

## MESSAGE FROM THE BOARD <sup>102-14</sup>

At Magnus Energy Group Ltd. (“**Magnus**” or the “**Company**” and together with its subsidiaries, the “**Group**”), we believe in working towards a business that is not only profitable, but also one that makes a positive impact on our stakeholders and the environment.

The past two (2) years were challenging for the global economy due to the COVID-19 pandemic that started in early 2020. The Group CEO had travelled to Indonesia to seek for opportunities and is in the midst of negotiating for new projects under the new business diversification and will make timely announcements when there are confirmed projects.

Magnus is cognisant of the need to continuously improve our corporate governance, risk management and internal controls. Pursuant to the independent review report issued by Provenance Capital Pte. Ltd. in 2019 (the “**External Review Report**”) and the issues raised therein, the Company has taken a comprehensive analysis of its corporate governance, risk management and internal controls and strengthened these through implementation of the various recommendations in the External Review Report. The Company continues to work closely with our auditors to improve the internal controls and in respect of the financial period from 1 July 2020 to 31 December 2021 (“**FY2021**”), the Company had appointed a professional firm, TRS Forensics Pte Ltd (“**TRS**”) to conduct a review of the internal controls at the Company level.

Magnus is committed to promoting a positive and safe work environment for our employees, suppliers and the community. We also take steps to ensure the wellbeing and safety of our employees at work. This Sustainability Report would also highlight the steps taken by Magnus to improve the health and safety of our workers during this pandemic and mitigate the impact on other stakeholders.

This Sustainability Report has been drafted in respect of the identified Economic, Social and Governance (“**ESG**”) factors which are material to our Group. It has been prepared in accordance with the Global Reporting Initiatives (“**GRI**”) Standards 2016: Core Option and is also in compliance with the SGX-ST Listing Rules 711A and 711B and the SGX Sustainability Reporting Guide. This Sustainability Report details our sustainability efforts and performance for FY2021.

Sincerely,

### **The Board of Directors**

Magnus Energy Group Ltd.

# SUSTAINABILITY REPORT

## Magnus at a glance

Magnus is an investment holding company in Singapore,<sup>102-3</sup> with a portfolio comprising oil and gas equipment distribution.<sup>102-2</sup> In 2020, the Company obtained shareholders' approval on the proposed diversification of the Group's business to include the business of (i) providing engineering, procurement, construction and commissioning ("EPCC") services, and related services and (ii) providing drilling and consultancy services as part of its core business (the "Proposed Diversification").



Incorporated in 1983 as a mechanical and electrical contractor



Listed on SGX in 1999



Headquartered in Singapore



Shifted focus to supply of equipment and spares in oil and gas industry in 2004

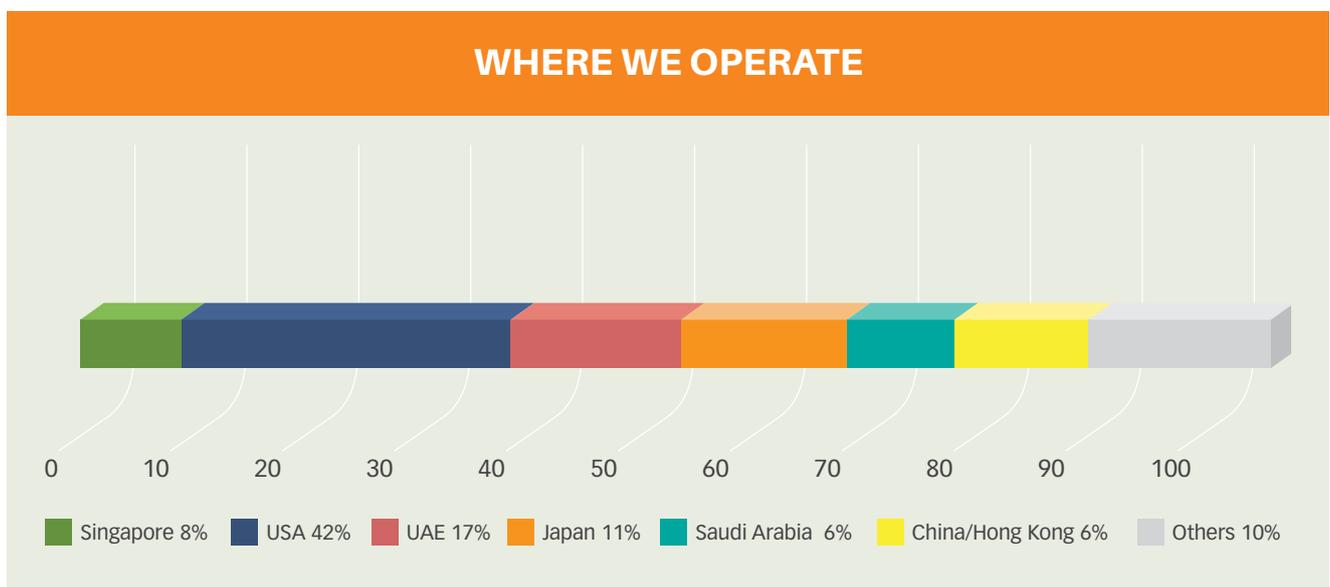
## Magnus Sustainability Report

The GRI framework was chosen as it is a well-known and globally-recognised sustainability reporting standard.

