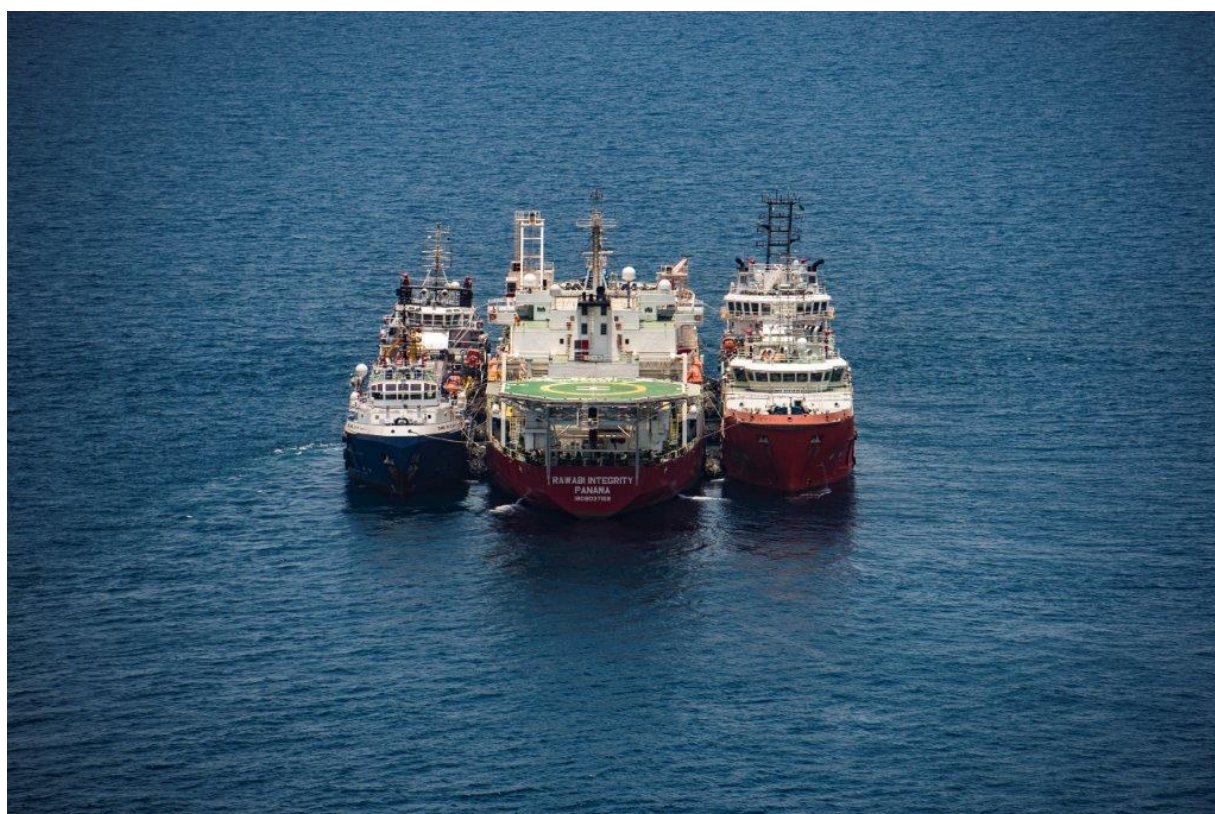
## Organisation Profile

Vallianz Holdings Limited is an established provider of offshore support vessels and integrated offshore marine solutions to the oil and gas industry.

Headquartered in Singapore, Vallianz serves oil majors, and national oil companies worldwide, and focuses on supporting customers' offshore oil and gas exploration and production operations. The Group owns and operates a young fleet of 62 offshore support vessels and covers markets in the Middle East, Asia Pacific and Latin America.

Vallianz is continually working to enhance its customer value-add by broadening the spectrum of its marine services and solutions to address the unique requirements of customers' offshore oil and gas field operations.

To strengthen its foundation for growth, the Group is executing initiatives to expand its geographical reach, as well as broaden its range of marine assets and solutions. The Group also continues to seek opportunities and strategic alliances to increase its penetration in the major and emerging offshore oil and gas markets.



## Business Model



### Vessel Ownership

The Group currently owns and operates a young fleet of 62 offshore support vessels available for charter, with an average age of approximately 5.0 years. Our associate owns and operates another 20 offshore support vessels.

