



SUSTAINABILITY STATEMENT

Understanding that stakeholder expectations go 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 51 to 66 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 STATEMENT



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 had been appointed as a 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 has presented and have obtained the Board’s approval to scope WSC’s Sustainability Reporting for the reporting period of 1st January 2019 to 31st December 2019 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” has 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 include quantitative and qualitative data relevant for sustainability reporting. The Group adopts the principle guidelines of Sustainability Reporting provided by Bursa Malaysia.

During the year, steps were also undertaken to further improve Sustainability Reporting by adopting UN’s Sustainability Development Goals (“SDG”) Framework.



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 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

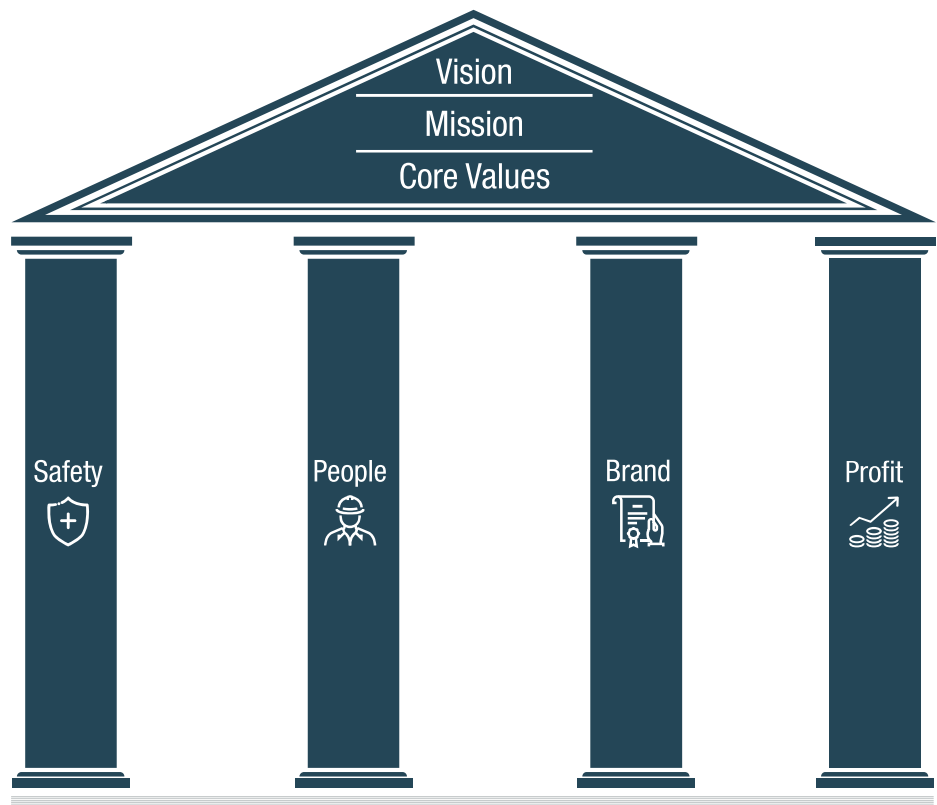
In implementing this policy, we aspire to achieve zero harm to people, our host communities and the environment. We will engage with and support our employees, contractors, suppliers, customers, and business partners in sharing responsibility for meeting our goals.

SUSTAINABILITY STATEMENT

SUSTAINABILITY APPROACH AT “WASCO”

While 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 abides by the policy and the implementation is formally tracked and measured for each 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



|  SAFETY PILLAR |  PEOPLE PILLAR |  PROFIT PILLAR |  BRAND PILLAR |
|--|---|--|---|
| <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>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>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>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 |

SUSTAINABILITY STATEMENT

During the year, WASCO took a proactive step to evaluate its Sustainability approach to include the themes set out in the UN's Sustainability Development Goals ("SDG"). Based on the 17 SDG, through a series of workshop and brainstorming sessions, WASCO has identified the following four SDG to be the main areas of priority for the Group:

