



SUSTAINABILITY REPORT 2019



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1. About Penguin International Limited

Penguin International Limited (“Penguin”) is a Singaporean publicly listed designer-builder-owner-operator of aluminium high-speed marine craft. The company was incorporated in 1976 and listed on SGX in 1997.

Since 1995, we have delivered over 200 aluminium vessels comprising crewboats, patrol boats, passenger ferries, fireboats and windfarm support vessels to ship owners around the world. These include some 150 of our proprietary-designed “Flex” offshore crewboats and security boats.

Penguin is the world’s most prolific builder¹ of mid-sized crewboats/security boats for the offshore and maritime security industries. In some markets, our “Flex” brand has become *the* industry standard.

Our shipyards in Singapore and Batam build ships for stock and to order, funded mostly by the company’s internal cash reserves. They also undertake a variety of repair and conversion projects.

In addition, we operate a fleet of our own “Flex” crewboats, passenger ferries and general workboats. These vessels primarily serve oil companies and government/corporate charterers around Southeast Asia.

Our owned-and-operated vessels are well maintained and professionally managed by an in-house ship management team, backed by our own shipyards.

Above all that we say and do, we prize *people over profit* and we abide by international standards of health, safety, environment and quality, corporate governance and sustainable business practices.

Figure 1: Penguin's Products and Services



¹ According to data compiled by IHS Sea-Web, an independent subscription-based database that captures all IMO-registered vessels worldwide.

2. About the Report

It is our pleasure to present you our FY2019 Sustainability Report (SR2019) covering the period 1 January 2019 to 31 December 2019. This report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards – Core Reporting Requirements and the SGX-ST Mainboard Listing Rule 711(B). We chose to follow the GRI Standards as they are a globally recognised reporting framework consisting of a comprehensive list of disclosures that are well suited to Penguin’s business and the industry that we operate in.

The SR2019 highlights our Economic, Environmental, Social and Governance (“EESG”) material matters that impact our business performance and key stakeholders across two business segments: (1) charter services, and (2) shipbuilding, ship repair and maintenance in Singapore, Batam and Malaysia.

We have not sought external assurance on the disclosures for this report but may consider doing it as our reporting matures over time.

As our partner in our sustainability reporting journey, we appreciate your support and feedback. You are welcome to contact our Sustainability Reporting Committee at sr@penguin.com.sg. You may also visit us at www.penguin.com.sg for more information. Our previous Sustainability Reports may be accessed [here](#).

3. Our Key Accomplishments in FY2019

Our Accomplishments

3rd annual

Sustainability Report published, disclosing Economic, Environmental, Social and Governance ("EESG") material matters that impact our business performance and key stakeholders.

↓ **1.5%**



less energy consumed and less GHG emissions per running hour from our vessels.

Penguin's

FLEX-42X

Executive Fast Crew Boat is the first aluminium ship to ever win Offshore Support Journal's **Vessel of the Year** award.



↑ **24.4%**

increase in revenue from \$112.8M in FY2018 to \$140.3M in FY2019.

First in the World



Aluminium Service Accommodation and Transfer Vessel for Offshore Wind

In 2019, we started building the world's first aluminium Service Accommodation and Transfer Vessel for offshore wind. This prototype concept enables technicians to live aboard and commute to work comfortably.

Penguin Shipyard International



62%

reduction in reportable Incident Frequency Rate at our shipyards.

Zero confirmed cases of corruption and non-compliance to all applicable regulatory laws and legislations in environmental and socioeconomic areas.



We prioritise people over profits

Signatory to Employers' Pledge of Fair Employment Practices since



2014

First

FLEX FERRY X delivered

Headcount of

595 with employees from 9 Countries.

1



Family

The Penguin Sustainability Statement

“As a global citizen, we believe in conducting our business in a sustainable and socially responsible manner. We believe that sustainability helps us achieve our full potential to become the world’s leading provider of aluminium fast craft.”

Our activities are aimed at creating value for all our stakeholders - Employees, Investors, Customers and the Communities in which we operate.



4. Our Approach to Sustainability

Sustainability lies at the core of Penguin. We prioritise *people over profit*. We believe in true value creation, which transcends the pure profit needs of the present and leads to the betterment of people, community and society.

From our goals and visions to our business model to our long-term strategic plans to our day-to-day operations, we strive to adopt and implement measures which result contribute to sustainable growth.

Through our visionary management team led by the principles of servant leadership and our unique collective capabilities as an integrated designer-builder-owner-operator of high-speed aluminium vessels, we embrace challenges and change, and we drive constant improvement and innovation.

Together, we stand strong in the face of adversity as we work together to stay close to our clients and ahead of our competitors, as we pursue sustainable returns for all our stakeholders.

a. Sustainability Governance

Penguin's Board of Directors ("The Board") oversees our sustainability strategy and the management of critical sustainability matters. The Sustainability Committee consisting of our Managing Director and our Finance and Administration Director ensures the implementation of our sustainability strategy and the evaluation of our progress against our commitments. The successful implementation of our strategies relies on our various Department and Unit Heads. They are responsible for integrating sustainable practices into our day-to-day operations.

Through regular discussions and updates, our Sustainability Committee continually assesses our performance and provides input where needed. Annually, during our February Board Meeting, The Board reviews our sustainability performance as part of our overall enterprise risk management process. The review includes key sustainability material matters to ensure their continued relevance. For more information on overall Corporate Governance, please refer to pages 29 to 45 in our 2019 Annual Report.



Figure 2: Our Sustainability Governance Structure

Board Statement

The Board is pleased to present its third Sustainability Report prepared in accordance to GRI Standards and SGX-ST's Sustainability Reporting Guidelines for listed companies in Singapore. The Board, together with the Sustainability Committee considers sustainability matters as part of the Group's growth strategy. The Board has approved the material ESG factors and determined them to be relevant for the current year. The Board shall ensure that these ESG matters are monitored and managed.

As we make progress in our sustainability journey, we urge all our stakeholders to partake in our commitment to sustainability as we work together towards a common goal of improving the economic, environmental and social well-being of the world that we live and work in.

b. Stakeholder Engagement

The Sustainability Committee is responsible for ensuring that channels of communication are open and accessible to all stakeholders. Through regular engagement, we are better able to identify and respond appropriately to key issues and interests. For a closer look on our stakeholder engagement platforms, please refer to Figure 3 below.

Figure 3: Our Approach Towards Stakeholder Engagement

Stakeholder Groups	Key Concerns/Interests Raised by Stakeholder Groups	Penguin's Response	Methods of Engagement	Frequency of Engagement
Employees, Workers and Crew Members	<ul style="list-style-type: none"> Fair and inclusive workplace Safe working environment Career progression and personal development 	<ul style="list-style-type: none"> Maintaining an “open-door” culture Ensuring timely feedback and interaction between management and employees to ensure alignment of expectations between both parties Maintaining robust Health, Safety, Environment and Quality management systems Ensuring consistency in Human Resource policies across the operating entities while ensuring compliance with prevailing local labour laws 	Appraisals	Annually
			Regular management and HR memos	Quarterly
			Safety toolbox meetings	Daily
			Training and workshops on skills upgrading	As and when required
Clients	Provision of consistent and <i>world-class</i> quality products and services from Penguin	<ul style="list-style-type: none"> Building long-term relationships with clients to ensure sustainable business growth Maintaining a feedback loop with clients to align expectations and improve products/services 	Regular client visits around the world	Monthly and quarterly
			Regular meetings and discussions	As and when required
Shareholders and Investors	Provision of sustainable investment returns	<ul style="list-style-type: none"> Transparent and timely disclosure of financial information and corporate developments through company website and SGX-Net. 	Annual General Meeting (AGM)	Annually
			Annual Report	Annually

Stakeholder Groups	Key Concerns/Interests Raised by Stakeholder Groups	Penguin's Response	Methods of Engagement	Frequency of Engagement
		<ul style="list-style-type: none"> Having a dedicated channel via company website for investors' questions and feedback 	Financial news and announcements	As and when required
Suppliers and subcontractors	<ul style="list-style-type: none"> Creating and maintaining a symbiotic eco-system with key suppliers and subcontractors in which sacrifices and successes are equitably shared. Inculcating sustainable business practices within the eco-system 	<ul style="list-style-type: none"> Clear communication on Penguin's expectations and standards of service and product quality, as well as health, safety and environmental practices Monitoring practices to ensure compliance by suppliers and subcontractors 	Performance evaluation	Annually
			Safety meetings with subcontractors	Monthly
			On-site engagement with employees	Daily
			Ad-hoc meetings	As and when required
Regulators	Compliance to relevant laws and regulatory requirements in all jurisdictions in which we operate	<ul style="list-style-type: none"> Adopting sustainable practices and complying with workplace health, safety and environmental practices, as well as corporate governance guidelines. 	Meetings and discussions with relevant authorities	As and when required
Local Communities	Singapore: Provision of services contributing to public safety and security	<ul style="list-style-type: none"> Providing key operations and maintenance support for vessels deployed for national emergencies and other public service services Contributing to various charity organisations and community outreach programmes 	Involvement in vessel maintenance and management as well as emergency response exercises	As and when required
			Sponsorships and donations	Ongoing
	Batam: Contributing to a safe, healthy and happy community in the vicinity of the company's shipyard	<ul style="list-style-type: none"> Maintaining a healthy symbiotic relationship with local communities through acts of consideration, compassion and kindness Contributing to the socio-economic growth of villages through local job creation and economic spin-offs in the vicinity of the shipyard 	Offering job opportunities to villagers. Volunteering activities, including monetary and in-kind donations	Periodic

c. Materiality Assessment

Prior to embarking on our first Sustainability Report for FY2017, we conducted a formal materiality assessment in September 2017 to identify Penguin's key economic environmental, social and governance matters. The sustainability material matters were reviewed again in FY2019 and determined to be relevant for the year.