<b>REPORTING PERIOD</b>	<p>This report covers the sustainability performance of Magnus' businesses in Singapore for the period 01 July 2020 to 31 December 2021</p> <p>The previous Sustainability Report was published in the Annual Report 2020.<sup>102-51</sup></p>
<b>REPORTING SCOPE</b>	<p>The information and figures in this report refers to Magnus and its subsidiaries, unless otherwise stated.<sup>102-45</sup></p>
<b>GRI GUIDELINES</b>	<p>This report has been prepared in accordance to the Global Reporting Initiatives (GRI) Standards 2016: Core option.<sup>102-12,102-54</sup></p> <p>We have not sought or commissioned an independent external assurance for this Sustainability Report.<sup>102-56</sup></p>
<b>FEEDBACK</b>	<p>We welcome all feedback on this report. Please address all feedback and comments to us at <a href="mailto:info@magnusenergy.com.sg">info@magnusenergy.com.sg</a>.<sup>102-53</sup></p>

## Where we operate

For FY2021, the Group had done business with customers spanning multiple continents across the globe, including Singapore, the United States of America (“USA”), United Arab Emirates (“UAE”), Japan, Saudi Arabia and others.<sup>102-4, 102-6</sup>



‘Others’ includes countries whose individual contributions do not exceed 5%

## STAKEHOLDER ENGAGEMENT <sup>102-43</sup>

Magnus works closely with our employees and various business partners to integrate our sustainability ambitions into our businesses.

### Communication

Magnus is committed to continually strengthening our relationship with the investing community. Our shareholders are kept abreast of Magnus’ progress through timely information and adequate disclosures on the corporate developments and financial results of Magnus via the announcements on SGXNET ([www.sgx.com](http://www.sgx.com)).

The Company will strive to carry out proper checks to ensure that information disclosed in announcements are accurate, complete and substantiated and ensure that all material information are disclosed on the SGXNET and consult its Sponsor where required on what constitutes material information.

All of Magnus’ information is also available on the Company’s website ([www.magnusenergy.com.sg](http://www.magnusenergy.com.sg)). In view of the Company’s change of its financial year end from 30 June to 31 December, an annual general meeting of the Company was not held in respect of the 12-months financial period from 1 July 2020 to 30 June 2021. Save for the above, shareholders’ meetings are held at least once a year and shareholders are encouraged to share their views and make enquiries on the on-going affairs and progress of Magnus.

# SUSTAINABILITY REPORT

The Board and the Management shall provide timely business updates and corporate information to our shareholders via the following channels:



## Materiality Assessment

### Materiality Assessment Process 102-46, 102-47

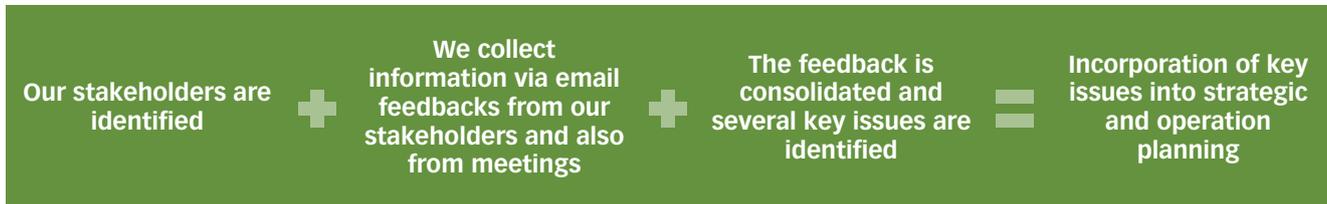
Through continuous dialogue with all our valued internal and external stakeholders, we have compiled a list of sustainability material topics that stakeholders are most concerned about. This list is periodically updated based on analysis of the changing concerns of our stakeholders. We organize a range of avenues to understand the changing concerns of our stakeholders including face-to-face meetings, shareholder/general events, emails, feedback through our company website, and international/local issues in the news that impact our business.



The following shows the methodology of our materiality assessment process:



## Stakeholders Engagement Process 102-21, 102-42, 102-43



We have organized our stakeholders in the countries where we have a significant business presence in, into five (5) groups in order to ensure that we have diverse viewpoints on how we can contribute to the community effectively (partners, employees, suppliers, government agencies, and communities) based on their core issues, and to better address their concerns with the aim of building enduring relationships with them.

The table below summarises each stakeholder group, their concerns and our responses 102-40, 102-44

No.	Stakeholder Groups	Their concerns	Our Responses
1	Shareholders/Investors	<ul style="list-style-type: none"> <li>• Transparency</li> <li>• Timely updates</li> <li>• Investment risks and mitigation steps taken</li> </ul>	<ul style="list-style-type: none"> <li>• Magnus provides timely updates to our shareholders via SGXNet announcements and at our Annual General Meetings.</li> <li>• The Company appoints external professional firms to perform a review of its internal controls and seeks technical advice from suitable external professional firms where necessary.</li> <li>• We have an ongoing process of seeking manpower and professional service providers with the right expertise and skillsets in order to improve operational capability.</li> </ul>
2	Employees	<ul style="list-style-type: none"> <li>• To work in a conducive and pleasant environment</li> <li>• Opportunities for professional growth and career development</li> <li>• A safe work environment (especially in times of the COVID-19 pandemic)</li> </ul>	<ul style="list-style-type: none"> <li>• The Group's HR policies aim at promoting a safe and fair working environment. Additional policies including working from home arrangements, social distancing guidelines and other safe workplace management measures were put in place to combat the spread of COVID-19.</li> <li>• We have a performance-based talent retention system, using a combination of quantitative and qualitative measures.</li> <li>• We promote lifelong learning, providing resources and opportunities for employees interested in further studies/professional training. The Company supports the staff and directors in both the provision of time off and reimbursement of the course fees.</li> </ul>