| SDG | ASPIRATIONS | DELIVERABLES |
|--|--|--|
|  3 GOOD HEALTH AND WELL-BEING | We will ensure our safety values remain a top priority and seek ways to promote and improve the health of our workforce | <ul style="list-style-type: none"> • Provide a safe and healthy workplace for our staff and contractors • Achieve zero LTI • Mandate remaining plants and facilities for ISO 45001:2018 certification |
|  5 GENDER EQUALITY | We will provide women with equal access to employment, benefits, training and decent work and to positions of leadership and decision-making at all levels in the organisation | <ul style="list-style-type: none"> • Establish policies to promote gender equality in the areas of recruitment, compensation, training, promotion and work life balance • Eliminate sexual harassment, violence, discrimination and other harmful practices against women in the workplace |
|  8 DECENT WORK AND ECONOMIC GROWTH | We will encourage a diverse workforce and provide a work environment in which everyone is treated fairly, with respect and can realise their full potential | <ul style="list-style-type: none"> • Develop a high performing entrepreneurial culture (culture of curiosity) in the company where all staff are driven to give their best • Develop leaders at all levels of the company and create a learning and coaching mind set amongst all staff |
|  13 CLIMATE ACTION | We will take action within our own business and other stakeholders to reduce our carbon footprint | <ul style="list-style-type: none"> • Reduce the carbon footprint from our operations and aspire for net-zero emissions |

Starting from next year's Sustainability Report, WASCO would be tracking and reporting on the progress of its deliverables identified above as part of its commitment to improving its Sustainability practice in the Group.

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 "zero harm" to people, property, and environment goals in all of WASCO's operations. We strive to achieve the "zero harm" goals to people, property, and environment in all Wasco's operations, prevent any damage to our assets, and are continuously mindful of the impact of our activities on 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 practice our emergency response to potential incidents such as a chemical spill or a fire. Plus, we are also working closely with local services and regulatory agencies in testing our plans and procedures. These tests continually improve our readiness to respond. If an incident does occur, we investigate to identify the root cause, put in place controls to prevent recurrences, and share lessons learned across the Group. 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 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.

SUSTAINABILITY STATEMENT

OIL & GAS DIVISION



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")
- PT. Wasco Engineering Indonesia ("PT. WEI")
- Wasco Engineering International Limited ("WEIL")

GROUP HSE PERFORMANCE KPIs LAGGING INDICATORS JANUARY – DECEMBER 2019

| Business Unit | WCM | WLSB | PPS | WSEF | PT. WEI | WEIL |
|---|-----------|-----------|-----------|-----------|------------|-----------|
| Man-hours Worked | 234,584 | 34,976 | 353,400 | 83,258 | 1,253,335 | 320,072 |
| Reportable Cases | | | | | | |
| Fatality | 0 | 0 | 0 | 0 | 0 | 0 |
| Loss Time Injury (LTI) | 0 | 0 | 0 | 0 | 0 | 0 |
| Reportable Occupational Illness | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted Work Case (RWC) | 0 | 0 | 0 | 0 | 0 | 0 |
| Medical Treatment Case (MTC) | 0 | 0 | 2 | 0 | 2 | 0 |
| Total Reportable Cases | 0 | 0 | 2 | 0 | 2 | 0 |
| Other Cases (Recordable) | | | | | | |
| First Aid Case (FAC) | 1 | 0 | 1 | 0 | 3 | 0 |
| Near Miss (NM) | 1 | 0 | 2 | 0 | 3 | 0 |
| Statutory Notice/Fine | 0 | 0 | 0 | 0 | 0 | 0 |
| Dangerous Occurrence | 0 | 0 | 1 | 0 | 0 | 0 |
| Fire/Explosion | 0 | 0 | 0 | 0 | 1 | 0 |
| Property Damage (PD) | 2 | 0 | 2 | 0 | 1 | 0 |
| Effluent Pollution | 0 | 0 | 0 | 0 | 0 | 0 |
| Spill Incident | 2 | 0 | 0 | 0 | 1 | 0 |
| HSE Performance | | | | | | |
| Man-hours Lost | 0 | 0 | 0 | 0 | 0 | 0 |
| Man-days Lost | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost Time Incident Frequency (LTIF) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Reportable Occupational Illness Frequency (TROIF) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Reportable Incident (TRIF) | 0 | 0 | 5.6 | 0 | 1.59 | 0 |
| Incident Free Man-hours Worked since last LTI | 6,235,684 | 1,143,912 | 2,017,366 | 1,014,444 | 21,010,206 | 7,388,505 |

SUSTAINABILITY STATEMENT

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

Energy Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|------------------|-----------|-----------|------------|-----------|
| All Plant (kw/h) | 3,001,028 | 6,489,626 | 15,105,290 | 6,143,696 |
| Total Man-hours | 234,584 | 425,771 | 1,478,078 | 572,577 |
| (kw/h)/Man-hours | 12.79 | 15.24 | 10.22 | 10.73 |

Water Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|-----------------------------|---------|---------|-----------|---------|
| All Plant (m ³) | 51,515 | 148,481 | 237,677 | 176,604 |
| Total Man-hours | 236,170 | 425,771 | 1,478,078 | 572,577 |
| (m ³)/Man-hours | 0.22 | 0.35 | 0.16 | 0.31 |

PETRO-PIPE SABAH SDN. BHD.