The Group's vessels are deployed in offshore oil and gas projects in the Middle East, Central Asia and Southeast Asia regions. To enhance its market competitiveness, the Group will continue to assess appropriate plans to expand its range of vessels and modernise the fleet.

### Chartering

The Group charters its offshore support vessels to customers throughout various stages of their offshore oil and gas exploration, development and production projects. They are used in activities that include seismic surveys during the exploration phase, positioning of rigs during the development of the oil and gas fields, towing, mooring and handling of ship

anchors and transportation of supplies during the production period and the removal of rig structures at decommissioning.

The Group's customers typically employ longer term charters of up to 7 years (inclusive of 2 years extension option) for their dedicated offshore oil field installations.

### Brokering

The Group also provides brokering services that match customers' requirements. This includes sourcing for vessels base, arranging for assist tugs and/or harbour movements, making initial contact with vessel owners or vessel buyers, acting as an intermediary between (a) the vessel owner and the charterer for towage, time and bareboat charters and (b) the seller and buyer of vessels, and assisting with the drafting of related agreements and negotiations. The Group utilises its asset base and network of brokers and owners to identify high quality vessels to match its customers' needs, thus shortening the time required in the vessel acquisition process.

### Vessel Management

The Group provides a suite of vessel management services for both owned vessels and third-party vessels. The Group is able to manage and operate a diverse range of vessels deployed in different phases of offshore oil and gas operations. Its services include crewing, procurement, vessel repair and maintenance, and facilitating port and documentation clearance.





## Supply Chain Management

The Group has a dedicated Procurement Team to manage and ensure minimal disruptions to its supply chain.

Vallianz has a wide range of suppliers which are extensively sourced to ensure they can meet specific guidelines that can achieve the aims and values of the Group.

We also actively engage our suppliers to develop a supply chain that conforms to our sustainability practices. In addition to determining their expertise, track record, quality, reliability and ability to comply with the Group's planned schedules, we also assess our suppliers based on their compliance with relevant laws and regulations in the markets that we operate in.



## Communities

Entrenched in Vallianz's corporate culture is the spirit of giving back to the community. For the 7<sup>th</sup> year running, Vallianz partnered with Care Corners Senior Services Ltd ("CCSS") to celebrate the Lunar New Year in 2018.

CCSS operates a total of six Senior Activity Centres ("SAC") – five in Toa Payoh and one in Woodlands. In 2018, a total of 283 seniors and 17 staff from the various SACs joined the Vallianz family in the Lunar New Year Charity Dinner. Over the course of the last seven years, a bond of friendship and belonging has been created between the staff of Vallianz and the CCSS community.



In addition to the annual Lunar New Year Charity Dinners, Vallianz also supports the Hot Meals programme by sponsoring hot and nutritious meals for the seniors at Toa Payoh Block 5 SAC.

## Ethics and Integrity

### Whistleblowing

In order to maintain our high ethical standards of accountability, reliability and honesty to our stakeholders at all times, Vallianz has implemented a whistle blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct or inappropriate behaviour within the Group.

Both employees and external parties can raise concerns and issues in good faith on possible corruption, suspected fraud and other non-compliance issues. A dedicated hotline and email address allow whistle blowers to contact the Audit Committee directly.

Information received pertaining to whistle blowing will be treated with confidentiality and restricted to the designated persons-in-charge of the investigation to protect the identity and interest of whistleblowers. The Audit Committee's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.



## Board of Governance

### Governance and Sustainability

The Board of Vallianz is committed to maintaining good corporate governance to enhance and safeguard the interests of its stakeholders. The Group adopts principles and practices of corporate governance in line with the recommendations of the Code of Corporate Governance 2012 (the “Code”).

In line with the commitment by the Group to maintain high standards of corporate governance, the Group will continually review its corporate governance processes to strive to fully comply with the Code and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Catalist Rules”).

The Board is pleased to report compliance with the Code and the Catalist Rules, where applicable, except where there are deviations from the Code, appropriate explanations are provided in our Annual Report for the financial year ended 31 March 2018.

### Conflict of Interest Policy

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that such transactions are reviewed and approved by senior executives, Audit Committee and/or the Board, as the case may be, based on the transaction amount and had been conducted on an arm’s length basis in accordance with prescribed procedures. When a potential conflict of interest arises, the Director concerned will not participate in discussions and will abstain from voting on such transaction.