Figure 4: Our Four-Step Materiality Assessment Process

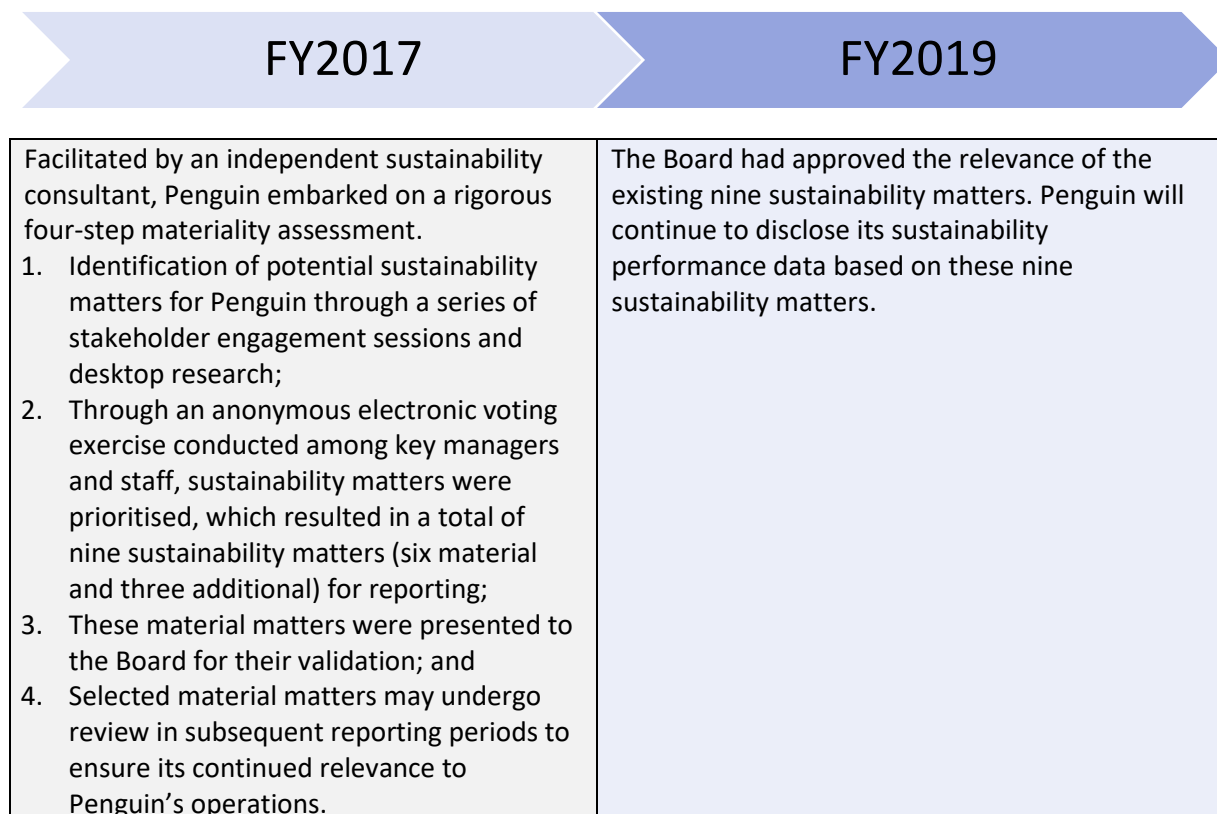


Figure 5: Our Sustainability Matters Chosen for Reporting in FY2019

Material Matters			Additional Matters		Page
1	Economic Resilience	13-16	7	Product Quality & Stewardship	10-12
2	Safety ²	21-24			
3	Energy Consumption Management	25-26	8	Workplace Diversity, Fairness and Retention	18-20
4	Vessel Emission	27			
5	Regulatory Compliance	28	9	Greenhouse Gas (GHG) Emissions	26-27
6	Business Ethics	28			

For detail information on the materiality assessment process and details of each sustainability matter, please refer to our SR2017.

² Safety comprises "Safety on Board for Our Crew and Passengers" and "Occupational Health and Safety at Our Shipyards".

d. Sustainability Strategy

Figure 6: Economic Resilience; Our People, Our Assets; Integrated Sustainability



Our comprehensive strategy incorporates key sustainability matters mapped across our unique designer-builder-owner-operator value chain. Please refer to Figure 8 in SR2017 detailing how these material matters were identified and integrated into Penguin's way of life.

5. Product Quality Stewardship

As a market leader in mid-sized aluminium fast craft, Penguin is constantly striving to stay ahead through constant improvement and innovation, from ship design through to ship construction and operation, drawing on our core capabilities as a designer, builder, owner and operator of high-speed vessels.

Here are some examples of our commitment to product quality stewardship in 2019:

Industry accolade for Penguin's flagship Flex-42X and further improvements

On 6 February 2020, Penguin made history when our flagship *Flex-42X Executive Fast Crew Boat, Alkahfi Chief*, won Offshore Support Journal's "Support Vessel of the Year" Award at a grand awards ceremony-cum-gala dinner in London attended by industry veterans and luminaries.

This is the first time that an *aluminium boat* has won this coveted award, against a field of much larger and more complex *steel offshore support vessels*. The nomination and online voting process began in 2019 and culminated in the winner being announced during the OSJ gala dinner.

Delivered in June 2019, *Alkahfi Chief* was the seventh and latest version of Penguin's innovative Flex-42X design, which was developed in collaboration with our UK design partner, BMT. The Flex-42X can hit speeds of up to 30 knots and features an optimised 42m hullform, active interceptors, business class seating in friendly 2-by-2 arrangement and a remotely accessible electronic fuel management system.

However, unlike all the Flex-42X that came before it, *Alkahfi Chief* has a 12m motion-compensated gangway permanently mounted on its aft deck. Supplied by Norway's Undertun and marketed by Uptime, the "walk-to-work" gangway enables the safe and efficient transfer of passengers between the ship and any offshore facility, including other vessels. In fact, *Alkahfi Chief* is one of the first mid-sized aluminium crewboats in Asia to feature a walk-to-work gangway.

Hot on the heels of *Alkahfi Chief*, we have made further improvements to our Flex-42X for our 2020 production. Watch this space in our next Sustainability Report!



OSJ's Support Vessel of the Year: Alkahfi Chief



OSJ Awards Ceremony in London



2-by-2 Biz Class Seats on Alkahfi Chief



Comfortable crew cabins with natural lighting



New in 2019: Walk-to-work gangway

For additional information on the OSJ Support Vessel of the Year Award, please click on the following link: <https://www.rivieramm.com/news-content-hub/industry-trailblazers-honoured-at-annual-osj-awards-gala-57900>

Please see “Training our Crew to Safely Operate our Walk-to-Work Gangway” under Safety on page 21.

Penguin’s First Crew Transfer Vessel and a World’s First in Offshore Wind

In September 2019, Penguin made its first foray into the offshore wind industry when it delivered a 26m catamaran *Crew Transfer Vessel (CTV)* to Ventus Marine, a subsidiary of Singapore’s PSA Marine. The CTV, christened *Ventus Beigang*, was designed by BMT and built by Penguin for the transportation and offshore transfer of up to 12 technicians between shore bases and offshore wind turbines in Taiwan.

While *Ventus Beigang* was under construction, Penguin and BMT were jointly developing a prototype windfarm support vessel dubbed the *Service Accommodation and Transfer Vessel (SATV)*. Unlike CTV’s, the SATV is specially designed to enable technicians to live aboard comfortably for more than a week, while commuting daily to the windfarms. This new concept, based on a fit-for-purpose platform for offshore wind, could potentially reduce costs and downtime significantly by eliminating the need for large steel Service Operation Vessels and long daily commutes from shore to windfarm.

As a world first, the SATV is a game changer for offshore wind, combining the features and benefits of an aluminium CTV with a steel SOV. However, the SATV’s development was challenged by the area of operations in offshore Taiwan, where the treacherous weather conditions tend to curtail offshore installation, operation and maintenance activities.

To ensure a safe and comfortable ride in rough weather, the SATV design incorporated a large “floating” superstructure that is precision-mounted on special shock absorbers, as well as controllable pitch propellers and a variety of active ride control systems integrated with one another.

