

SUSTAINABILITY STATEMENT

UNDERSTANDING THAT STAKEHOLDER EXPECTATIONS GOES BEYOND UNDERSTANDING THE FINANCIAL HEALTH OF A COMPANY, AHEAD OF THE COMPULSORY REQUIREMENT OF BURSA MALAYSIA FOR LISTED COMPANY TO DELIBERATE ON ITS SUSTAINABILITY PRACTICE, THE COMPANY DECIDED TO TAKE A PROACTIVE STEP IN 2017 TO DISCLOSE ITS SUSTAINABLE BUSINESS MODEL BASED ON THE ECONOMIC, ENVIRONMENTAL, SOCIAL (“EES”) PLATFORM. WHILST GOVERNANCE IS ALSO A KEY COMPONENT OF SUSTAINABILITY, GOVERNANCE WILL NOT BE DISCUSSED IN THIS SECTION OF THE ANNUAL REPORT BUT DISCUSSED SEPARATELY ON PAGES 41 TO 57 AS PART OF THE DISCLOSURE REQUIREMENTS FOR CORPORATE GOVERNANCE IN THE LISTING REQUIREMENTS, AS WELL AS THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017 AND THE CORPORATE GOVERNANCE GUIDE.



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Wasco Coatings Finland Oy hosted a friendly basketball match with KTP Unified disabled community at Kyminkartano School Kotka, Finland

SUSTAINABILITY GOVERNANCE

The role of Sustainability Reporting in WSC has been consolidated under the Investor Relations, Corporate Communications and Sustainability Department ("IRCSD"). In 2017, the Head of IRCSD has been appointed as the member of the Risk Management Committee ("RMC") of WSC where the sustainability agenda is discussed and reported every quarter. The committee which reports directly to the Board of Directors of WSC has amended its charter to include sustainability as referenced on pages 8 to 17 of the Annual Report.

SUSTAINABILITY REPORTING SCOPE AND BOUNDARY

During the year, the committee have presented and have obtained the Board's approval to scope WSC's Sustainability Reporting for the reporting period of 1st January 2017 to 31st December 2017 to its oil and gas division "WASCO", being the single largest business segment of the Group. Due to the stringent requirement of the oil and gas industry, "WASCO" have adopted a sustainability framework much earlier compared to

the other parts of the Group. Moving forward, the committee shall make its recommendations to the Board for the scoping of Sustainability Reporting to cover the entire organisation and its subsidiaries which includes quantitative and qualitative data relevant for sustainability reporting. The Group adopts the principle guidelines of Sustainability Reporting provided by Bursa Malaysia.

SUSTAINABILITY POLICY

In our company, sustainability is about delivering value for all our stakeholders in a responsible manner, wherever we operate we will develop, implement and maintain management systems for corporate sustainability that drive continual improvement and will:

- Ensure our safety values remain a top priority, and seek ways to promote and improve the health of our workforce
- Identify, assess and manage risks to employees, contractors, the environment and our host communities

- Encourage a diverse workforce and provide a work environment in which everyone is treated fairly, with respect and can realise their full potential
- Take action within our own businesses and other stakeholders to reduce our carbon footprint
- Manage our businesses efficiently by promoting the use of energy-efficient solutions and innovative technology as well as reducing and preventing waste
- Embrace leading industry practices and sound principles on business conduct and corporate governance
- Safeguard human rights within our sphere of influence
- Develop partnerships that foster the sustainable development of our host communities
- Regularly review our performance and adjust this policy according to results