## Board Structure

### Board of Directors

SHEIKH ABDULAZIZ ALI ALTURKI (Non-Executive Chairman)  
DARREN YEO (Executive Vice Chairman)  
LING YONG WAH (Executive Director and CEO)  
YEO JEU NAM (Non-Executive Independent Director)  
BOTE DE VRIES (Non-Executive Independent Director)  
CHONG CHEE KEONG CHRIS (Non-Executive Independent Director)

### Audit Committee

BOTE DE VRIES  
YEO JEU NAM  
CHONG CHEE KEONG CHRIS

### Nominating Committee

YEO JEU NAM  
BOTE DE VRIES  
CHONG CHEE KEONG CHRIS

### Remuneration Committee

YEO JEU NAM  
BOTE DE VRIES  
CHONG CHEE KEONG CHRIS



## Stakeholder Engagement

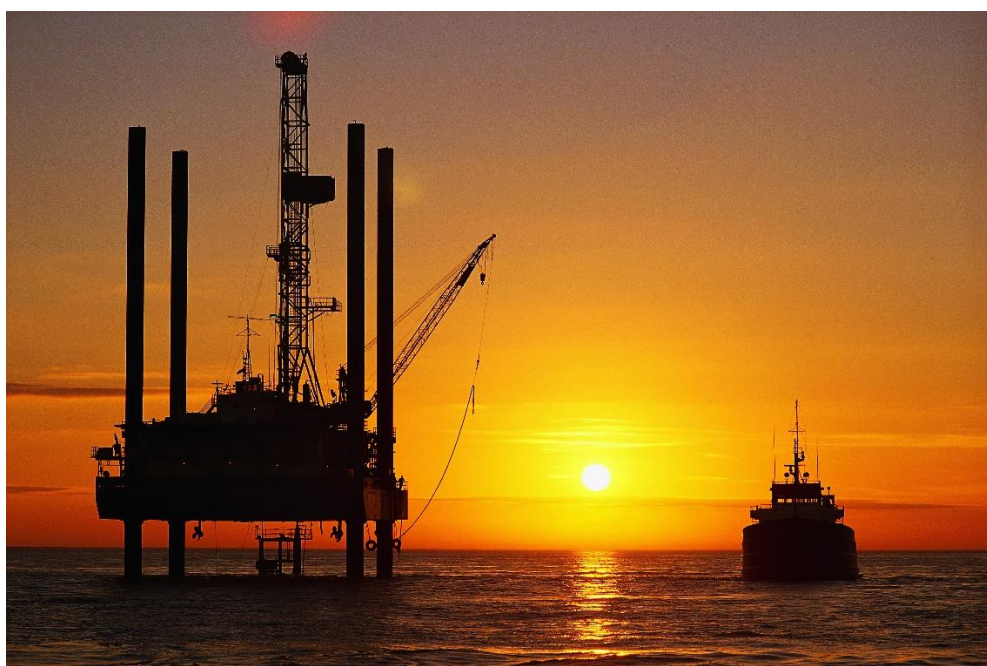
The core of the Group's sustainability practices is the understanding of the needs of our stakeholders. We engage key internal and external stakeholders to understand and examine the ESG factors that are important to them. We actively interact with our stakeholders through various channels and encourage feedback from them to promote fair and open communications with our stakeholders. Our key stakeholder groups and the engagement platforms are summarised below:

Stakeholders	Engagement Platforms	Key Topics of Interest
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer meetings</li> <li>• Customers' satisfaction survey</li> <li>• Operations visits by customers</li> </ul>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Service responsiveness</li> <li>• Occupational health and safety</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier selection process</li> <li>• Supplier meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Fair award system</li> <li>• Equitable treatment to suppliers</li> <li>• Support of local business</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Induction and Orientation Programme</li> <li>• Well-structured and annual performance appraisal system to link performance with remuneration</li> <li>• Employee training and occupational safety courses</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Training and development</li> <li>• Ethics and Conduct</li> <li>• Occupational health and Safety</li> </ul>
<b>Shareholders and financial investors</b>	<ul style="list-style-type: none"> <li>• Timely updates of financial results, corporate developments and other relevant disclosures via SGXNet and website</li> <li>• Annual reports</li> <li>• Face-to-face meetings and conference calls</li> <li>• Annual General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Shareholder returns</li> <li>• Transparent reporting and sound corporate governance practices</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>• Meetings and dialogue sessions</li> <li>• Seminars by local government agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with all law and regulation guidelines</li> <li>• Timely reporting of issues</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Activities in local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Contributions to communities</li> <li>• Social development</li> </ul>