In March 2020, following extensive trials and tests, Penguin delivered the world's first SATV, christened *Ventus Formosa*, to Ventus Marine for deployment in Taiwan's Formosa 1 offshore wind project.



Our first CTV for Offshore Wind



World's First Live-Aboard CTV

More Penguin Firsts

2019 saw two other "Penguin Firsts":

- (1) We delivered our first purpose-built patrol boats (7 in total) to the New South Wales Police in Australia;
- (2) We delivered our first-in-series stock ferry, the *Flex Ferry X*, to the government of South Africa.

Significantly, these were also our first shipbuilding projects with the governments of Australia and South Africa.



Patrol Boats for Sydney's Water Police



Flex Ferry X for Cape Town

The above examples demonstrate Penguin's ongoing commitment to product quality stewardship, continuous improvement and innovation, as well as diversification of products and markets, in our never-ending journey of sustainability.

6. Economic Resilience

As a global leader in our sector, we continue to harness the numerous opportunities generated by our unique and dynamic capabilities as an integrated designer-builder-owner-operator of high-speed aluminium ships.

In 2019, we effectively broadened our product range and market reach through our maiden deliveries of windfarm support vessels for Taiwan and police patrol boats for Australia, as well as a first-in-series new passenger ferry design for South Africa. We also built on our recently established track record in fireboats to secure a shipbuilding contract with the Kuwait Fire Service Directorate, for whom we built five 40-knot search-and-rescue vessels.



SCDF Fireboat Built by Penguin



40-knot Kuwait SAR Boat Built by Penguin

Meanwhile, we delivered our 60th Flex Fighter armoured security boat to a Nigerian shipowner and our 7th Flex-42X Executive Fast Crew Boat to our own Malaysian fleet in 2019. As part of our fleet renewal programme, we sold five old vessels in 2019, while adding four new vessels to our owned-and-operated fleet.



Flex Fighter: World's Best-Selling Security Boat



Flex-42X: The Executive Fast Crew Boat

Over in our Batam shipyard, PT Kim Seah Shipyard Indonesia, we commissioned our fifth new workshop to take on additional shipbuilding projects. We also commenced further expansion works in the yard, including the construction of an additional floor in the main office block and new waterfront facilities, all of which are scheduled to be completed in late 2020.

Financial Results ³	FY2019 S\$'000	% change from FY2018	FY2018 S\$'000
<i>Economic Value Generated</i>			
Revenue	140,367	▲ 24.4%	112,827
<i>Economic Value Distributed</i>			
Operating costs	87,401		66,893
Employee wages and benefits	19,973		17,806
Payments to capital providers	2,776		1,060
Payments to government	785		2,337
Community investment	20		12
	110,955	—	88,108
<i>Economic Value Retained</i>	29,412	▲ 19.0%	24,719

In FY2019, Penguin's group cash and cash equivalent increased 40.6% year-on-year to \$59.9 million.

Despite numerous challenges on the supply side and demand side posed by Covid-19 and oil in 2020, Penguin continues to stand strong, thanks to a constantly evolving business strategy, a hand-to-heart approach towards client servicing and prudent cash management.

Sharing the Joy: Making a Difference in Batam and Singapore

On the community front, we continue to be involved in various outreach programmes. In Batam, we regularly support and sponsor various development activities at nearby villages. In Singapore, we regularly contribute to non-profit organisations such as the Young Men's Christian Association (YMCA), Life Community Services Society, Singapore Association for the Deaf and others.

³ Information in this table is derived from Penguin's audited financial statements and other accounting/financial data. This information is intended to summarise the overall contribution of Penguin to its stakeholders and is not meant to replace or provide an alternative to the audited financial statements which is made available in Penguin's Annual Reports.

Festive Outreach to a Village in Batam



On 8 May 2019, Penguin's wholly owned PT Kim Seah Shipyard Indonesia (PTKS) in Batam received a letter of appeal from the Chief of Tanjung Riau village requesting for our contribution to their "Sembako" (basic necessities) for the upcoming Hari Raya.

The chief shared a list of 242 needy people, who were either single and elderly or young and orphaned, that required support for their daily needs. The General Manager of PTKS brought this matter to the management of Penguin International Limited in Singapore and together, they promptly reached a consensus to support this worthy community outreach programme.

The managers and staff of PTKS worked together to prepare goodie bags containing basic food items like rice, condense milk, eggs, etc. to be distributed to the villagers.

On 29 May 2019, the day we were scheduled to distribute the goodie bags, the morning started off with a heavy downpour. However, that did not prevent our volunteers from braving the rain to transport the goodie bags to the village meeting point. When the rain stopped, the villagers started arriving, some with help from their neighbours.

The event proceeded smoothly and we were able to distribute all the goodie bags to the rightful folks as planned.

The village chief and the villagers expressed their thanks to the staff and management of PTKS. Our dedicated volunteers - themselves tired, hungry and wet - were happy that they could make a difference to the lives of the needy.

We ended the day by telling the village chief that we would like to be back the following year!



YMCA's Garden Party in Singapore

On 20 July 2019, 20 Penguin volunteers comprising management and staff from our Singapore office joined YMCA for their annual YMCA Proms @ the Park at Gardens by the Bay. The event attracted some 100 voluntary welfare organisations and featured Guest of Honour, President Mdm Halimah Yacob.

Each Penguin volunteer was paired with a special needs child. Together, we spent the afternoon accompanying our new friends through fun activities and a concert in the park.

For most of us, this was a truly unique experience as we got to spend the day with special needs children for the first time and got to see one another in a different light. In addition, Penguin also made a cash contribution to YMCA.

Over the years, Penguin has been supporting YMCA in various ways. The organisation is all-inclusive in nature and it serves as a hub for more than 30 other voluntary welfare organisations and self-help groups in Singapore. Penguin is honoured to be working with YMCA.



7. Our People, Our Assets

As one of the three fundamental principles in our sustainability strategy, Penguin prioritises people over profit. We firmly believe that our people are our greatest asset. In 2019, Penguin employed close to 600 staff, workers and crew in Singapore, Indonesia and Malaysia. At all times, we maintain a culturally diverse, fair and inclusive workplace that nurtures and cultivates a passion for excellence, innovation and sustainable value creation.

a. Staff Demographics

Our workforce has been steadily increasing over the past three years, in line with an increase in our shipbuilding and chartering activities. In 2019, we employed 595 men and women, up from 542 employees in 2018. Most of our employees are full-time and permanent, with part-time/temporary staff accounting for 16% of our total workforce.

While the marine and offshore industry has traditionally been male-dominated, Penguin constantly strives for gender diversity in its offices, shipyards and ships. We are proud to have a female Executive Director on our Board of Directors, female employees in ship design and ship repair, as well as female crew on board our ferries. Please refer to Figures 7 and 8 below for a breakdown of our workforce statistics.