Energy Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|------------------|-----------|---------|-----------|-----------|
| All Plant (kw/h) | 1,701,435 | 992,081 | 1,456,034 | 1,723,400 |
| Total Man-hours | 377,160 | 386,857 | 453,774 | 521,526 |
| (kw/h)/Man-hours | 4.51 | 2.56 | 3.21 | 3.30 |

Water Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|-----------------------------|---------|---------|---------|---------|
| All Plant (m ³) | 17,188 | 16,987 | 17,491 | 17,610 |
| Total Man-hours | 377,160 | 386,857 | 453,774 | 521,526 |
| (m ³)/Man-hours | 0.046 | 0.044 | 0.04 | 0.03 |

SUSTAINABILITY STATEMENT

WS ENGINEERING & FABRICATION PTE LTD

Energy Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|------------------|---------|---------|---------|---------|
| All Plant (kw/h) | 261,990 | 201,465 | 187,155 | 187,125 |
| Total Man-hours | 83,258 | 70,986 | 67,864 | 91,336 |
| (kw/h)/Man-hours | 3.15 | 2.84 | 2.76 | 2.05 |

Water Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|-----------------|--------|--------|--------|--------|
| All Plant (m³) | 951 | 1,563 | 1,128 | 1,848 |
| Total Man-hours | 83,258 | 70,986 | 67,864 | 91,336 |
| (m³)/Man-hours | 0.0114 | 0.0220 | 0.0166 | 0.0202 |

PT. WASCO ENGINEERING INDONESIA

Energy Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|------------------|-----------|-----------|-----------|-----------|
| All Plant (kw/h) | 1,991,640 | 4,113,980 | 2,591,557 | 3,002,153 |
| Total Man-hours | 1,253,335 | 2,560,234 | 1,172,174 | 1,774,125 |
| (kw/h)/Man-hours | 1.59 | 1.61 | 2.21 | 1.69 |

Water Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|-----------------|-----------|-----------|-----------|-----------|
| All Plant (m³) | 6,432 | 10,779 | 8,647 | 14,786 |
| Total Man-hours | 1,253,335 | 2,560,234 | 1,172,174 | 1,774,125 |
| (m³)/Man-hours | 0.0051 | 0.0042 | 0.0073 | 0.0083 |

WASCO ENGINEERING INTERNATIONAL LIMITED

Energy Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|------------------|---------|---------|---------|---------|
| All Plant (kw/h) | 67,678 | 76,224 | 66,289 | 47,975 |
| Total Man-hours | 320,072 | 480,934 | 105,331 | 106,856 |
| (kw/h)/Man-hours | 0.21 | 0.16 | 0.63 | 0.44 |

Water Management

| YEAR | 2019 | 2018 | 2017 | 2016 |
|-----------------|---------|---------|---------|---------|
| All Plant (m³) | 335 | 230 | 275 | 279 |
| Total Man-hours | 320,072 | 480,934 | 105,331 | 106,856 |
| (m³)/Man-hours | 0.0010 | 0.0004 | 0.0026 | 0.0026 |

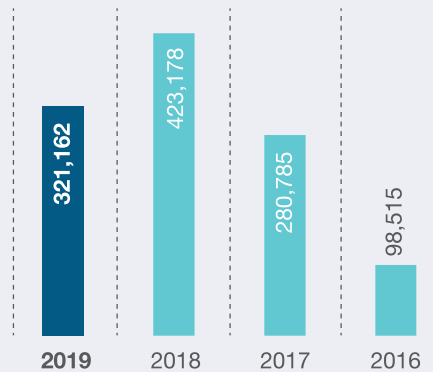
SUSTAINABILITY STATEMENT



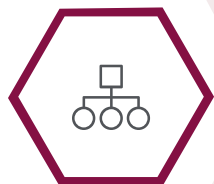
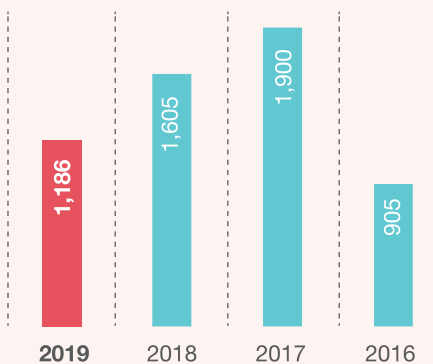
PEOPLE