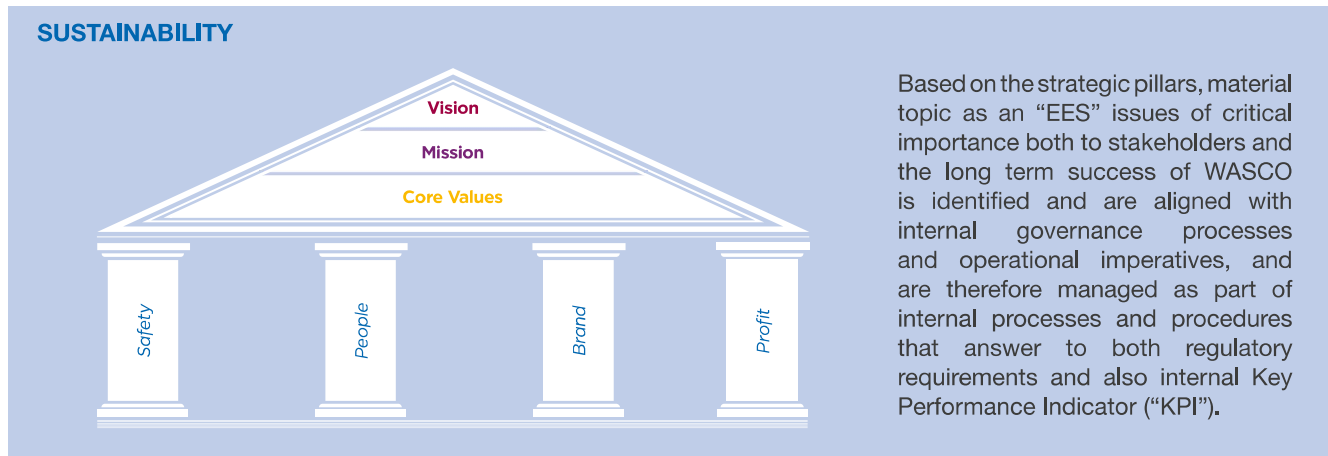
In implementing this policy, we aspire to achieve zero harm to people, our host communities and the environment. We will engage with and support our employees, contractors, suppliers, customers, and business partners in sharing responsibility for meeting our goals.

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SUSTAINABILITY APPROACH AT “WASCO”

Whilst a formal policy has been in place since 2012, the sustainability practice has been apparent in the day to day operations of WASCO even prior to this date. The Chief Executive Officer of WASCO champions the sustainability agenda and takes on the responsibility of ensuring that each of WASCO's global operations abide to the policy and the implementation is formally tracked and measured for each individual operations via a robust MyGoals performance management system.

WASCO's identifies its materiality matters based on its strategic priorities as set out in the following diagram:



SUSTAINABILITY MATTERS & STAKEHOLDER ENGAGEMENT

Safety	People	Profit Pillar	Brand Pillar
<p>Importance: Ensuring that we do ZERO harm to people and environment</p> <p>Key issues:</p> <ul style="list-style-type: none"> • Safe Workplace • Unsafe Condition • Unsafe Act • Resource Management <p>How we conduct engagement:</p> <ul style="list-style-type: none"> • Daily Tool Box Talk • Grand Tool Box Talk • Safety Bulletins • Safety Days & Safety Campaigns • Environmental Campaigns 	<p>Importance: Our most important asset and integral in the success of WASCO</p> <p>Key issues:</p> <ul style="list-style-type: none"> • Health, Safety & Environment • Remuneration & Benefits • Diversity & Equal Opportunities • Training & Personal Development <p>How we conduct engagement:</p> <ul style="list-style-type: none"> • Workplace Meetings and Employee Briefing • Intranet & Bulletins • Annual CEO Town Hall • MyGoals Performance Reviews 	<p>Importance: Financial decisions which determines the most efficient use of resources to maximise shareholder returns</p> <p>Key issues:</p> <ul style="list-style-type: none"> • Financial and Operational Performance • Balance Sheet and Access to Capital • Risk Management • Governance <p>How we conduct engagement:</p> <ul style="list-style-type: none"> • Quarterly Board Briefing • Quarterly Risk Management Briefing • Internal & External Audits Engagements 	<p>Importance: Meeting Brand Objectives</p> <p>Key issues:</p> <ul style="list-style-type: none"> • Quality of Products and Services • Mandatory Compliance to Standards • Mandatory Compliance to Regulations • Compliance to Code of Business Conduct • Compliance to Code of Ethical Conduct • Corporate Social Obligations <p>How we conduct engagement:</p> <ul style="list-style-type: none"> • Customer Satisfaction Surveys • Certification Audits • Regulatory Site Visits and Audits • Supplier Engagements

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Material Matters

Health, Safety & Environment

An excellent Health, Safety and Environment (“HSE”) performance is central to the responsible delivery of WASCO’s products and services.