Figure 7: Employment Breakdown by Gender

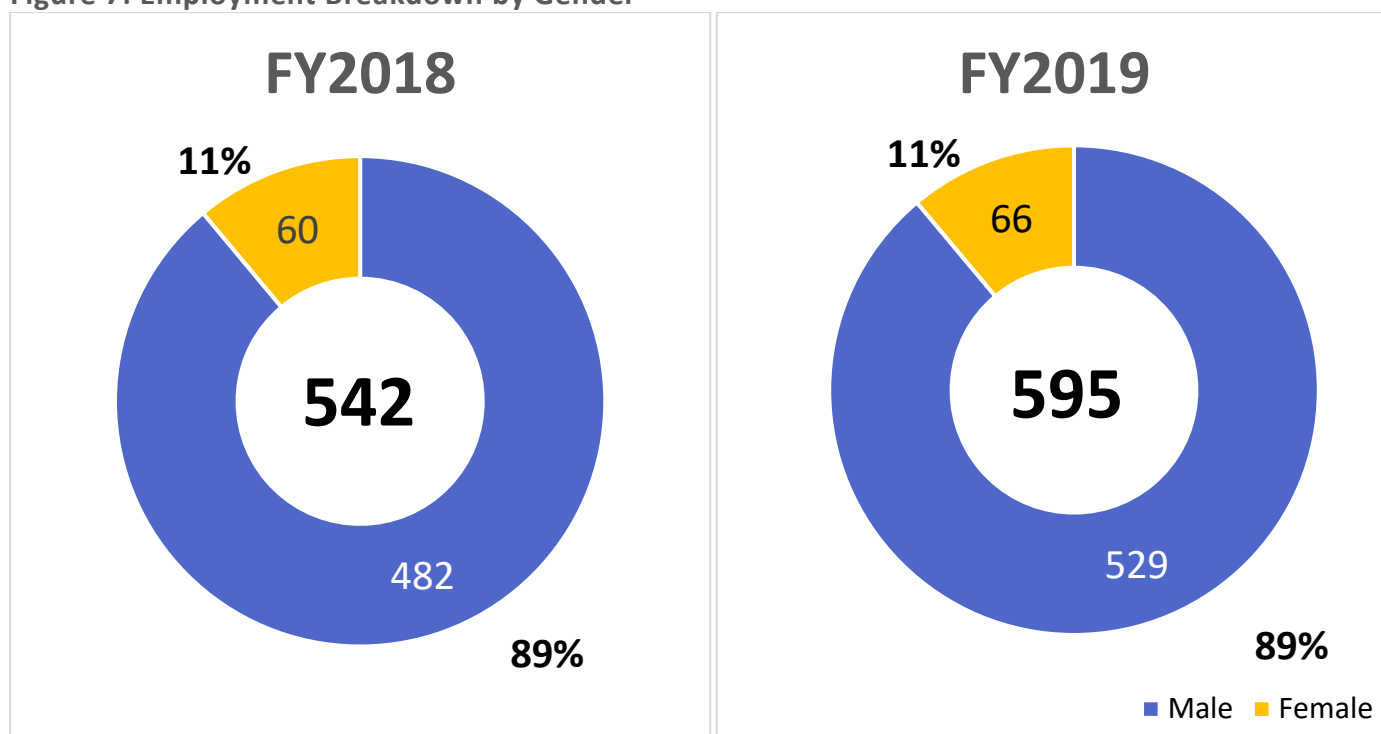


Figure 8: Employment Breakdown by Employment Contract and Region

By Employment Contract				
	FY2018		FY2019	
Region	Permanent	Temporary	Permanent	Temporary
Singapore	335	0	343	0
Indonesia	7	61	9	91
Malaysia	139	0	152	0

b. Workplace Diversity and Fairness

Policies and Practices

Penguin has been a signatory to Singapore's Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP) since 2014, a commitment that we reaffirm year after year. As a TAFEP signatory, we believe in fair employment which is merit-based and non-discriminatory.

Over the years, we have been able to attract and retain talents with the right skillsets, attitudes and capabilities to contribute to our sustainable practices. Our management practises an open-door policy where employees regardless of rank are encouraged to reach out and speak up at all times. This practice is enshrined in Penguin's Whistle Blowing Policy, which aims to provide an avenue for employees to raise concerns about possible improprieties and obstructive action within the group which they become aware of, and to provide reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

In addition, management regularly communicates updates on company developments and strategies in a timely manner.

Our Human Resource Policies and Procedures

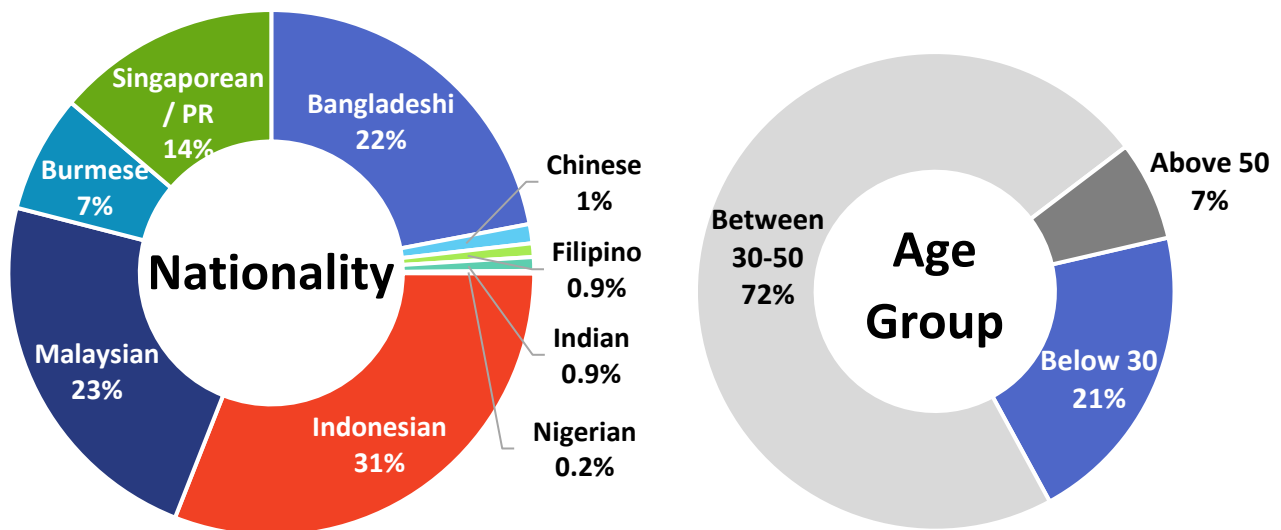
Penguin is committed to fair employment practices and does not discriminate any person based on his or her race, religion, gender, age, marital status, nationality, disability or medical condition. We value and respect each and every employee and are committed to training, developing, rewarding and promoting employees based on their attitude and performance at work.

Penguin's human resource policies and procedures include, but are not limited to, the following areas of employments:

- Fair Employment Practices
- Dispute Resolutions
- Harassment
- Performance Management

For details of each respective policy, please refer to our FY2017 Sustainability Report.

Figure 9: FY2019 Workforce Diversity by Nationality and Age Group



We have procedures in place to ensure our human resource policy and practices are consistently applied across all our operating units regardless of where they are located. We always comply with local laws and regulations. Depending on an employee's level of employment, they also enjoy a range of welfare and benefits listed below.

Employment Benefits

All full-time employees enjoy a range of employment benefits from health care insurance⁴, disability coverage, parental leave and retirement provision.

Training and Development

We encourage lifelong training and development among all our employees. Our crew, for example, are required to keep their relevant certificates of proficiency updated as they gain shipboard experience and rise through the ranks. Our shipyard workers undergo both mandatory induction and situational training as they journey with us in their career growth.

Performance Appraisals

All our employees – inclusive of staff and workers - are appraised annually by their superiors. Their appraisal results will go into determining their annual bonuses if bonuses are due for that year. In this process, there is no discrimination between office staff and foreign workers. Crew members working on board our vessels are assessed by their respective Masters and endorsed by the Crewing Officer/Manager.

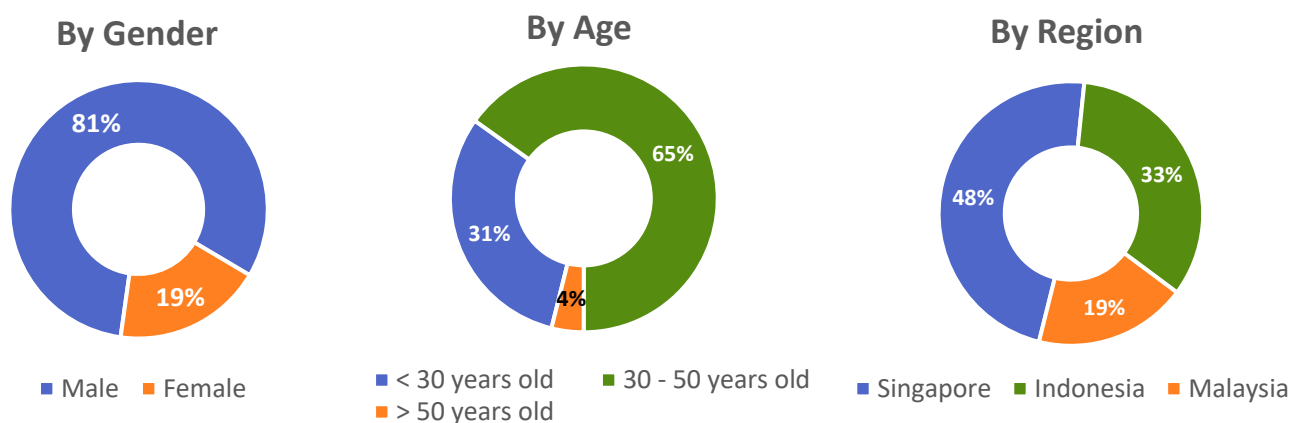
⁴ As stipulated by respective regulatory bodies in operating countries; including, Ministry of Manpower (MOM) in Singapore, Badan Penyelenggara Jaminan Sosial in Indonesia and Social Security Organisation (SOSCO) in Malaysia

c. FY2019 Employment Statistics

In 2019, we recruited 155 new employees to keep up with the growth of our shipbuilding and chartering businesses. In our recruitment process, we sought out the most-qualified candidates with the right experience, attitude and job fit - regardless of age, gender or race.