# SUSTAINABILITY REPORT

No.	Stakeholder Groups	Their concerns	Our Responses
3	Business partners and suppliers	<ul style="list-style-type: none"> <li>Durable and lasting business relationship</li> <li>Opportunities for cross-industry business collaborations in other projects</li> </ul>	<ul style="list-style-type: none"> <li>The Group emphasises on fair and ethical procurement practices while cultivating our relationships with existing suppliers.</li> <li>We hold frequent in-person (on-hold due to COVID-19) and virtual meetings with our business partners and suppliers to pursue mutually beneficial business opportunities.</li> </ul>
4	Government agencies	<ul style="list-style-type: none"> <li>Compliance with local laws and regulations</li> <li>Environmental issues and waste management</li> </ul>	<ul style="list-style-type: none"> <li>Our internal policies adhere to rules and laws applicable to the group, ensuring that our operations comply with existing laws and regulations in place.</li> <li>We aspire to minimise our environmental footprint and adhere to all environmental laws locally.</li> </ul>
5	Charities and communities	<ul style="list-style-type: none"> <li>Support for social welfare and community care</li> </ul>	<ul style="list-style-type: none"> <li>We target to contribute to both charitable causes and not-for-profit organizations once the Company becomes profitable.</li> </ul>

## Material Topics

The table below lists the material topics we have identified for our sustainability reporting based on the significance of our ESG impacts and the degree of influence they have on stakeholder assessments and decisions. <sup>102-47</sup>

Material Aspects	Material Topics	Mapped GRI Standards	Page Reference
Economic	Economic Performance	GRI 201 - Economic Performance	Pages 65-137
Governance	Anti-Corruption and Fraud Prevention	GRI 205 - Anti-Corruption	Pages 16-17
Social	Fair Employment Practices	GRI 401 - Employment	Pages 19-21
		GRI 405 - Diversity and Equal Opportunity	Pages 19-21
		GRI 406 - Non-Discrimination	Pages 19-21
	Occupational Safety	GRI 403 - Occupational Health and Safety	Page 20-21
	Staff Training	GRI 404 - Training and Education	Pages 19
	Workforce Statistics	GRI 401 - Employment	Pages 19-20
		GRI 405 - Diversity and Equal Opportunity	Pages 19-20
Fight Against International Forced/Child Labour	GRI 408 - Child Labour	Page 21	
	GRI 409 - Forced or Compulsory Labour	Page 21	

## Our Strategy & Sustainability Approach

The Board<sup>102-19</sup> retains the obligation to oversee, monitor, and drive the Group's sustainability strategic direction with regard to material ESG factors. The Group's management regularly reviews the strategy based on stakeholder concerns and changes to local/international economic and geopolitical factors that may impact the Group. Management would keep the Board apprised of any material changes to the sustainability performance(s) or policy(ies).

## Our Sustainability Commitment

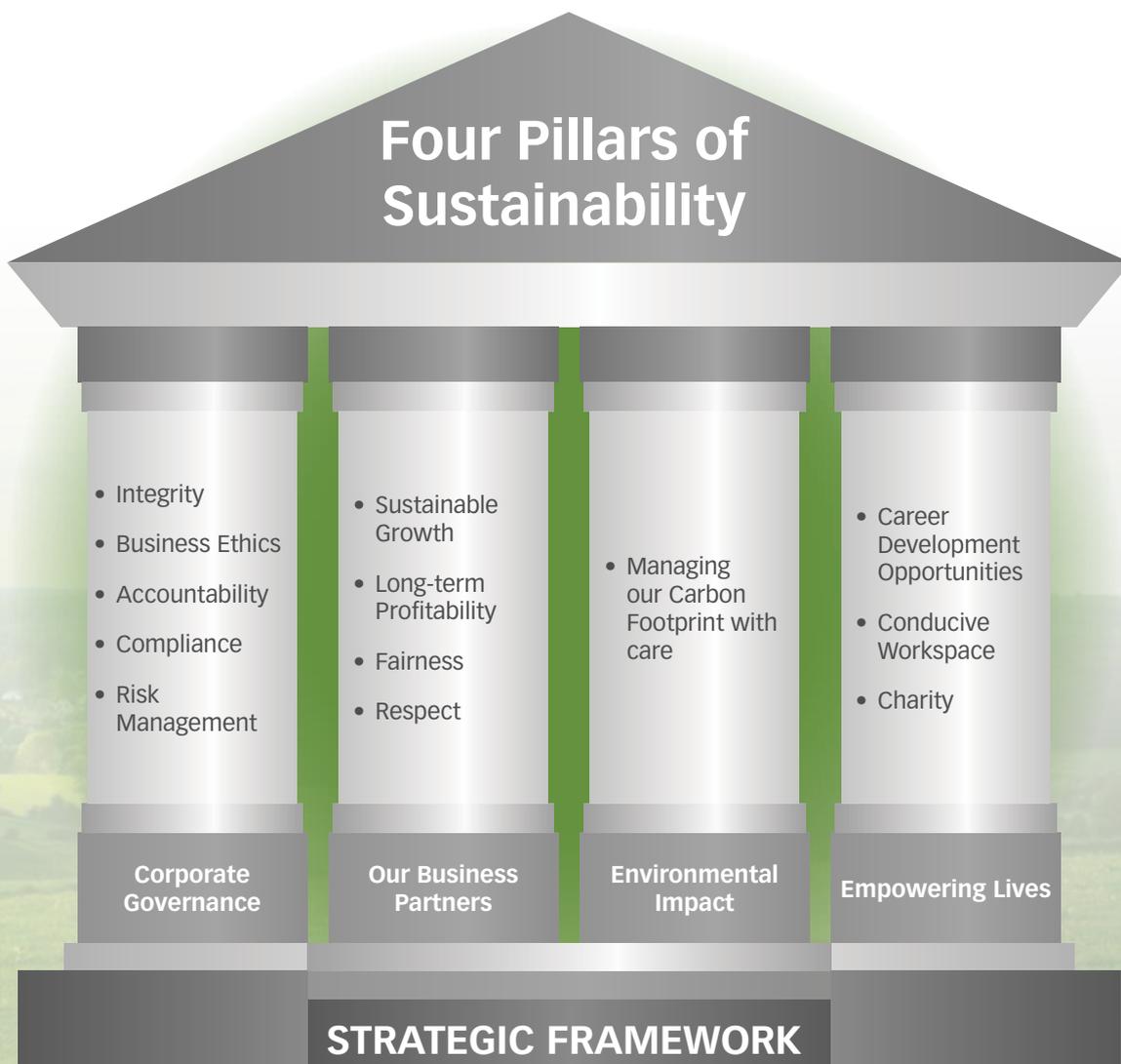
Magnus' sustainability strategy is dedicated to managing risks and mitigating the impacts of our Group's operations while creating value for our shareholders, governments, employees and business partners.