## Material Topics

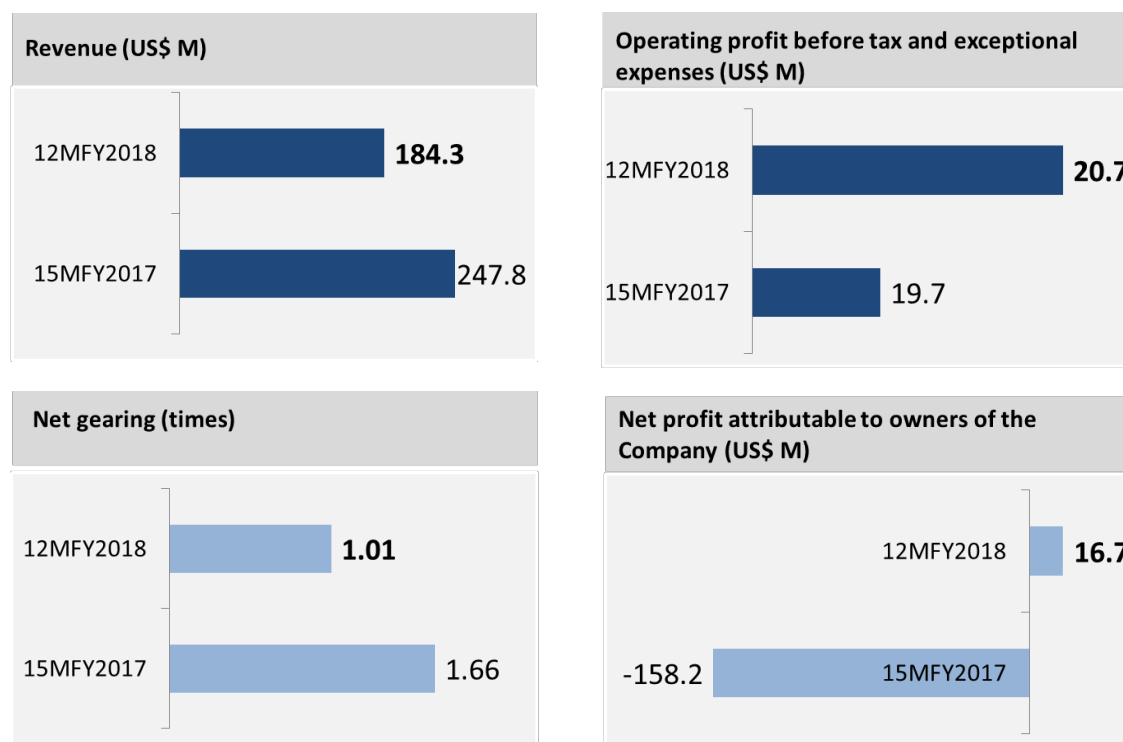
The material topics identified in the table below are based on the GRI framework and the degree of significance to our stakeholders. These topics are the focus of this inaugural sustainability report and will be discussed in the following pages.

Topic	Description	Target
<b>Economic Performance</b>	Economic performance is pivotal to the sustainability of the Group. The Group is committed to maintaining a sound business model that can ensure long-term sustainability and generate value for shareholders.	<ul style="list-style-type: none"> <li>To maintain our proven business model of securing long term charter contracts and expanding our geographical markets in Middle East and Egypt</li> </ul>
<b>Occupational Health and Safety</b>	People are our assets and we place strong emphasis on health and safety standards that comply with relevant laws and regulations. The Group puts in place appropriate policies and measures to ensure workplace safety and healthcare coverage for our people at all times.	<ul style="list-style-type: none"> <li>Continue to comply with the laws and regulations</li> <li>To ensure that no employees will be inflicted with any serious accidents or injuries</li> </ul>
<b>Talent Management</b>	The Group ensures that its hiring practices are in compliance with local employment laws and regulations. The key areas of focus include attracting and retaining talent; diversity and equal employment opportunity; and fair reward system based on merit.	<ul style="list-style-type: none"> <li>Continue to comply to the local employment regulations</li> </ul>



## Economic Performance

The Group's economic performance is managed as part of our business strategy. Our practices and performance have been detailed in our Annual Report for the financial year ended 31 March 2018. The key financial indicators are presented below:



The Group operates a business model that focuses primarily on securing long term vessel charters with national oil companies. We believe that our strategic focus on long term charter contracts will provide greater visibility of future revenue streams, and enable the Group to build a sustainable business that can better withstand slower market conditions.