Figure 10: FY2019 New Hires and Turnover by Gender, Age Group and Region

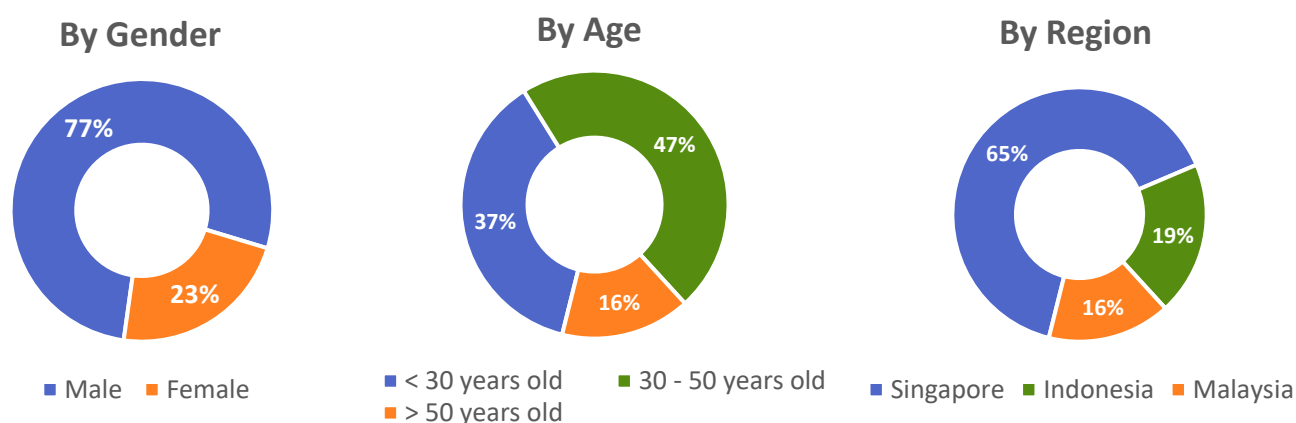
New Hires in FY2019: 155



In 2019, we had a total of 102 cessations. Crew members on Seafarers' Agreement are typically employed on a one-year contract and will tend to cease their employment after that. This is a common practice within the maritime and offshore industry. In between employment, many of our crew will use the time to undergo training to upgrade themselves and return to work with their higher certification. Most of our crew are Indonesian males who belong to the younger age group. Other reasons for cessation are foreign workers wanting to return home after working in Singapore for a few years. Among Singaporean employees, many leave for a different career or a higher salary or better perceived prospects. A handful of cessations are involuntary ones initiated by the company through disciplinary dismissal or contractual termination.

Figure 11: FY2019 Employee Turnover by Gender, Age Group and Region

Employee Turnover in FY2019: 102



Note: Total new hire and employee turnover rates are calculated as a percentage of staff on payroll as of 31 December 2019.

8. Safety

a. Safety on board our vessels for crew and passengers

In our vessel operations, we believe that everyone has a role to play in ensuring a safe working environment on board. We go beyond regulatory requirements and comply with more stringent Oil and Gas Producer (OGP) standards⁵, as most of our clients are in the oil and gas industry.

In our fleet management team, our Deputy General Manager, supported by our Designated Person Ashore (DPA), oversees and enforces safe practices on board all our operated vessels.

On board our vessels, our Masters have day-to-day responsibility over the health and safety of their crew and passengers and our responsibility towards the environment.

We promote a no-blame safety culture among all our stakeholders.

Penguin has a suite of policies governing safety on board our vessels for crew and passengers. These include but are not limited to:

- Safety and Environment Policy Statement
- Stop Work Authority Policy
- Navigation Policy
- Drug and Alcohol Policy Statement

In 2019, there were no significant changes made to the content of these policies. For details of each policy referenced above, please refer to our 2017 Sustainability Report.

Training Our Crew to Safely Operate our Walk-to-Work Gangway



Working with the supplier of our 12m motion-compensated gangway, we conducted several hands-on training sessions in 2019 for selected staff and crew in our Singapore shipyard and offshore Malaysia. Today, the gangway on board Alkahfi Chief is manned and maintained solely by our own crew – a first in Asia.

⁵ Oil and Gas Producers (OGP): <https://www.iogp.org/oil-and-gas-safety/>

Training Our Crew in Loss Prevention

In 2019, we conducted several sessions of this training programme, which is aimed at increasing awareness and competency of our vessels' masters and crew in preventing losses on board. Loss in the context of this training includes injury, death, pollution, property damage and business loss. There were several safety tools introduced and taught by the trainer, which include Hazard Identification Risk Assessment and Risk Control (HIRARC), Job Safety Analysis (JSA), Safe Performance Self Assessment (SPSA), Unsafe Situation Reporting (UCUA), and Behavioural Observation (BEOB).



2019 Vessel UCUX Campaign

"Empowering Submission's Quality Kills Normalization"

"No-one gets hurt"

"STOP and THINK before you ACT"

JAN-DEC 2019 VESSEL UCUX CAMPAIGN

LET US TOGETHER AIM TO:

- Improving the quality of UCUX reporting among crew
- Improving the understanding of UCUX categories among crew and uniformly improve their hazard identification skill
- Providing solid evidence to the client so that their commitment to take new measures will be based on real needs
- Ensuring crew's awareness on safety at workplace and reducing complacency

FLEX FLEET SDN BHD
"Purveyors of Fast Crew Boats"

"You See You Action" Safety Campaign

We launched the Vessel UCUX ("You See You Action") campaign in late 2018 and continued with the programme through 2019.

This campaign is aimed at raising safety alertness of crew members through situational awareness.

Crew members are encouraged to submit daily UCUX reports identifying unsafe acts or conditions on board their vessel.

Through this programme, we hope to bring about a behavioural change towards safety by highlighting the importance of hazard identification on a daily basis.

Safe Bunkering Campaign

This campaign was launched in February 2019 and was implemented throughout 2019. Unsafe bunkering practices is one common cause of fires and oil spills. Details can be found in the slides below.

Marine Safety Campaign 2019 (FEB - DEC)

Safe Bunkering

Bunker Checklist

BEFORE BUNKERING CHECKS	DURING BUNKERING CHECKS	AFTER BUNKERING CHECKS
<ul style="list-style-type: none"> Check bunker tank for bunker first. Check bunker hose and connection. Check fuel valve and communication device condition. Review and ensure all item in bunker checklist are done. Monitor bunker flowmeter onboard. 	<ul style="list-style-type: none"> Smoking at bunker point area. Left any bunker critical area without monitoring. Use damage hose or any hose with expiry test certificate. Start any naked light at bunker area. Any cargo activities during bunker. 	<ul style="list-style-type: none"> Bunker procedure understanding. Flowrate to agree between vessel and shore. Communication channel to set. Fuel sample to be given onboard. Make regular inspections of the manifold and hose. Keep accurate and regular records to monitor pumping rates and check gauges to ensure that line pressures are not too high.

Bunker Do and Don't Stuff

DO

- Plan which tank for bunker first.
- Check bunker hose and connection.
- Check fuel valve and communication device condition.
- Review and ensure all item in bunker checklist are done.
- Monitor bunker flowmeter onboard.

DON'T

- Smoking at bunker point area.
- Left any bunker critical area without monitoring.
- Use damage hose or any hose with expiry test certificate.
- Start any naked light at bunker area.
- Any cargo activities during bunker.

Other thing to observe.

- Bunker procedure understanding.
- Flowrate to agree between vessel and shore.
- Communication channel to set.
- Fuel sample to be given onboard.
- Make regular inspections of the manifold and hose.
- Keep accurate and regular records to monitor pumping rates and check gauges to ensure that line pressures are not too high.

Fleet Safety Performance

Safety statistics for our fleet operations are collated and evaluated regularly. Quarterly safety reports are submitted to the Penguin board for review.

We operate a no-blame safety culture and we target zero fatalities, zero lost work day cases, zero restricted work day cases and zero medical treatment cases. While we actively work towards achieving these targets, incidents still may occur. In such instances, we respond swiftly to establish root causes, learn from the incidents and seek to prevent a reoccurrence.

In 2019, we recorded no reportable incident on board our vessels.

Figure 12: Fleet Safety Statistics

Safety Metrics	FY2017	FY2018	FY2019
Reportable Incidents ⁶	2	2	0
Reportable Incident Frequency Rate (IFR) ⁷	2.99	2.69	0
Reportable Incident Severity Rate (ISR) ⁸	0	0	0

⁶ Reportable incidents include fatalities, lost work day cases, restricted work day cases and medical treatment cases which result in employee leaving the vessel to seek medical treatment on shore. First aid cases are excluded.

⁷ Reportable Incident Frequency Rate (IFR) is calculated as the total number of reportable incidents per 1 million man-hours worked.

⁸ Reportable Incident Severity Rate (ISR) is calculated as the total number of medical leave days taken consolidated from the reportable incidents per 1 million work hours.

b. Safety – Occupational Health and Safety in our Shipyards

Penguin Shipyard is certified bizSAFE STAR by Singapore's Workplace Safety and Health Council. To achieve this certification, we had to obtain Occupational Health and Safety Management (OHSAS) 18001 certification⁹ and have a valid risk management implementation audit report by a Ministry of Manpower-Approved Workplace Safety and Health auditor. Our Workplace Safety and Health (WSH) committee, led by the General Manager, is responsible for Occupational Health and Safety Management.

Since May 2019, the WSH committee has been organising monthly shipyard walkabouts involving Penguin's Managing Director and members of his management team, as well as subcontractors.

There was one minor reportable incident in 2019.

Figure 13: Shipyards Safety Statistics

Safety Metrics	FY2017	FY2018	FY2019
Reportable Incidents ¹⁰	4	2	1
Reportable Incident Frequency Rate (IFR) ¹¹	5.81	2.61	0.99
Reportable Incident Severity Rate (ISR) ¹²	42.57	35.25	59.6



⁹ Companies can also obtain SS506 Certification issued by Singapore Accreditation Council (SAC) accredited certification bodies or any other equivalent international certification.