The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors. The Board and Management is of the view that an adequate sustainability framework is in place to enhance business resilience and adapt to the evolution of the business landscape.

The Board oversees the sustainability management and is supported by all key managers in the respective business units to ensure that each business unit is a responsible citizen in the areas of social, environment and governance. We did not obtain external assurance for our Sustainability Report. We have relied on our internal review process and conducted checks (where appropriate and necessary) for the accuracy of the Sustainability Report. Our financial statements for FY2021 have, however, been independently audited. We aim to progress the Sustainability Report towards obtaining external assurance in the future, making progressive improvements to our reporting process.

## Sustainability Framework 102-29

Magnus' strategy framework focuses on four (4) key pillars:



# SUSTAINABILITY REPORT

How we conduct our business <sup>102-16</sup>:



## Risk management

Nimble and flexible approach towards new opportunities and mitigation of risk from fluctuating oil prices. By careful planning, we aim to mitigate future risks and take advantage of new opportunities that may arise.



## Stakeholder engagement

Communication through multiple avenues. Analysis and implementation of relevant and applicable feedback into business plans and actions.



## Responsible management

Consistent monitoring and review of operations and processes to maximise resource utilisation and minimise environmental impact.

## CORPORATE GOVERNANCE

Corporate governance and risk management are crucial in protecting the long-term interests of the shareholders and the Group's assets. The Board and the management of the Company (the "**Management**") are cognisant of the need to have sound corporate governance practices and standards, as part of our collective effort to enhance shareholders' value. The support and trust of our shareholders is of utmost importance to the successful implementation of the initiatives of Magnus.

We believe that sound corporate governance is vital in gaining and retaining investors' trust and confidence in Magnus, as well as attracting the interest of new investors. Magnus' corporate governance practices are set out in our Annual Report with specific reference and adherence to the principles and guidelines of the Code of Corporate Governance 2018 ("**Code**").

It is also to be highlighted that the Company has, pursuant to having thoroughly reviewed the issues and recommendations as highlighted in the External Review Report in 2019 as well as pursuant to (a) the follow-up review performed by Nexia TS Risk Advisory Pte Ltd ("**Nexia**") in 2020 to assist the Company in the review and implementation of the recommendations of the External Review Report ("**Follow-up Review**") and (b) the annual internal audit review conducted by Nexia in respect of FY2020 ("**FY2020 Review**"), commissioned a subsequent follow-up review by Foo Kon Tan Advisory Services Pte Ltd ("**FKT**") to ensure that its implementation of all relevant recommendations is adequate and effective, and is cognisant that implementation of the recommendations is essential for the enhancement of the existing policies, system of internal controls and risk management, while handling new risks arising from COVID-19.

The Company is mainly using video conferencing for meetings and most staff are working from home whenever possible with no more than half the staff returning to office only if necessary. On internal controls, the Company is satisfied with the adequacy and effectiveness of its risk management and internal control systems for FY2021, having fully implemented all the recommendations set out in the External Review Report and pursuant to the FY2020 Review, the recommendation set out by our internal auditor, TRS in respect of FY2021, as well as the recommendations by FKT.

### Anti-corruption and Fraud Prevention <sup>103-1, 103-2, 103-3, 205</sup>

Magnus has a multi-pronged approach to address corruption. Preventive controls begin from the top through shaping a culture of accountability and responsibility among directors, employees and business partners. The Group has a zero-tolerance policy towards all forms of fraud, corruption, bribery and corruption. Magnus commits to conduct business with integrity, business ethics and in compliance with laws and regulations.

Magnus has also implemented several layers of preventive and detective measures at all levels of the Group through a system of internal controls including:

- Accounting Internal Controls: Reduce the risks of fraud in accounting transactions.
- Whistleblowing Policy: Stakeholders, including employees and interested parties, are encouraged to voice their concerns over any observation of perceived unethical behaviour, improper practices, or alleged wrongful conduct directly to the Chairman of the Audit Committee ("**AC**") through the whistleblowing form made available on our Company's website. A whistleblowing policy is put into place (a) which sets out the following procedures for whistle-blowers to make a

report to the Company on misconduct or wrongdoing relating to the Company and its officer, and (b) to protect genuine whistle-blowers from any detriment or unfair treatment as a result of their report, and ensure that the identity of the whistle-blower is kept strictly confidential.

- (a) Interested parties may submit their concerns by completing the Whistleblowing form on the Company's website at [www.magnusenergy.com.sg](http://www.magnusenergy.com.sg) under "About Us – Whistleblowing Policy". The form will be submitted to all Audit Committee members. All reports will be attended to with a full-scale investigation by an Investigation Committee appointed by the Audit Committee Chairman (and/or the Chairman of the Board) or his designate.
  - (b) The Investigation Committee comprising the Chairman of Audit committee and at least two (2) Independent members as appointed by the Chairman of the Audit Committee, shall conduct an initial assessment on the whistleblowing report to determine the investigation process.
  - (c) The Investigation Committee shall have the right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting investigation under this policy.
  - (d) A report shall be prepared after completion of investigation and will be put up to the Board for review and approval. Upon approval, the Board shall ensure recommended actions are initiated by the Company. Investigation results are confidential and will not be disclosed or discussed other than those with a legitimate need to know. Depending on the nature of the whistleblowing report, the whistle-blower may or may not be updated on the outcome of the investigations.
- Internal Review and Audit: Pursuant to (a) the External Review Report, (b) the Follow-up Review, (c) the FY2020 Review and (d) subsequent follow-up reviews conducted by FKT in March 2021 pursuant to the Company's implementation of Nexia's additional recommendations, the Board had decided to commission TRS to prepare an internal audit report only in respect of the internal control system at the Company level for FY2021 ("**FY2021 Internal Audit Report**"). This is part of the Group's internal audit plan to be carried out over a period of three (3) years, whereby the internal control systems at the operating subsidiary levels shall be covered in the next audit cycles. The FY2021 Internal Audit Report had highlighted an area under moderate risk rating for improvement regarding the Group's general control environment, the details of which are set out in our Corporate Governance report on pages 29 to 56 of our Annual Report. The aforesaid issue has since been addressed by the Company.