The resilience of our business model is validated by the Group's ability to continue delivering operating profits since the oil and gas industry's downturn in 2014. Notwithstanding the harsh market conditions afflicting the global offshore support vessel industry, the Group delivered a credible financial performance in the 12 months ended 31 March 2018 with a net profit of US\$16.7 million. Indeed, this performance can be attributed to our core vessel chartering business which is primarily anchored on our long-term charter contracts with a leading national oil company in the Middle East that is among the world's largest oil producers.

The Group's sustainability is built upon our viable and sound business model, as well as our consistent efforts to streamline operations, optimise cost structure and restructure financial obligations to better align our operations to market conditions. The Group has also garnered stronger support for the future when our controlling shareholder and strategic partner, Rawabi Holding Company Limited ("Rawabi") cemented its position as Vallianz's majority shareholder in 2018. Rawabi is a conglomerate that has been operating in Saudi Arabia and the Middle East for almost 40 years as one of the leading industrial players in the region.



As one of the largest OSV providers in Middle East, the Group's strategy is to leverage its market position to capitalise on opportunities in the Middle East region which is among the world's largest oil and gas producers. Besides participating actively in significant tenders for projects of the NOC customer, the Group is also pursuing opportunities to reach new markets in the Middle East region such as Egypt, Abu Dhabi and Kuwait.



## Occupational Health and Safety

The Group constantly strives to foster and reinforce a culture that places health and safety as first priority within the organisation. The safety and well-being of our people working on the ground and on-board vessels are of utmost importance to us and we are committed to creating and maintaining a safe work environment for our employees.

Although the Group operates in the high risk offshore and marine industry, we have set out stringent Occupational Health and Safety (OHS) policies to create a healthy and safe work environment for our employees. We continually work on raising employee awareness, and stress the importance of adhering to the OHS standards in our day-to-day operations.

The Group strives to conform to international recognised standards and codes such as ISM, OHSAS 18001:2007, ISO 9001:2015 and ISO 14001:2015, as well as to comply with local legislation relating to health and safety standards.

OHSAS refers to Occupational Health and Safety Assessment Series, which is a British Standard for occupational health and safety management systems; while International Safety Management (ISM) Code is an international standard for the safe operation of ships and for pollution prevention.

In addition to ensuring comprehensive insurance scheme for employees, the Group has also adopted policies relating to fire protection, hygiene and sanitation in handling equipment, among others. In compliance with the ISM Code, the Group mandates the proper use of Personal Protective Equipment (PPE) which has to be worn by staff at all times when they are handling heavy equipment or operating machinery, especially during ship repair and maintenance.

We also place great importance on injury prevention through on time incident reporting and continual review of incidents to assess the suitability and requirements for additional safety measures. The Group has incorporated a comprehensive Quality, Health, Safety, Security and Environment (QHSSE) Manual for on-time incident reporting. Any injury suffered by employees, regardless of the level of severity, must be reported immediately to a manager or supervisor. The manager or supervisor will assess the severity of the accident and decide on the appropriate action(s) to be taken. It is compulsory for all incidents to be documented, reported and submitted to management.

QHSSE performance forms part of the employees' Key Performance Indicators ("KPI"). Employees will be recognised by management if they are able to minimise the rate of accidents and foster a safe and conducive work environment.

For 2018, there were no reported work health safety incidents of work-related fatalities or high consequence work-related injuries.

## Talent Management

Our employees are the most valuable assets in our Group. They contribute to the growth of our business by fulfilling our customers' diverse needs and meeting our operational targets. As such, we believe in taking care of our people's well-being, personal development opportunities and ensuring fair policies/system to create a conducive and positive work environment for all.