Ensuring that everyone goes home safe from our workplace is our number one priority. We have a “zero harm” to people, property and environment goal in all of WASCO’s operations. We also strive to prevent any damage to our assets and are mindful of the impact of our activities to the environment. We manage HSE risk across our global operations through clear standards, control and compliance systems combined with a behavioural safety-focused culture.

Our Group standards and operating procedures define the controls and physical barriers we require to prevent incidents. We regularly inspect, test and maintain these barriers to ensure they meet our standards. We also routinely prepare and practise our emergency response to potential incidents such as a chemical spill or a fire. This involves working closely with local services and regulatory agencies to jointly

test our plans and procedures. These tests continually improve our readiness to respond. If an incident does occur we undertake an investigation to identify the root cause and put in place controls to prevent recurrences. We also have procedures in place to reduce the impact on people and the environment. We continue to strengthen the safety culture among our employees and contractors. We are committed to workplace improvement and environmental safety, consistent with international best practices. HSE is deeply embedded within our business culture as we prioritise continuous improvement in HSE and safety by reducing accidents, occupational injuries and work-related illness rates.

We expect everyone working for us to intervene and stop work that may appear to be unsafe. In addition to our ongoing safety awareness programs we hold annual safety days to give employees and contractors time to reflect on how to prevent incidents. We expect everyone working for us to comply with WASCO’s 12 Non-Compromising Rules. If employees break these Rules, they face disciplinary action up to and including termination of employment. If contractors break these Rules, they can be removed from the worksite.



Work at height only with proper fall protection



Do not walk under a suspended load



While driving, wear safety belt, obey speed limit, and do not use a mobile phone



Work with a valid Permit when required



Use correct Personal Protective Equipment



Secure load prior to lifting and transportation



Confirm energy isolation before commencing work



Do not smoke outside designated areas



No alcohol or drugs while working



Use suitable and certified lifting equipment



Do not use mobile phone while walking, working and operating equipment



Do not make unauthorised modifications to scaffold

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SAFETY

The full list of HSE Statistics is provided as below for the WASCO operations:

- **WS Engineering & Fabrication Pte. Ltd. ("WSEF")**
- **Wasco Coatings Malaysia Sdn. Bhd. ("WCM")**
- **Wasco Lindung Sdn. Bhd. ("WLSB")**
- **Petro-Pipe (Sabah) Sdn. Bhd. ("PPS")**

Business Unit	WSEF	WCM	WLSB	PPS	Group Total
Man-hours Worked	1,345,369	1,460,864	171,343	453,774	3,431,350
Reportable Cases					
Fatality	0	0	0	0	0
Loss Time Injury (LTI)	0	0	0	0	0
Reportable Occupational Illness	0	0	0	0	0
Restricted Work Case (RWC)	0	0	0	0	0
Medical Treatment Case (MTC)	0	0	0	1	1
Total Reportable Cases	0	0	0	1	1
Other Cases (Recordable)					
First Aid Case (FAC)	3	3	0	5	11
Near Miss (NM)	4	15	1	4	24
Statutory Notice/Fine	0	0	0	0	0
Dangerous Occurrence	0	2	0	0	2
Fire/Explosion	0	3	1	1	5
Property Damage (PD)	1	10	1	1	13
Effluent Pollution	0	0	0	0	0
Spill Incident	3	1	0	0	4
HSE Performance					
Man-hours Lost	0	0	0	0	0
Man-days Lost	0	0	0	0	0
Lost Time Incident Frequency (LTI F)	0	0	0	0	0
Total Reportable Occupational Illness Frequency (TROIF)	0	0	0	0	0
Total Reportable Incident (TRIF)	0	0	0	2.2	2.2
Incident Free Man-Hours Worked since last LTI	10,739,579	5,604,492	1,038,963	1,217,028	18,600,062

SUSTAINABILITY STATEMENT

Safety Scorecard as per previous section



Energy Management

WCM & WLSB

Year	2017	2016
All Plant (kw/h)	15,105,290	6,143,696
Total Man-hours	1,478,078	572,577
(kw/h) / Man-hours	10.21	10.73

PPS

Year	2017	2016
All Plant (kw/h)	1,274,600	1,723,400
Total Man-hours	453,774	521,526
(kw/h) / Man-hours	2.81	3.30