### Past year performance

Please see above for the summary of the FY2021 Internal Audit. The Company has reviewed the issues raised and fully implemented all relevant recommendations highlighted in the FY2021 Internal Audit Report. There were also no reported confirmed incidents of corruption for FY2021. <sup>205-3</sup>

### Looking ahead

Magnus plans to:

- Adhere strictly to the latest guidelines of the Code.
- Continue engaging suitably qualified external professionals to assist it in constantly improving and revising its existing policies and internal controls.
- Work closely with its legal advisors, auditors and/or Sponsor, when in doubt, on the relevant disclosures in its announcements, annual reports and other public documents.

## **OUR BUSINESS PARTNERS** <sup>102-9, 103-1, 103-2, 103-3</sup>

The Group's business partners, including suppliers and customers, are integral to the success of our business. It is Magnus' philosophy to know, understand and appreciate our business partners as well as to build trust and loyalty with them, because Magnus believes that this would sustain the business relationship and propel future growth and profitability of our Group.

Within the Group, operating subsidiaries make assessment of their customers' and suppliers' track record, quality of services, reputation and past years' financial reports. This is to ensure the work and service provided to the Group are of high quality and that the customers and suppliers are reliable and trustworthy. Frequent communication and continuous engagement between Magnus and our business partners have helped to establish a mutual understanding and strengthen trust.

Due to the impacts of COVID-19, we have changed our approach on interacting with current and potential business partners to be via virtual means i.e. Zoom meetings.

# SUSTAINABILITY REPORT

## Past year performance

As highlighted in the External Review Report, the Company has encountered issues with some of our business partners failing to fulfil their contractual obligations. As of the date of this report, the Company is currently working with relevant professionals to look at possible ways of recovery and there are no material updates to the aforementioned matters.

All final contracts and agreements for upcoming projects will be drafted and reviewed by the local legal advisors appointed by the Company to ensure the validity of the contracts and also, to protect the Company's interest and reduce any risks to the Company.

To avoid losses from poor investment decisions such as the investment with Thames Capital and the microalgae project, the Company will typically engage suitable external professional advisors to conduct due diligence checks on parties and projects which the Company intends to invest with / in. For FY2021, the Company did not have any investments. With regard to the upcoming potential projects which the Company is exploring as part of the Proposed Diversification, the Company may consider investing in certain projects in the future using the funds generated from the sale of the Loyang Property but for now, the Company will mainly be focusing as a service provider for the different projects.

## Looking ahead

Magnus plans to:

- Continue to maintain our due diligence process on our customers and suppliers
- Continue to build good rapport with our partners
- Appoint professional advisors to assist in due diligence checks on its contractual counterparties

## **ENVIRONMENTAL IMPACT** 102-10, 102-49

During FY2020, Magnus wound up two (2) subsidiaries, Mid-continent Environmental Projects Pte Ltd and MEP Waste Management Sdn Bhd. These entities were involved in environmentally sustainable business ventures including microalgae farming. With the closure of these entities, Magnus would not be reporting any statistics on the following GRI standards as stakeholders have rated them of low influence towards their decision-making process:

1. GRI 302 Energy
2. GRI 305 Emissions
3. GRI 307 Environmental Compliance

However, Magnus remains committed in reducing our carbon footprint and maintaining an eco-friendly workplace through the following waste management and recycling practices.

- Paper
  - We encourage digital filing of corporate records to reduce wastage of paper
  - Since financial year 2017, we have been encouraging shareholders to download our Annual Report from our website instead of printing and mailing hard copies of the Annual Report to all shareholders. However, shareholders who so wish to request a physical copy of the Annual Report may send their request via the feedback form on our website or fill up the physical request form and return it to Magnus by post
  - We buy and use only environmentally friendly paper
  - Whenever possible, we try to print on both sides of the paper
  - For non-confidential print-outs which are printed single-sided, we recycle the unprinted side as rough paper
- Electricity and Water
  - We take steps to educate our employees on the importance of conserving energy, for example, through posters on saving water and electricity tips within the office premise
  - We adopt an internal "Switch-Off" policy where our employees turn off lights, computers, and other equipment at the end of the workday

## Looking ahead

Magnus plans to:

- Continue to adhere to environmental laws and regulations in the countries we operate in
- Maintain a penalty-free record on environmental laws and regulations
- Set realistic targets for energy and water reduction across our operations once we have incorporated the USA subsidiaries into our sustainability reporting by the financial year ending 31 December 2023.
- To develop a formal selection assessment that incorporates ESG factors

## EMPOWERING LIVES

Our Employees <sup>103-1, 103-2, 103-3</sup>

### Fair Employment Practices

At Magnus, we are proponents of valuing our employees, treating all equally, with dignity and respect. We provide employees an environment free from discrimination to thrive, with equal opportunities for professional development based on meritocracy regardless of gender, race, religion, age, or marital status with a no tolerance policy towards discrimination of any kind <sup>405-1, 406-1</sup>. We support the diversity of skills, age, gender and race in the work-place, and strongly believe this leads to diversity of ideas through the varied lived experiences promoting more flexible and open-minded approaches to decision making.