¹⁰ Reportable incidents include fatalities, lost work day cases, restricted work day cases and medical treatment cases which result in four or more days of medical leave. First aid injuries are excluded.

¹¹ Reportable Incident Frequency Rate (IFR) is calculated as the total number of reportable incidents per 1 million man-hours worked

¹² Reportable Incident Severity Rate (ISR) is calculated as the total number of medical leave days taken consolidated from the reportable incidents per 1 million work hours

9. Environment

a. Shipyards' Energy Consumption and Greenhouse Gas (GHG) Emissions

Our shipyards in Singapore and Batam account for the bulk of energy consumed at our workplaces, while our office in Kuala Lumpur accounts for only a fraction of total consumption. In addition to drawing electricity from their respective power grids, our shipyards also consume diesel and lubricants used in the operation of fork lifts, scissor lifts, cranes and other heavy machinery.

In 2019, the total electricity, fuel and lubricants consumed by our shipyards was 16,301 GJ, representing a 36.9% rise from the previous year and translating to 1,926 tonnes of CO₂ emissions. The increase in energy consumption and GHG emissions was due mostly to increased shipbuilding activity. However, total energy intensity per vessel under construction over the same period fell, as a result of improved economies of scale.

Figure 14 (below): Shipyards' (i) Fuel and Lubes and (ii) Electricity Consumed

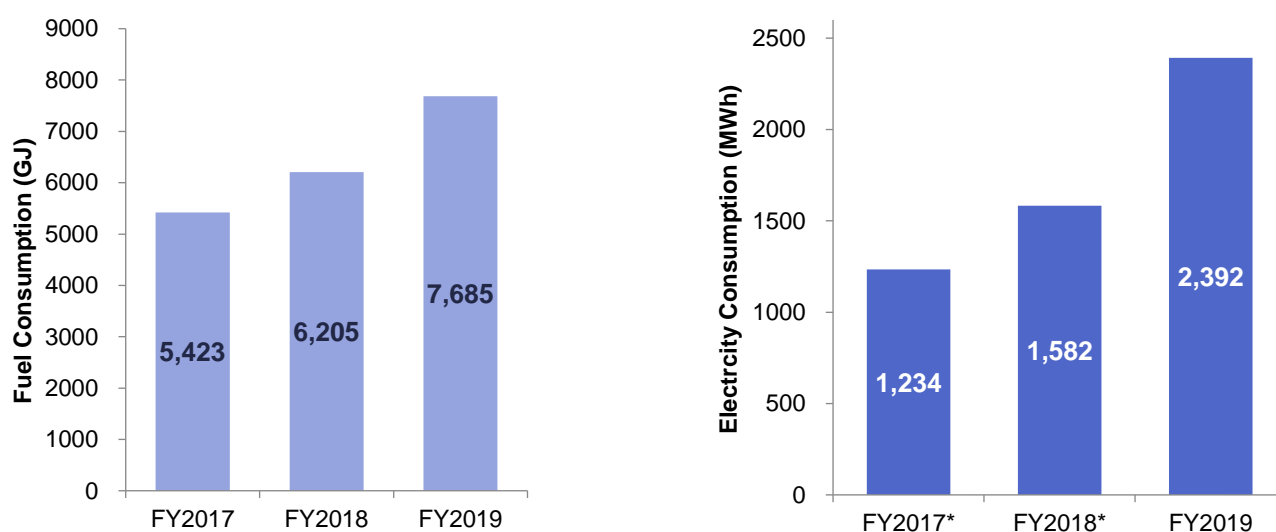
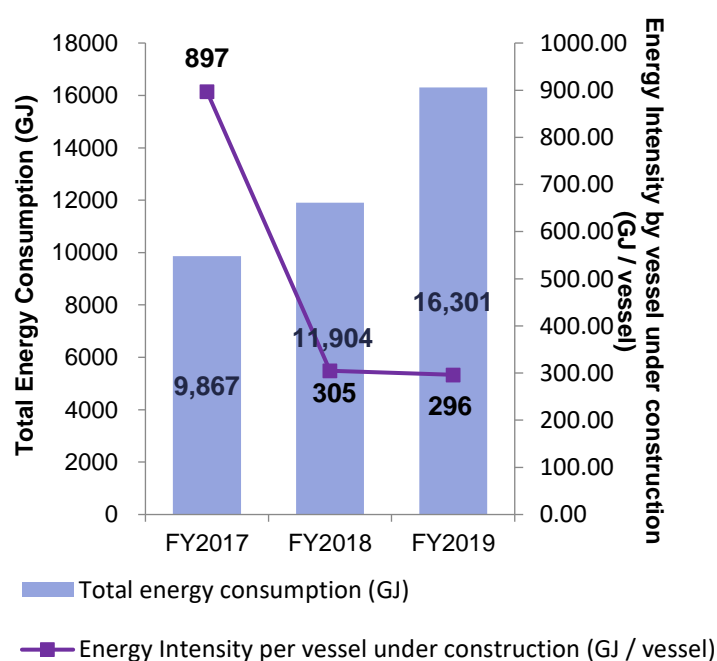


Figure 15 (below): Shipyards' Energy Consumed vs. Energy Intensity per Vessel Under Construction



* FY2017 and FY2018 values have been restated to exclude the office at Malaysia.

Figure 16 (below): Shipyards' (i) Direct (Scope 1)¹³ and (ii) Indirect (Scope 2)¹⁴ GHG Emissions

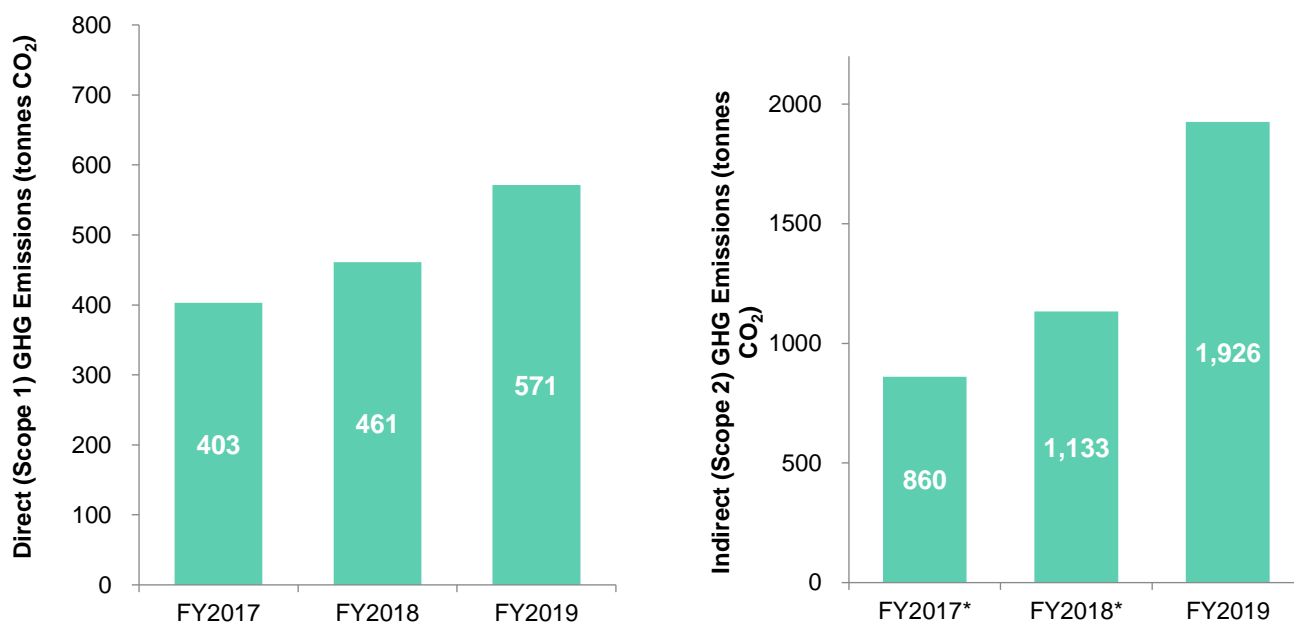
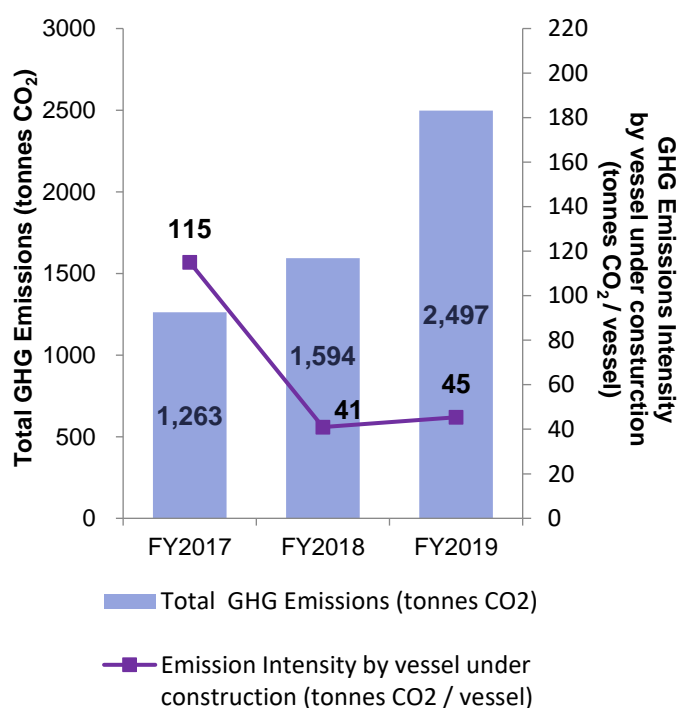


Figure 17 (below): Shipyards' GHG Emissions and Intensity



¹³ For calculation of Scope 1 emissions, they were derived from the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories.