WSEF

Year	2017	2016
All Plant (kw/h)	2,839,100	3,263,340
Total Man-hours	1,345,369	1,972,317
(kw/h) / Man-hours	2.11	1.65



Water Management

WCM & WLSB

Year	2017	2016
All Plant (m3)	237,677	176,604
Total Man-hours	1,478,078	572,577
(m3) / Man-hours	0.16	0.31

PPS

Year	2017	2016
All Plant (m3)	17,491	17,610
Total Man-hours	453,774	521,526
(m3) / Man-hours	0.04	0.03

WSEF

Year	2017	2016
All Plant (m3)	10,050	23,338
Total Man-hours	1,345,369	1,972,317
(m3) / Man-hours	0.007	0.01

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PEOPLE

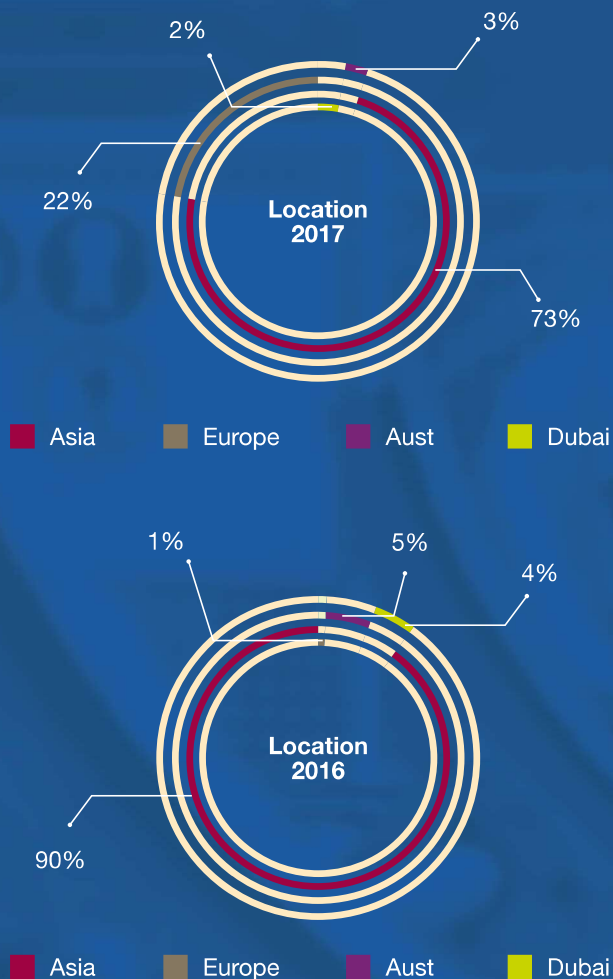
Salaries, wages and other benefits

Year	2017 RM'000	2016 RM'000
Salaries, wages and other benefits	280,785	98,515

Headcount

Year	2017	2016
Total Headcount	1,900	905

Talent Distribution by locations



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BRAND



Certification

Wasco Coatings Malaysia Sdn. Bhd.

- ISO 14001:2004
- OHSAS 18001:2007
- ISO 9001:2008

PT. Wasco Engineering Indonesia

- ISO 14001:2004
- OHSAS 18001:2007

Wasco Engineering International Limited (Dubai Branch)

- ISO 14001:2015
- OHSAS 18001:2007



Awards

Wasco Coatings Malaysia Sdn. Bhd. ("WCM")

No.	Year	Clients/ Organisers	Awards
1.	2007	Petronas Carigali Sdn Bhd ("PCSB")	PCSB-DFCE HSE Award 2006: <ul style="list-style-type: none"> • Excellent HSE Performance and Achieving Zero Lost Time Injury on PCSB Projects for The Year 2006 • Excellent HSE Performance and Achieving the Most UCUA in 1,000 man-hours on PCSB Projects for The Year 2006
2.	2007	Carigali - Hess	Epic for Bumi, Bulan And Suriya Gas Field – Safety Achievement Award presented to KHL /PPSC for achieving 2 million man-hours on May 11, 2007 with Zero Lost Time Injury
3.	2007	PCSB	Petronas Group HSE Awards 2006/2007 - Petronas Contractor Category-Major (Merit Award)