## Our Workforce

We aim to be an employer of choice. The ability to continuously attract, motivate, grow and retain talent is key to our success. With more than 300 employees presently, the Group will expand our workforce in line with the requirements of our business.

Our success would not have been possible without the efforts of our dedicated employees, and strong collaborative relationships between employees to achieve the Group's business objectives. We recruit dynamic individuals from diverse backgrounds and provide employees with equal opportunities to discover their full potential. We believe that maintaining a culture of open, two-way communications in the workplace is essential for enhancing employee engagement, building effective teams, and fostering a better work environment for all.

## Appraisals and Evaluation

The Group conducts a performance review with all employees on an annual basis. This process enables us to assess and evaluate every individual's abilities, and recognise the contributions and efforts of employees. With a better understanding of the capabilities and progress of our employees, we are able to provide them with opportunities for personal development and career advancement through training and promotions.

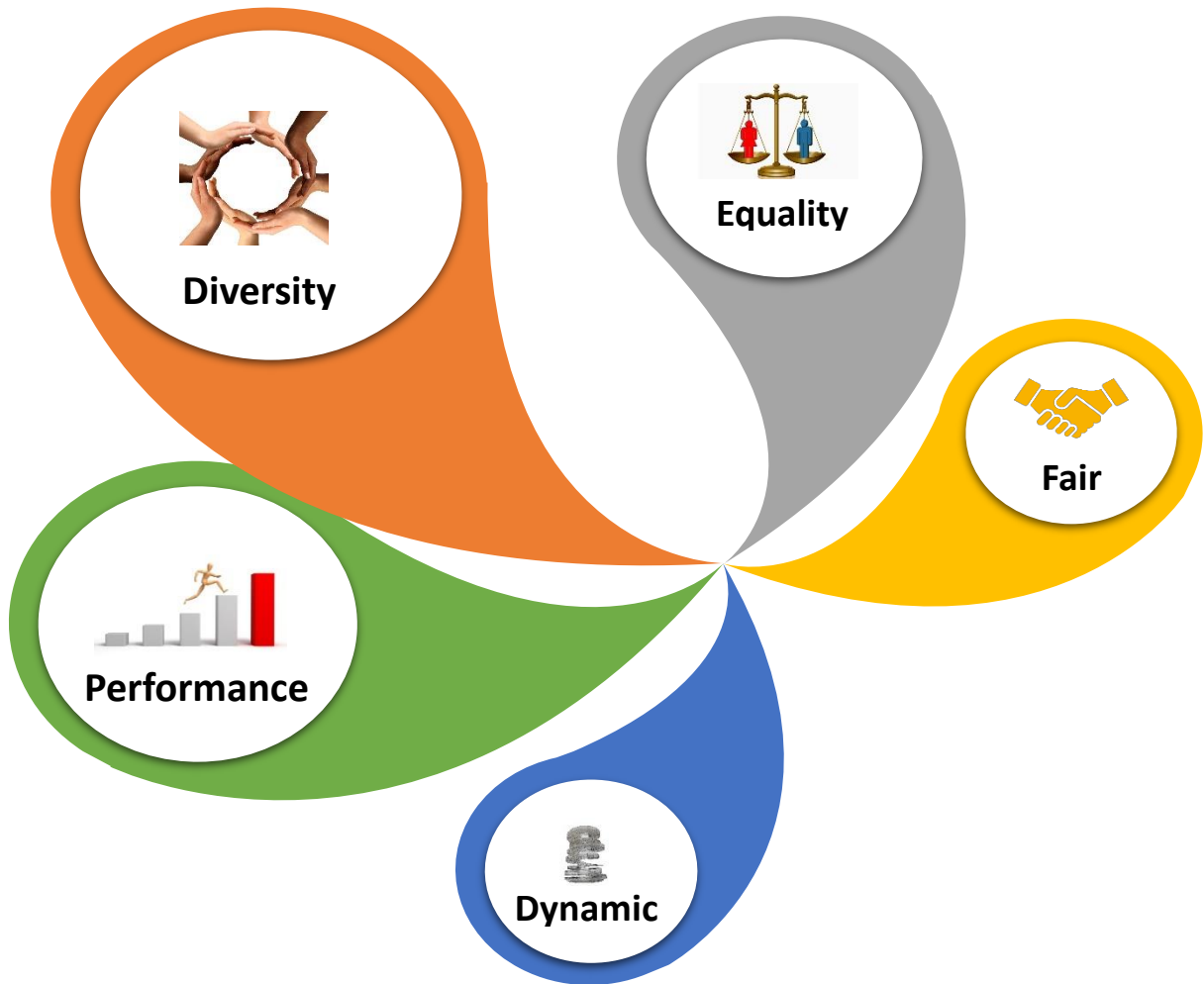
The Group believes in a robust and fair reward system to motivate our employees to achieve performance targets that are aligned to the Group's business objectives. Employees are rewarded accordingly when the specific targets are met. The Group treasures talent, and aims to retain productive employees with the relevant skills and positive work attitude.