¹⁴ For calculation of Scope 2 emissions, grid emission factors for Singapore were derived from "2018 Singapore Energy Statistics", published by the Energy Market Authority of Singapore in 2018. For Indonesia, grid emission factor was derived from Directorate General of Electricity, Ministry of Energy and Mineral Resources, Indonesia. Latest available values are for 2016.

* FY2017 and FY2018 values have been restated to exclude the office at Malaysia.

b. Vessel Emissions

Our vessels operate primarily in Singapore and Malaysia. All of them depend on Marine Diesel Oil (MDO) for fuel.

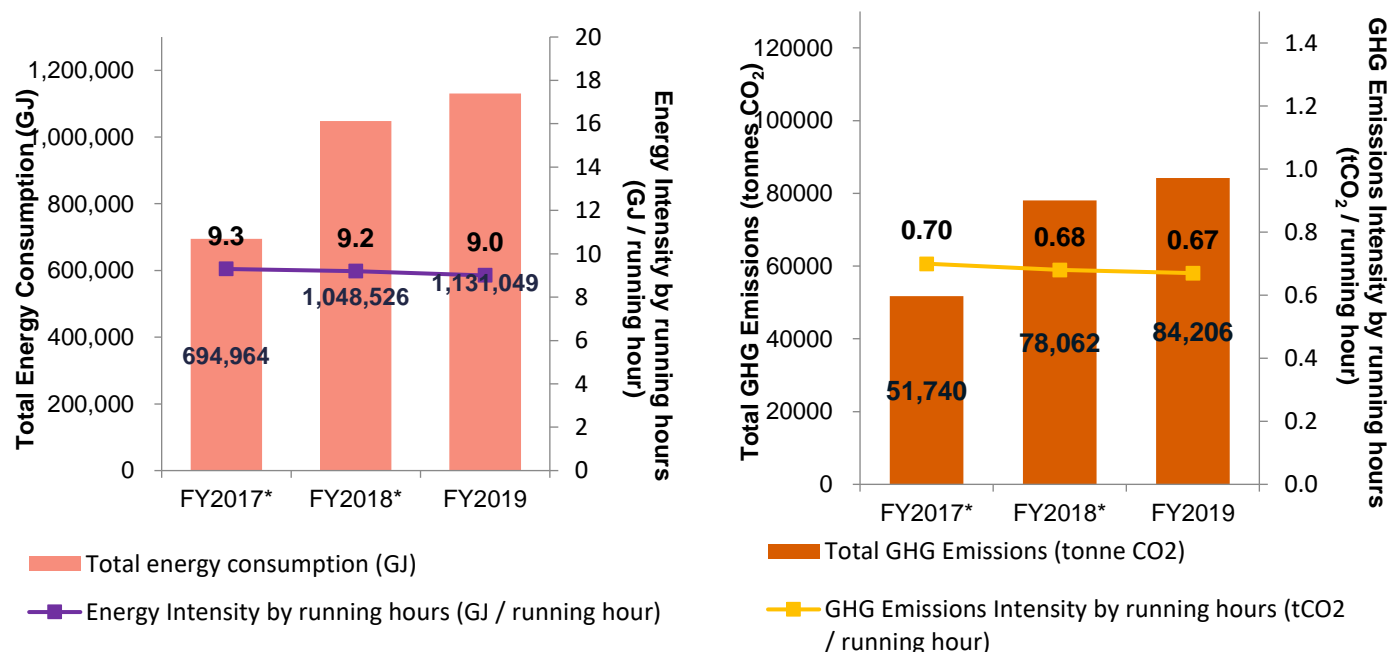
Our fuel consumption data account for all crewboat, ferry and workboat operations in Singapore and Malaysia. In 2019, our fleet consumed a total of 1,131,049 GJ¹⁵ of MDO, translating to 84,206.21 tonnes of CO₂ emissions¹⁶.

In recent years, our fuel consumption has increased in line with an expanding fleet and higher utilisation rates. Over time, however, we hope to improve on our overall fuel efficiency by switching to electronic engines (eg, Caterpillar electronic engines versus Cummins mechanical engines), installing electronic fuel management systems on selected vessels, enforcing a strict regime of planned maintenance and educating our crew on vessel handling.

Figure 18: Significant Emissions from Vessel Operations

Air emissions (tonnes)	FY2017*	FY2018*	FY2019
NO _x	1,027.0	1,549.5	1,671.4
SO _x	878.9	1,326.0	1,430.4
PM	99.3	149.8	161.6

Figure 19: Total Fuel Consumption and GHG Emissions / Intensities from Vessel Operations



¹⁵ Net calorific value used to calculate direct energy consumption from fuel is 42,700 kJ/kg, obtained from Amendments to the 2014 Guidelines on the Method of Calculation of the Attained Energy Efficiency Design Index (EEDI) for New Ships (Resolution MEPC. 245(66), as amended by Resolution MEPC. 263(68).

¹⁶ As extracted from European Commission: Quantification of emissions from ships associated with ship movements between ports in the European Community, emission factor of MDO is 3179 kg/tonne fuel.

* FY2017 and FY2018 running hours have been restated.

10. Corporate Governance

Regulatory Compliance

As part of our commitment to sustainable practices, we ensure that we comply with all applicable legal and regulatory requirements at all times. These requirements include relevant Primary Legislative Status (Acts) passed by Parliament, the Subsidiary Legislations (Regulations, Notifications and Orders) issued by the relevant governmental agencies, and the applicable Singapore Standards and Codes of Practice. We also comply with the relevant industrial standards and codes, with policies and procedures in place to guide the implementation.

At present, each department and unit within our organisation is responsible for monitoring and reporting compliance matters relevant to their respective functions. Information gathered on legal and other requirements are cascaded in a timely manner to the respective departments and units, as well as our suppliers and subcontractors.

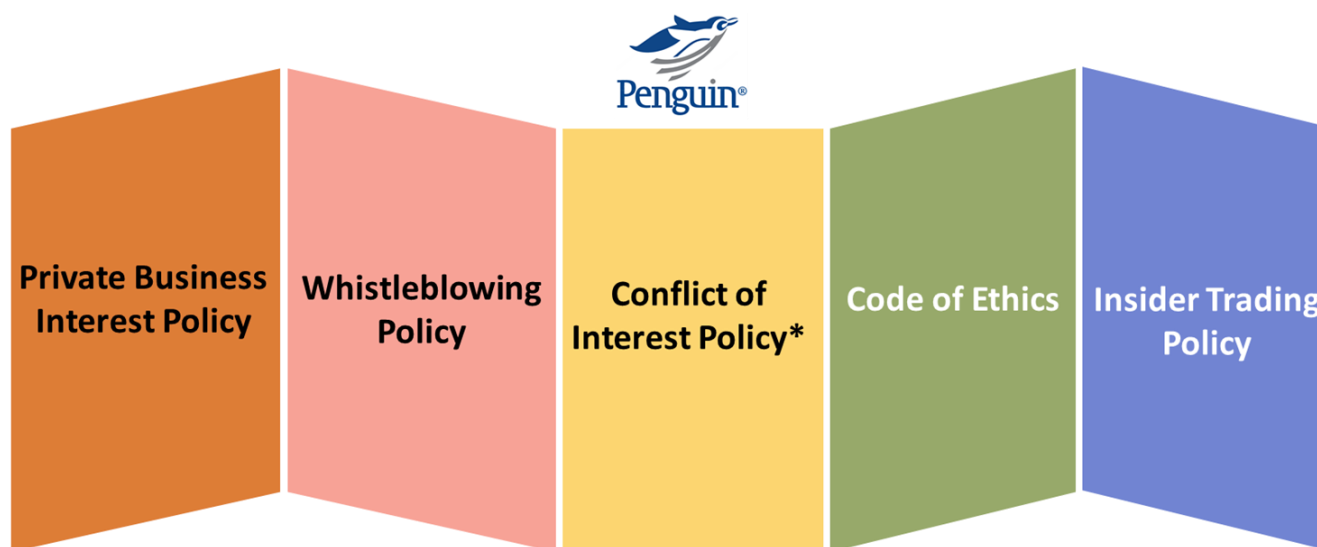
There was no case of regulatory non-compliance in 2019.