We are transparent and open with our hiring practices. Our employment contracts provided to employees has fair employment conditions in compliance with local and national laws and regulations. Employees belonging to the “pioneer generation” are provided the opportunity to stay gainfully employed in Magnus so long as they remain medically fit and are able to perform their work satisfactorily. At Magnus, we advocate on creating an environment where everyone is treated with respect and dignity. We ensure that all employees have the same opportunity to progress with us regardless of gender, race, religion, age, or marital status. Magnus promotes fair employment practices to create an environment free from discrimination.

All employees are provided with fair legal contracts and employment conditions that comply with local employment laws and regulations. Employees belonging to the “pioneer generation” are welcome to continue working in Magnus as long as they are medically fit and can perform their work satisfactorily.

Our full-time employees are provided full time benefits such as paid annual leave, sick leave, and parental leave in accordance with the laws and regulations in the countries we operate in. <sup>401-2, 401-3</sup>

### Staff Training <sup>103-1, 103-2, 103-3, 404-2</sup>

We advocate lifelong learning and continuous skills upgrading for our employees to realise their full potential and contribute towards the sustainable growth and prosperity of Magnus. We provide them with the proper tool to achieve this in the form of funding trainings and seminars in-relation to their job scope. All employees are provided with opportunities to maintain and develop workforce skills and competencies, through participation in trainings and seminars. The costs are borne by Magnus as the company benefits from increased productivity and better skilled employees when they realise their potential.

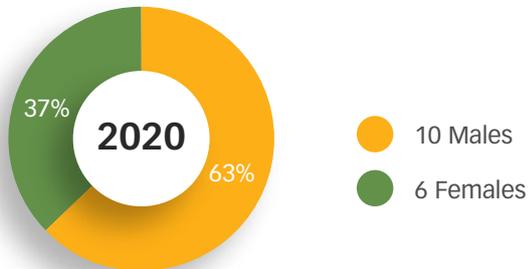
### Workforce Statistics <sup>102-8, 401-1, 405-1</sup>

The headcount of the Group is carefully monitored for workforce optimisation, to commensurate working capacity with business activity level. The charts below document the changes to the Group’s workforce and diversity from FY2020 to FY2021 and the impact of the Group’s diversity efforts for the year. Due to the Company’s change in financial year end from 30 June to 31 December, the figures for FY2021 are based on information collated as at 31 December 2021, while the figures for the remaining financial years were based on information collated for each respective financial years as at 30 June.

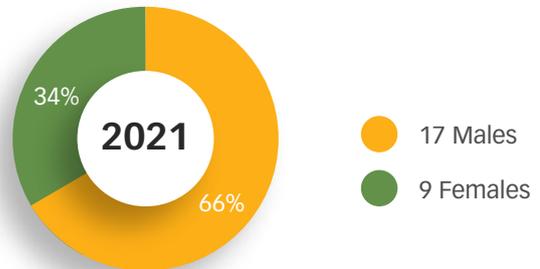
	2017	2018	2019	2020	2021
No. of regular employees as at financial year end (30 June)	53	44	26	16	26
Employees working in their home country	83%	86%	81%	81%	77%

# SUSTAINABILITY REPORT

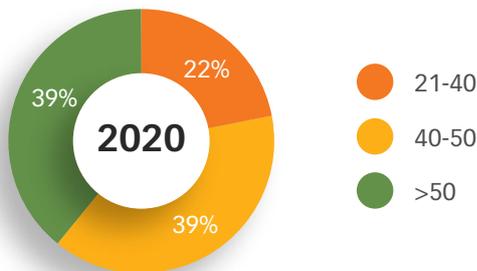
Percentage of Employees by Gender 2020



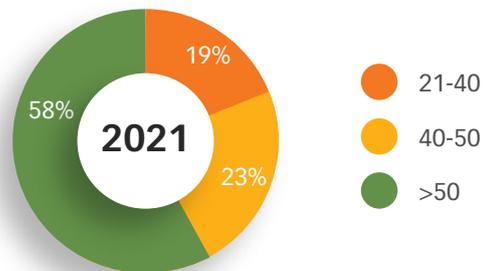
Percentage of Employees by Gender 2021



Percentage of Employees by Age Group 2020



Percentage of Employees by Age Group 2021



## Past year performance

Subject to approval, staff are welcomed to apply for courses which are beneficial to their current job scope or self-development. For FY2021, employees of Magnus have applied for at least one (1) course per person. Magnus had provided a minimum of two (2) training hours per employee for the financial period from 1 July 2020 to 31 December 2021. Magnus is satisfied that its management has complied with fair employment practices as well as ensuring a good diversity in the current employment.

## Looking ahead

Magnus plans to:

- Put in place continuous efforts to ensure gender, race and religious diversity in our employees, senior leadership and key decision-making roles.
- Continue to encourage our employees to attend courses to upgrade themselves. The Company aims to continue providing a minimum of two (2) training hours per employee for each financial year.

## Occupational Safety 103-1,103-2, 103-3 403-2

With COVID-19 still raging across the globe, the Group would like to emphasise on the health, safety and wellbeing of our employees, together with the additional safety measures in place. It is Magnus's objective in providing a safe and conducive work environment for all employees.

In our workplace, Magnus adheres to the safety guidelines recommended by the Ministry of Manpower Singapore. Amidst the COVID-19 pandemic, our employees are encouraged to work from home wherever it is practicable.

Magnus ensures that all employees and contractors adhere to local health and safety standards and requirements. The Group also oversees the subsidiaries, monitoring their compliance with Occupational Health and Safety Assessment Series

(OHSAS) safety standards through key management personnel of the respective subsidiaries overseeing the design and implementation of workspace safety measures. The safety measures we have put in place include the following:

- Adequate social distancing and mandatory mask wearing at the workplace.
- Adherence to local workplace regulations in response to COVID-19.
- First aid kits located strategically around the workplace.
- Regular fire response training coupled with periodic fire drills.

