

# 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 48 to 63 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.





## 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 10 to 22 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 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018 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

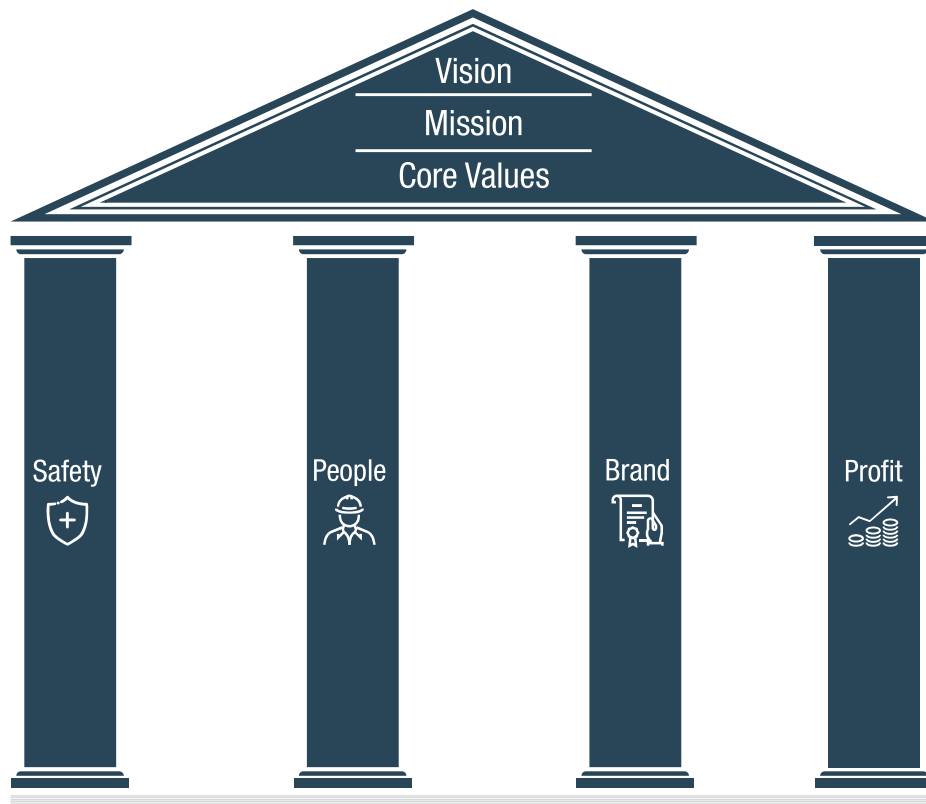
- Manage our businesses efficiently by promoting the use of energy-efficient solutions and innovative technology as well as reducing and preventing waste
- Embrace leading industry practices and sound principles on business conduct and corporate governance
- Safeguard human rights within our sphere of 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.

## 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:



*Based on the strategic pillars, material topic as an “EES” issues of critical importance both to stakeholders and the long term success of WASCO is identified and are aligned with internal governance processes and operational imperatives, and are therefore managed as part of internal processes and procedures that answer to both regulatory requirements and also internal Key Performance Indicator (“KPI”).*

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY MATTERS & STAKEHOLDER ENGAGEMENT



## 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.

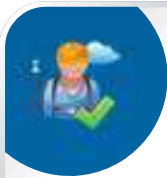
Our Group standards and operating procedures define the controls and physical barriers we require to prevent incidents. We regularly inspect, test and maintain these barriers to ensure they meet our standards. We also routinely prepare and practise our emergency response to potential incidents such as 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.

# SUSTAINABILITY STATEMENT

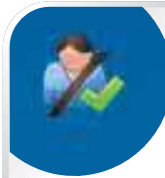
## 12 Non-Compromising Rules



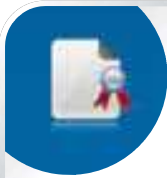
Work at height only with proper fall protection



Do not walk under a suspended load



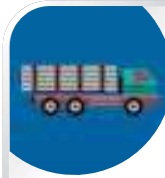
While driving, wear safety belt, obey speed limit, and do not use a mobile phone



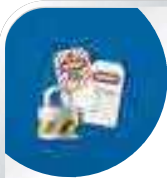
Work with a valid Permit when required



Use correct Personal Protective Equipment



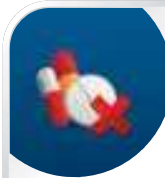
Secure load prior to lifting and transportation