Business Ethics

We remain steadfast in upholding ethics in our business practices and we target zero lapses in the Code of Corporate Governance 2018. Our robust business ethics framework and anti-corruption policies (Figure 20) provides guidance on the right conduct to prevent even perceived improprieties¹⁷. All employees of Penguin - including full-time, part-time and contract employees - are encouraged to immediately report, without fear of retaliation, any concerns about possible improprieties in matters of financial reporting or other relevant matters. Complaints can be raised through our whistle-blowing channel. Our whistle blowing policy is published on our [website](#).

There was no case of whistle blowing or anti-corruption complaints in 2019.

Figure 20: Our Anti-Corruption Policies



** Conflict of Interest Policy is applicable for purchasing department on all purchasing decisions*

¹⁷ Possible Improprieties refers to any activity, breach of business conduct and ethics or omission by an Employee of the Group; or any concerns regarding accounting or auditing matters, internal controls or internal accounting controls and other operational matters that are questionable or not in accordance with generally accepted accounting practices or trade practices prescribed by the Group.

GRI Content Index

GRI Standard Disclosure Reference	Disclosure	Location or reason for omission	
GRI 102: General Disclosures 2016			
Organisational profile			
102-1	Name of the organisation	About Penguin International Limited	Pg. 1
102-2	Activities, brands, products, and services	About Penguin International Limited	Pg. 1
102-3	Location of headquarters	About Penguin International Limited	Pg. 1
102-4	Location of operations	About Penguin International Limited	Pg. 1
102-5	Ownership and legal form	About Penguin International Limited Annual Report 2019	Pg. 1 Pg. 10-11
102-6	Markets served	About Penguin International Limited	Pg. 1
102-7	Scale of the organisation	About Penguin International Limited	Pg. 1
102-8	Information on employees and other workers	Our Key Accomplishments in FY2019; Staff Demographics	Pg. 3 Pg. 17-19
102-9	Supply chain	Sustainability Report 2017	Pg. 13-17
102-10	Significant changes to the organisation and its supply chain	There are no significant to the organisation and supply chain.	
102-11	Precautionary Principle or approach	Corporate Governance; Annual Report 2019	Pg. 28 Pg. 39-41
102-12	External initiatives	The Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP)	
102-13	Membership of associations	Key memberships include Association of Singapore Marine Industries (ASMI), Singapore Shipping Association (SSA) and Singapore National Employers Federation (SNEF)	
Strategy			
102-14	Statement from senior decision-maker	Board Statement	Pg. 5
Ethic and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Our Key Accomplishments in FY2019; Corporate Governance	Pg. 3 Pg. 28
102-17	Mechanisms for advice and concerns about ethics	Corporate Governance; Annual Report 2019	Pg. 28 Pg. 42, 44-45
Governance			
102-18	Governance Structure	Sustainability Governance	Pg. 5
102-22	Composition of the highest governance body and its committees	Annual Report 2019	Pg. 15-17, 31,34,36,39
102-23	Chair of the highest governance body	Annual Report 2019	Pg. 31
102-24	Nominating and selecting the highest governance body	Annual Report 2019	Pg. 31, 34-35
102-26	Role of highest governance body in setting purpose, values and strategy	Board Statement; Annual Report 2019	Pg. 5 Pg. 30-31
102-29	Identifying and managing economic, environmental, and social impacts	Board Statement	Pg. 5
102-32	Highest governance body’s role in sustainability reporting	Sustainability Governance	Pg. 5
102-35	Remuneration policies	Annual Report 2019	Pg. 36-39

GRI Standard Disclosure Reference	Disclosure	Location or reason for omission	
102-36	Process for determining remuneration	Annual Report 2019	Pg. 36-39
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	Pg. 6-7
102-41	Collective bargaining agreements	Not applicable as Penguin International Limited is not unionised	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	Pg. 6-7
102-43	Approach to stakeholder engagement	Stakeholder Engagement	Pg. 6-7
102-44	Key topics and concerns raised	Stakeholder Engagement	Pg. 6-7
Reporting Practice			
102-45	Entities included in the consolidated financial	Annual Report 2019	Pg. 91-93
102-46	Defining report content and topic boundaries	About the Report	Pg. 2
102-47	List of material topics	Materiality Assessment	Pg. 8
102-48	Restatement of information	Economic Resilience Energy Consumption Management and GHG Emissions; Vessel Emissions	Pg. 13-16 Pg. 25-26 Pg. 27
102-49	Changes in reporting	No changes in reporting	
102-50	Reporting period	1 January 2019 – 31 December 2019	
102-51	Date of most recent report	May 2019	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	About the Report	Pg. 2
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	Pg. 2
102-55	GRI content index	GRI Content Index	Pg. 29-32
102-56	External assurance	Penguin has not sought external assurance for this inaugural report.	

Material matters				
GRI Standard Disclosure Reference		Description	Location or reason for omission	
Product Quality and Stewardship				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Product Quality and Stewardship	Pg. 10-12
	103-2	The management approach and its components	Our Key Accomplishments in FY2019; Product Quality and Stewardship	Pg. 3 Pg. 10-12
	103-3	Evaluation of the management approach	Product Quality and Stewardship	Pg. 10-12
Economic Resilience				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Economic Resilience	Pg. 13
	103-2	The management approach and its components	Economic Resilience	Pg. 13
	103-3	Evaluation of the management approach	Economic Resilience	Pg. 13-14
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Our Key Accomplishments in FY2019; Economic Resilience	Pg. 3 Pg. 14
Business Ethics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Corporate Governance	Pg. 28
	103-2	The management approach and its components	Corporate Governance	Pg. 28

Material matters				
GRI Standard Disclosure Reference		Description	Location or reason for omission	
	103-3	Evaluation of the management approach	Corporate Governance	Pg. 28
GRI 205: Anti-Corruption 2016	205-2	Communications and training about anti-corruption policies and procedures	Corporate Governance	Pg. 28
	205-3	Confirmed incidents of corruption and actions taken	Our Key Accomplishments in FY2019; Corporate Governance	Pg. 3 Pg. 28
Regulatory Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Corporate Governance	Pg. 28
	103-2	The management approach and its components	Corporate Governance	Pg. 28
	103-3	Evaluation of the management approach	Corporate Governance	Pg. 28
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Our Key Accomplishments in FY2019; Corporate Governance	Pg. 3 Pg. 28
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Our Key Accomplishments in FY2019; Corporate Governance	Pg. 3 Pg. 28
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Our Key Accomplishments in FY2019; Corporate Governance	Pg. 3 Pg. 28
Energy Consumption Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy Consumption Management and GHG Emissions	Pg. 25-27
	103-2	The management approach and its components	Energy Consumption Management and GHG Emissions	Pg. 25-27
	103-3	Evaluation of the management approach	Energy Consumption; Management and GHG Emissions	Pg. 25-27
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy Consumption; Management and GHG Emissions	Pg. 25, 27
	302-3	Energy Intensity	Energy Consumption; Management and GHG Emissions	Pg. 25, 27
Greenhouse Gas (GHG) Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy Consumption Management and GHG Emissions	Pg. 25, 27
	103-2	The management approach and its components	Energy Consumption Management and GHG Emissions	Pg. 25, 27
	103-3	Evaluation of the management approach	Energy Consumption; Management and GHG Emissions	Pg. 25, 27
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy Consumption; Management and GHG Emissions	Pg. 26
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Energy Consumption; Management and GHG Emissions	Pg. 26

Material matters				
GRI Standard Disclosure Reference		Description	Location or reason for omission	
	305-4	GHG emissions intensity	Energy Consumption; Management and GHG Emissions	Pg. 26, 27
Vessel Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Vessel Emissions	Pg. 27
	103-2	The management approach and its components	Vessel Emissions	Pg. 27
	103-3	Evaluation of the management approach	Vessel Emissions	Pg. 27
GRI 305: Emissions 2016	305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Vessel Emissions	Pg. 27
Workplace Diversity, Fairness and Retention				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Workplace Diversity and Fairness	Pg. 18-19
	103-2	The management approach and its components	Workplace Diversity and Fairness	Pg. 18-19
	103-3	Evaluation of the management approach	Workplace Diversity and Fairness	Pg. 18-19
GRI 401: Employment 2016	401-1	New employee hires and employee turnovers	Workplace Diversity and Fairness	Pg. 20
	401-2	Benefits provided to full- time employees that are not provided to temporary or part- time employees	Workplace Diversity and Fairness	Pg. 19
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	Workplace Diversity and Fairness	Pg. 19
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	Due to the nature of our industry, many of the positions are filled by male personnel, the average data in this case will not be reflective.	
Safety (Safety on Board for Crew and Passengers and Occupational Health and Safety at Shipyards)				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Safety	Pg. 21, 24
	103-2	The management approach and its components	Safety	Pg. 21, 24
	103-3	Evaluation of the management approach	Safety	Pg. 21, 24
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety	Pg. 23-24