## Diversity and Fair Employment Practices/Equal Employment Opportunity

The Group enforces a policy of hiring, employing, training and compensating employees in a non-discriminatory way, and without regard to race, gender, religion, age or nationality. The Group also hires based on merit and employs the best talent for the job. The Group has a fairly balanced mix of males and females in its workplace.

## Gender Equality

	Male	Female
	Percentage	Percentage
Group	64	36
Non-Saudi	58	42
Saudi	70	30



## Global Reporting Initiative (GRI) Content Index

GRI Standard/ Disclosure	Page Reference and Reasons for Omission, if applicable
<b>GENERAL DISCLOSURE</b>	
<b>Organizational Profile</b>	
102-1 Name of the organisation	Page 5
102-2 Activities, brands, products, and services	Page 5-7
102-3 Location of headquarters	Page 5
102-4 Location of operations	Page 5
102-5 Ownership and legal form	Annual Report 2018, Page 63
102-6 Markets served	Page 5
102-7 Scale of the organisation	Page 5-7, 14, 19 Annual Report 2018 – Statement of Financial Position, Page 52
102-8 Information on employees and other workers	Page 19
102-9 Supply chain	Page 8
102-10 Significant changes to the organisation and its supply chain	No significant changes
102-11 Precautionary principle or approach	Page 5-7
102-12 External initiatives	Not applicable as there is no externally-developed economic, environmental and social charters, principles, or other initiatives to which our Company subscribes, or which it endorses within the scope of this SR.
102-13 Membership of associations	Not applicable as there is no externally-developed economic, environmental and social charters, principles, or other initiatives to which our Company subscribes, or which it endorses within the scope of this SR.
<b>Strategy</b>	
102-14 Statement from senior decision maker	Page 2-3
<b>Ethics and Integrity</b>	
102-16 Values, principles, standards, and norms of behaviour	Page 5
<b>Governance</b>	
102-18 Governance structure	Page 12
<b>Stakeholder Engagement</b>	
102-40 List of stakeholder groups	Page 13
102-41 Collective bargaining agreements	Not applicable as all employees within the scope of this SR are not covered by collective bargaining agreements.
102-42 Identifying and selecting stakeholders	Page 13
102-43 Approach to stakeholder engagement	Page 13
102-44 Key topics and concerns raised	Page 14-19
<b>Reporting Practice</b>	
102-45 Entities included in the consolidated financial statements	Annual Report, Page 19
102-46 Defining report content and topic boundaries	Page 4
102-47 List of material topics	Page 14
102-48 Restatements of information	Not applicable, first report
102-49 Changes in reporting	Not applicable, first report
102-50 Reporting period	Page 4
102-51 Date of most recent report	Not applicable, first report
102-52 Reporting cycle	Page 4
102-53 Contact point for questions regarding the report	Page 4
102-54 Claims of reporting in accordance with the GRI Standards	Page 4
102-55 GRI content index	GRI content index
102-56 External assurance	None

## Global Reporting Initiative (GRI) Content Index

GRI Standard/ Disclosure	Page Reference and Reasons for Omission, if applicable
<b>MANAGEMENT APPROACH 2016</b>	
103-1 Explanation of the material topic and its Boundary	Page 15-19
103-2 The management approach and its components	Page 15-19
103-3 Evaluation of the management approach	Page 15-19
<b>TOPIC SPECIFIC STANDARDS</b>	
201-1 Direct economic value generated and distributed	Page 15-16 Annual Report 2018 – Consolidated Statement of Profit or Loss and Other Comprehensive Income, Page 53
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 17
404-3 Percentage of employees receiving regular performance and career development reviews	Page 18