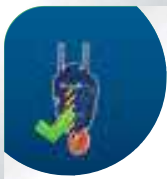
Confirm energy isolation before commencing work



Do not smoke outside designated areas



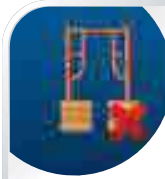
No alcohol or drugs while working



Use suitable and certified lifting equipment



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



Do not make unauthorised modifications to scaffold



## SAFETY

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

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

**Group HSE Performance KPIs**  
**– Lagging Indicators**  
**January – December 2018**

Business Unit	WCM	WLSB	PPS	WSEF	Group Total
Man-hours Worked	425,771	39,871	386,857	3,112,154	3,964,653
<b>Reportable Cases</b>					
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
<b>Other Cases (Recordable)</b>					
First Aid Case (FAC)	0	0	0	7	7
Near Miss (NM)	2	0	3	9	14
Statutory Notice/Fine	0	0	0	0	0
Dangerous Occurrence	0	0	0	0	0
Fire/Explosion	4	0	0	3	7
Property Damage (PD)	1	0	2	0	3
Effluent Pollution	0	0	0	0	0
Spill Incident	0	0	0	1	1
<b>HSE Performance</b>					
Man-hours Lost	0	0	0	0	0
Man-days Lost	0	0	0	0	0
Lost Time Incident Frequency (LTIF)	0	0	0	0	0
Total Reportable Occupational Illness Frequency (TROIF)	0	0	0	0	0
Total Reportable Incident (TRIF)	0	0	0	0.32	0.25
Incident Free Man-hours Worked since last LTI	6,047,477	1,108,936	1,603,885	13,851,556	22,611,854



# SUSTAINABILITY STATEMENT

## WASCO COATINGS MALAYSIA SDN. BHD. & WASCO LINDUNG SDN. BHD.

### Energy Management

Year	2018	2017	2016
All Plant (kw/h)	6,489,626	15,105,290	6,143,696
Total Man-hours	425,771	1,478,078	572,577
(kw/h)/Man-hours	15.24	10.22	10.73

### Water Management

Year	2018	2017	2016
All Plant (m <sup>3</sup> )	148,481	237,677	176,604
Total Man-hours	425,771	1,478,078	572,577
(m <sup>3</sup> )/Man-hours	0.35	0.16	0.31

## PETRO-PIPE (SABAH) SDN. BHD.

### Energy Management

Year	2018	2017	2016
All Plant (kw/h)	992,081	1,456,034	1,723,400
Total Man-hours	386,857	453,774	521,526
(kw/h)/Man-hours	2.56	3.21	3.30

### Water Management

Year	2018	2017	2016
All Plant (m <sup>3</sup> )	16,987	17,491	17,610
Total Man-hours	386,857	453,774	521,526
(m <sup>3</sup> )/Man-hours	0.044	0.04	0.03

## WS ENGINEERING & FABRICATION PTE. LTD.

### Energy Management

Year	2018	2017	2016
All Plant (kw/h)	4,391,669	2,839,100	3,263,340
Total Man-hours	3,112,154	1,345,369	1,972,317
(kw/h)/Man-hours	1.41	2.11	1.65

### Water Management

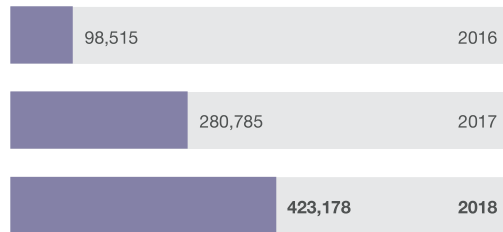
Year	2018	2017	2016
All Plant (m <sup>3</sup> )	12,567	10,050	23,338
Total Man-hours	3,112,154	1,345,369	1,972,317
(m <sup>3</sup> )/Man-hours	0.004	0.007	0.01