#### Past year performance

We are pleased to report that there were no incidences of workplace injuries and accidents requiring medical treatment beyond minor first-aid.

#### Looking ahead

Magus aims to continue protecting our workforce through maintaining zero instances of workplace injuries and continuous monitoring of the Global COVID-19 pandemic, adhering to the advice of medical professionals regarding workplace safety.

#### Fight Against International Forced/Child Labour 103-1, 103-2, 103-3, 408, 409

The Group takes a strong stance against underage labour and forced labour. We are fortunate to be within an industry with low risk of such occurrence. In addition, the Group insists that our subsidiaries and business partners comply with the labour regulations in the countries of operation.

#### Past year performance

The Group is satisfied that there has been no reported instances of underage labour or exploitative labour practices within the Group's or our business partners' operations.

#### Looking ahead

The Group continues to support the global abolition of child labour or other exploitative labour practices, in accordance with the International Labour Office's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

## **CHARITIES AND COMMUNITIES** 102-12

We view ourselves as part of the community, and value the importance of Corporate Social Responsibility ("CSR"). We encourage our employees to participate in volunteer work supporting charities and the community.

#### Past year performance

Unfortunately, due to continued losses and cost saving measures implemented by the Group, partially as a result of the economic shutdown globally due to COVID-19, Magnus did not perform any CSR work during the financial period from 1 July 2020 to 31 December 2021.

#### Looking ahead

The Group plans to consider engaging in CSR activities such as volunteering activities and financial donations once the Group financial position improves.

## **RISK MANAGEMENT** 102-11, 102-15, 102-17, 102-19, 102-29

Accurate and efficient risk management is integral for the long-term success of any corporation. At Magnus, the responsibility for governing the group's risks falls on the AC. The AC advises and consents during the planning and preparation of risk management framework, policies and guidelines by the Group's Management. The AC would meet with Management and the auditors yearly to review the Group's internal controls, new potential risk issues and areas for improvement.

Magnus has engaged the internal auditors to conduct reviews of and provide feedback on Magnus' financial and operational risks and internal controls. The results of the annual review of Magnus' risk management and the auditors' recommendations are reported to the AC and the Management shall take actions based on these recommendations in accordance with the direction set by the AC.

# SUSTAINABILITY REPORT

## Description of roles in risk management process



Risk	Explanation	Our Strategies
Energy price risks	Magnus is exposed to fluctuating energy prices, such as oil prices. Lower oil price will result in lower revenue in terms of business of provision of equipment for our USA subsidiary.	<ul style="list-style-type: none"> <li>To mitigate the risk of over reliance on oil prices, Magnus keeps a look-out for other feasible EPC projects to invest in and to reduce the reliance on one (1) segment.</li> </ul>
Investment risks	Magnus' investment risks relate mainly to capital investment on acquisitions or investments in business entities.	<ul style="list-style-type: none"> <li>The capital investment projects, including the selection of business partners, suppliers and contractors, should be subjected to appropriate due diligence, financial check procedures and internal selection criteria for the purpose of expenditure control.</li> <li>Pursuant to the issues raised by and recommendations contained in the External Review Report, such as the recommendation to appoint professional advisors to assist in due diligence checks on its contractual counter-parties, and advise on the feasibility of current and future projects, structure and terms of current and future transactions, the Company recognises that its proposed investment activities relating to acquisitions or investments in business entities requires the support and professional advice by the external professionals for specialised services such as conduct of due diligence and for risk management purposes.</li> <li>The Company has also updated its policies to take in the recommendations set out in the External Review Report. The Company engages legal representatives to draft and review all legal agreements and contracts.</li> </ul>
Financial risks	Magnus' activities are exposed to a variety of financial risks including credit, foreign currency, market, interest rate and liquidity risks.	<ul style="list-style-type: none"> <li>Magnus' risk management strategy features a system of controls to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.</li> <li>The AC oversees Magnus' financial risk management process through timely reviews of the adequacy and effectiveness of the financial risk management policy, tools, practices, strategies and treatments.</li> <li>For future projects and investments, the Company plans to appoint professional advisor to assist in due diligence checks on its contractual counterparties, and advise on the feasibility of the project, structure and terms of the transaction.</li> </ul>

## Past year performance

The External Review Report had highlighted certain aspects of our risk management and internal controls that needed to be improved on, which the Company has resolved the issues raised and implemented the recommendations highlighted.

## Looking ahead

Magnus plans to:

- Periodically review and proposed further enhancements to our systems, processes and standards to ensure that we adequately manage risks to attract more investors.
- Continue appointing suitably qualified professional advisors (where appropriate) to assist in due diligence checks on its contractual counterparties, and advise on the feasibility of the project, structure and terms of the transaction.

## Financial Management

The Group is committed to continuously enhancing our systems, processes and standards to meet the ever-evolving risks of a dynamic global economy and attract more investors.

## **RESPONSIBLE MANAGEMENT**

### Singapore Governance and Transparency Index

The Singapore Governance and Transparency Index (“**SGTI**”) is a joint initiative of CPA Australia, NUS Business School’s Centre for Governance, Institutions and Organisations (“**CGIO**”) and the Singapore Institute of Directors. The objective of SGTI is to evaluate listed companies, including REITs and business trusts, on their corporate governance practices and disclosures, as well as the timeliness, accessibility and transparency of their financial results.

Details of the SGTI results for the year 2021 can be found in the link:

<https://bschool.nus.edu.sg/cgio/research/singapore-governance-and-transparency-index/>

The SGTI is a unified framework comprising two separate categories, namely the General Category and the Reit and Business Trust Category. Magnus Energy Group Ltd. is ranked under the General Category. For the General Category, the SGTI score has two components: the base score and the adjustment for bonuses and penalties. The base score for companies contains five (5) sections (“**BREAD**”):

- (1) Board responsibilities;
- (2) Rights of shareholders;
- (3) Engagement of stakeholders;
- (4) Accountability and audit; and
- (5) Disclosure and transparency.