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No.	Year	Clients/ Organisers	Awards
4.	2007	Carigali - Hess	Epic For Bumi, Bulan And Suriya Gas Field – Safety Achievement Award presented To KHL/PPSC for achieving 3 million man-hours on July 23, 2007 with Zero Lost Time Injury
5.	2007	Alinta	DBNGP Stage 5A Expansion Project – Pipe Mill Coating and Load Out Operations Kuantan Malaysia “ZERO HARM-SAFETY FIRST”
6.	2007	PCSB	HSE Award 2007 From PCSB – In Recognition Of PPSC Excellent Performance, PCSB Management proudly presents this award for ‘Zero Trcf’ in executing PCSB Project
7.	2008/ 2009	PCSB	Petronas Group HSE & Sustainability Awards FY2008/09 – Major Contractor Safety Category (Merit Award)
8.	2009	PCSB	In recognition of your Excellent Performance and Contribution, PCSB Management proudly presents the award as Con Con Committee to PPSC Industries Sdn. Bhd.
9.	2012	Chevron	Gorgon Project plaque of appreciation in recognition of safely completing over 3 million man-hours on pipe coating for the Gorgon project
10.	2013	Chevron	The best performing Personal on the Gorgon Project to Michael Yeoh, Asst. HSE Manager
11.	2013	PCSB	PCSB’s accomplishment in achieving 1,500,000 man-hours without LTI for PCSB 2013 Offshore Installation Campaign
12.	2013	PCSB	Offshore Installation (DCI) Most Outstanding Unsafe Act (UAUC) reporting in 2013
13.	2014	PetroVietnam	In recognition for excellent performance in Pipeline Coating Application of Dai Hung Gas Gathering Project – Merit Award
14.	2014	PCSB	In appreciation for hosting Q3 2014 Projects & Engineering PCSB HSE Contractors Conference
15.	2015	PCSB	Outstanding Vendor Award Project Development Category
16.	2017	STATOIL	In recognition of completing One Million Safe man-hours without LTI

WS Engineering & Fabrication Pte. Ltd. (“WSEF”)

No.	Year	Clients/ Organisers	Awards
1.	2016	Total / Saipem	Achieved 1 million man-hours without LTI in Total E&P Angola Block 32 Kaombo Project
2.	2016	Bumi Armada	1 million man-hours worked without LTI for M70A/B Power Generation Packages Armaden Kraken Project
3.	2016	Wartsila / Bumi Armada	Received Appreciation Certificate from Wartsila for achieving 2 million man-hours without any LTI in M70A/B Power Generation Packages, Armada Kraken Project
4.	2016	Yinson / Kongsberg	PTWEI received Construction of Excellence Certificate from Yinson for achieving 1.1 million man-hours without any LTI for Ghana OCTP FPSO Development Project in 2016
5.	2017	Schneider Electric	Achieved 500,00 LTI free man-hours in TCO Future Growth Project

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Community Outreach Program

Date	Program
11 February 2017	Kick start of Wasco's Keep Calm & Zumba (year long campaign)
6 May 2017	Wasco Coatings Finland Oy hosted a friendly basketball match with KTP Unified disabled community at Kyminkartano School Kotka, Finland
25 July 2017	Wasco Energy Ltd celebrated Hari Raya Aidilfitri with kids from Pertubuhan Rumah Safiyyah, homes for the abandoned
9 September 2017	Yayasan Wah Seong ("YWS") hosted a lunch to celebrate the 10 th Anniversary of Yayasan Wah Seong Scholarship awards program. Past and current scholarship holders, YWS Trustees and management team of Wah Seong Corporation Berhad were invited for the event
23 November 2017	Yayasan Wah Seong hosted a Charity Dinner to raise funds which will be used towards providing scholarships and helping the underprivileged and disadvantaged community



11 February 2017



25 July 2017



9 September 2017



23 November 2017



PROFIT



Results

Wasco's Segmental Results Trend

Year	2017 RM'000	2016 RM'000
Revenue Profit	132,018	(153,469)

Wasco's Cash Flow Position

Year	2017 RM'000	2016 RM'000
Cash Flow Balance	191,641	148,776