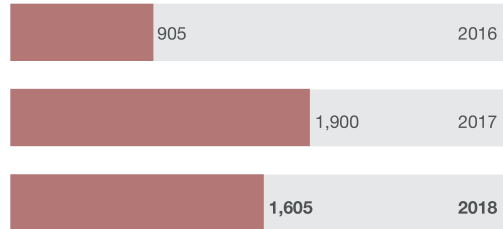
## PEOPLE



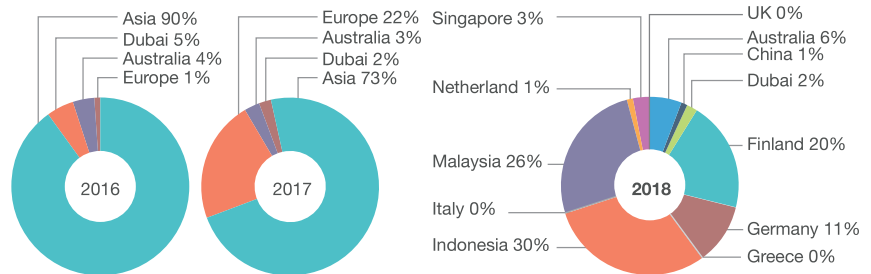
### Salaries, Wages and Other Benefits (in RM'000)



### Total Headcount

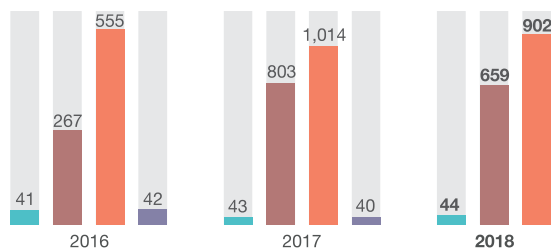


### Total Headcount By Location



### Total Headcount By Division (Corporate Office)

■ Corporate Office  
■ Engineering  
■ Pipeline Services  
■ Energy Services







## BRAND



### Certification

#### Wasco Coatings Malaysia Sdn. Bhd.

ISO 14001:2004  
OHSAS 18001:2007  
ISO 9001:2008  
ISO 9001:2015  
ISO 14001:2015  
ISO 45001:2018

#### PT. Wasco Engineering Indonesia

ISO 14001:2004  
OHSAS 18001:2007

#### Wasco Engineering International Limited (Dubai Branch)

ISO 14001:2015  
OHSAS 18001:2007



### Awards

No	Year	Clients/Organisers	Awards
<b>Wasco Coatings Malaysia Sdn. Bhd.</b>			
1	2018	STATOIL	In recognition of the coating of 36,200 pipes and performing 1,601,164 Safe Man-hours without Lost Time Injury (LTI)
2	2017	STATOIL	In recognition of completing One Million Safe Man-hours without LTI
3	2015	PCSB	Outstanding Vendor Award Project Development Category
4	2014	PCSB	In appreciation for hosting Q3 2014 Projects & Engineering PCSB HSE Contractors Conference
5	2014	PetroVietnam	In recognition for excellent performance in Pipeline Coating Application of Dai Hung Gas Gathering Project – Merit Award
6	2013	PCSB	Offshore Installation (DCI) Most Outstanding Unsafe Act (UAUC) reporting in 2013
<b>WS Engineering &amp; Fabrication Pte. Ltd.</b>			
1	2018	Schneider Electric and Siemens	Achieved 2 Million Man-hours Worked without Loss Time Injury (LTI) in TCO Future Growth Project (TCO Area, TCO Gathering & TCO HV)
2	2018	Tengizchevroil/Kazakh PJV/Schneider Electric/Siemens	Achieved more than 2 Million LTI free Man-hours in TCO Future Growth Project
3	2017	Schneider Electric	Achieved 500,000 LTI free Man-hours in TCO Future Growth 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	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
6	2016	Bumi Armada	1 Million Man-hours worked without LTI for M70A/B Power Generation Packages Armaden Kraken Project
7	2016	Total/Saipem	Achieved 1 Million Man-hours without LTI in Total E&P Angola Block 32 Kaombo Project



## Community Outreach Program

### Wasco Energy Ltd

<b>24 March 2018</b>	Kick start of Wasco's Keep Calm & Zumba (Year Long Campaign). This Zumba program lessons was held at Sekolah Kebangsaan Taman Megah is aimed at promoting a healthy lifestyle amongst urbanites and especially more to combat obesity at a young age amongst school going children. We're happy that we've also been able to help the school to improve the school facilities by helping out the PTA to collect funds that go straight to the school to fund its initiatives.
<b>05 July 2018</b>	Wasco Energy Ltd celebrated Hari Raya Aidilfitri with kids from Pertubuhan Rumah Saffiyah, homes for the abandoned.
<b>31 July 2018</b>	Wasco Energy Ltd celebrated Durian Party with kids from Pertubuhan Rumah Saffiyah, homes for the abandoned in conjunction with Wasco CSR Program to support Rumah Safiyyah with new sports equipment.