The aggregate of bonuses and penalties is incorporated to the base score to arrive at the company’s SGTI total score.

SGTI 2021 evaluated the Singapore-listed companies in the General Category. In view of our continuous efforts and strong commitment to corporate governance, Magnus has benchmarked its governance efforts to the SGTI. Magnus’ overall SGTI score for SGTI 2021 has improved slightly from 58 points for the year 2020 to 59 points for the year 2021.

# GRI INDEX TABLE

## GENERAL STANDARD DISCLOSURE

GRI REFERENCES	DESCRIPTION	PAGE REFERENCE / ANNUAL REPORT SECTIONS / COMMENTS
<b>Organisational Profile</b>		
102-1	Name of the organisation	Magnus Energy Group Ltd
102-2	Activities, brands, products, and services	10
102-3	Location of headquarters	Singapore
102-4	Location of operations	10-11
102-5	Nature of ownership and legal form	Refer to group structure
102-6	Markets served	10-11
102-7	Scale of the organisation	Refer to group structure
102-8	Information on employees and other workers	19-20
102-9	Supply chain	17
102-10	Significant changes to the organization and its supply chain	18
102-11	Precautionary Principle or approach	11-14
102-12	External initiatives	Nil
102-13	Membership of associations	Nil
<b>Strategy</b>		
102-14	Statement from senior decision-maker	9
102-15	Key impacts, risks, and opportunities	21-23
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behavior	16, Corporate Governance Report
102-17	Mechanisms for advice and concerns about ethics	21-23, Corporate Governance Report
<b>Governance</b>		
102-18	Governance structure	Board of Directors, Key Management and Corporate Governance Report
102-19	Delegating authority	14, 21
102-20	Executive-level responsibility for economic, environmental, and social topics	The Group did not appoint an executive-level position with responsibility for economic, environmental, and social matters.
102-21	Consulting stakeholders on economic, environment and social topics	13-14
102-23	Chair of the highest governance body and its committees	Corporate Governance Report
102-25	Conflicts of interest	Corporate Governance Report
102-29	Identifying and managing economic, environmental, and social impacts	15-22

GRI REFERENCES	DESCRIPTION	PAGE REFERENCE / ANNUAL REPORT SECTIONS / COMMENTS
102-35	Remuneration policies	Corporate Governance Report
102-36	Process for determining remuneration	Corporate Governance Report
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	13-14
102-41	Collective bargaining agreements	We adhere strictly to local employment laws and regulations.
102-42	Identifying and selecting stakeholders	13
102-43	Approach to stakeholder engagement	11-13
102-44	Key topics and concerns raised	13-14
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statement	Notes to the Financial Statement
102-46	Defining report content and topic boundaries	12
102-47	List of material topics	14
102-48	Restatements of information	No restatement
102-49	Changes in reporting	18
102-50	Reporting period	1 Jul 20 – 31 Dec 21
102-51	Date of most recent report	October 2020
102-52	Reporting cycle	Yearly
102-53	Contact point for questions regarding the report	Via feedback forms on Magnus website
102-54	Claims of reporting in accordance with the GRI standards	10
102-55	GRI Content Index	25-27
102-56	External assurance	No external assurance was sought for this report.
<b>201 Economic Performance</b>		
201-1	Direct economic value generated and distributed	Group Financial Report
201-4	Financial assistance received from government	Group Financial Report IRAS – wage credit scheme IRAS – Job Support Scheme

# GRI INDEX TABLE

GRI REFERENCES	DESCRIPTION	PAGE REFERENCE / ANNUAL REPORT SECTIONS / COMMENTS
<b>205 Anti-Corruption</b>		
103-1	Explanation of material topic and its boundary	16-17
103-2	Management approach and its components	16-17, Corporate Governance Report
103-3	Evaluation of the management approach	16-17, Corporate Governance Report
205-3	Confirmed incidents of corruption and actions taken	17
<b>401 Talent Attraction and Retention</b>		
103-1	Explanation of material topic and its boundary	19-21
103-2	Management approach and its components	19-21
103-3	Evaluation of the management approach	19-21
401-1	New employee hires and employee turnover	19-20
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	19, Benefits are applicable to full-time, contract and part-time employees, but not for temporary staff. Variable incentives and flexible benefits may differ depending on individual contracts and performance.
401-3	Parental leave	18-19, Parental leave benefits are provided to employees in accordance with local laws and provisions of each country.
<b>403 Employee Health &amp; Safety</b>		
103-1	Explanation of material topic and its boundary	20-21
103-2	Management approach and its components	20-21
103-3	Evaluation of the management approach	20-21
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	20-21
<b>404 Training and Education</b>		
103-1	Explanation of material topic and its boundary	19-20
103-2	Management approach and its components	19-20
103-3	Evaluation of the management approach	19-20
404-2	Programs for upgrading employee skills and transition assistance programs	19-20

GRI REFERENCES	DESCRIPTION	PAGE REFERENCE / ANNUAL REPORT SECTIONS / COMMENTS
<b>405 Diversity and Equal Opportunity</b>		
103-1	Explanation of material topic and its boundary	19-20
103-2	Management approach and its components	19-20
103-3	Evaluation of the management approach	19-20
405-1	Diversity of governance bodies and employees	19-20
<b>406 Non-Discrimination</b>		
103-1	Explanation of material topic and its boundary	19-20
103-2	Management approach and its components	19-20
103-3	Evaluation of the management approach	19-20
406-1	Incidents of discriminations and corrective actions taken	19
<b>408 Child Labour &amp; 409 Forced or Compulsory Labour</b>		
103-1	Explanation of material topic and its boundary	21
103-2	Management approach and its components	21
103-3	Evaluation of the management approach	21
408-1	Operations and suppliers at significant risks for incidents of child labour	21
409-1	Operations and suppliers at significant risks for incidents of forced or compulsory labour	21