24 March 2018



05 July 2018



31 July 2018

### Wasco Coatings Malaysia Sdn. Bhd.

<b>01 June 2018</b>	Corporate Social Responsibility (CSR) program with Kelab Sukan dan Sosial Jabatan Alam Sekitar Pahang at Perumahan Rakyat Kampung Pak Mahat (PRKPM), Kuantan to recognise and appreciate the less fortunate during the month of Ramadhan.
<b>30 August 2018</b>	Wasco Coatings Malaysia held a blood donation campaign in collaboration with the Blood Bank Unit of Hospital Tengku Ampuan Afzan (HTAA). This initiative is to promote greater awareness of the importance of blood donation amongst employees and at the same time to keep track of their health condition.



01 June 2018



30 August 2018

## SUSTAINABILITY STATEMENT

- 30 September 2018** Wasco Coatings Malaysia joins PKS Fishing Competiton with Pertubuhan Kebajikan dan Sukan Jabatan Keselamatan dan Kesihatan Pekerjaan Pahang at Tanjung Lumpur Kuantan. The event was held to strengthen the relationship between industries and local authority.



30 September 2018



30 September 2018

### WS Engineering & Fabrication Pte. Ltd.

- 12 October 2018** PT. Wasco Engineering Indonesia's CSR project embarked on facility upgrading works for three schools in Batam. The upgrading works involving fabrication of shelter at the school walkaway and concreting of school yard in SD Negeri 007 (Primary School) and SMP Negeri 38 (Junior High School).

- 12 December 2018** PT. Wasco Engineering Indonesia rolled out an Oral Health Awareness Campaign part of Corporate Social Responsibility (CSR) program at SMP Negeri 38 (Junior High School) and SD Negeri 007 (Primary School) with an aim to educate students about the importance of oral health.



12 October 2018



12 December 2018

### Welspun Wasco Coatings Private Limited

- 05 June 2018** Welspun Wasco Coatings Pvt. Ltd. and Welspun Corporation Ltd. held an Environment Awareness Campaign at Ajapar Village, India in raising awareness amongst the villagers towards a cleaner and greener world. Some of the programs held were the Awareness Rally with school children, Street Play, Tree Plantation Drive and Distribution of recycle bags.



05 June 2018

## SUSTAINABILITY STATEMENT

### Wasco Coatings Germany GmbH

**08 July 2018** Wasco Coatings Germany sponsored 14 music stands, an Alto Saxophone and a Soprano Saxophone to Sassnitz Youth Brass Orchestra during the “Rugener Hafentage” in the Sassnitz city Harbour.



08 July 2018

### Wasco Coatings Finland Oy

**05 October 2018** Wasco Coatings Finland Oy hosted a friendly basketball match with KTP Unified disabled community at Kyminkartano School Kotka, Finland.



05 October 2018

### Yayasan Wah Seong

**08 February 2018** Yayasan Wah Seong organised a CSR Painting project to paint the exterior walls, exercise handrails, steel gate & fence, water tank stand and cement slabs at the Pertubuhan Kebajikan Chester Selangor, an old-folks home and successfully completed with the help of employees and the paints were sponsored by Syn Tai Hung Trading Sdn. Bhd.



08 February 2018

### Wah Seong Corporation Berhad

**17 October 2018** Wah Seong Corporation Berhad raised RM50,000 in a charity car wash held at the premises of PMT Industries Sdn. Bhd. in support of Mercy Malaysia's post-disaster recovery aid for the people in Palu. Over 100 staff, suppliers, friends and customers across the subsidiary companies – PMT Industries Sdn. Bhd., Mackenzie Industries Sdn. Bhd., Jutasama Sdn. Bhd. and WDG Resources Sdn. Bhd. participated in the event with around 80 cars and one excavator washed by staff volunteers.



17 October 2018



## PROFIT

### Wasco's Segmental Results Trend

Year	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	1,978,523	1,557,072	422,952
Profit	112,149	132,018	(153,469)

### Wasco's Cash Flow Position

Year	2018 RM'000	2017 RM'000	2016 RM'000
Cash Flow Balance	145,966	191,641	148,776