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

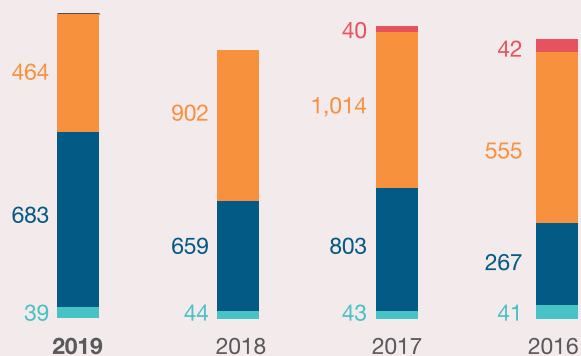


Total Headcount



Total Headcount by Division

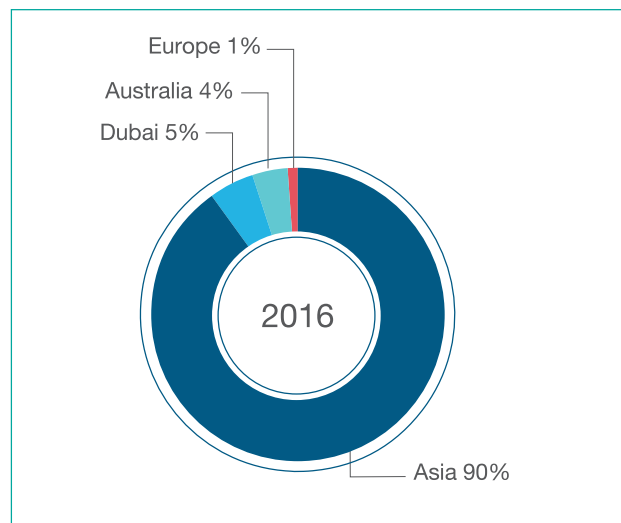
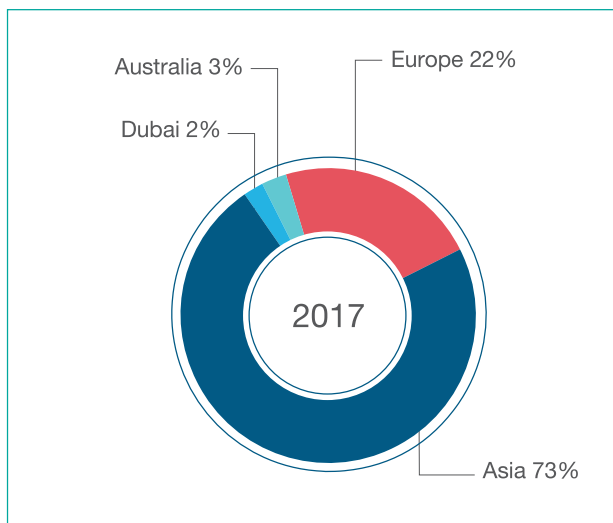
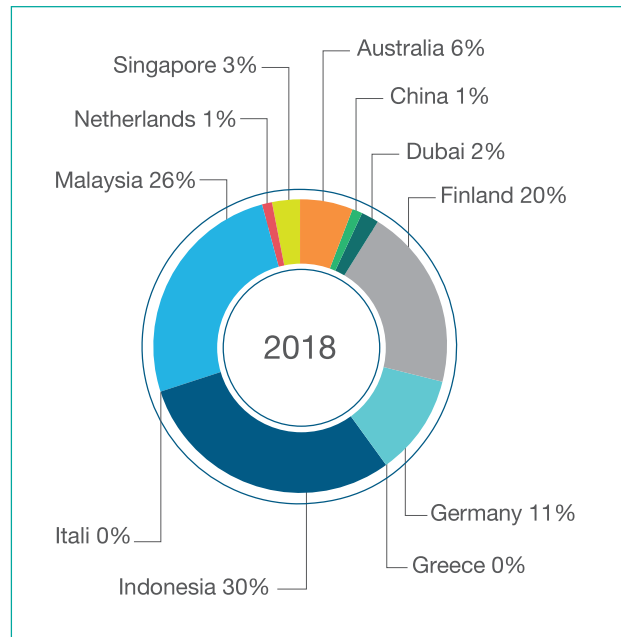
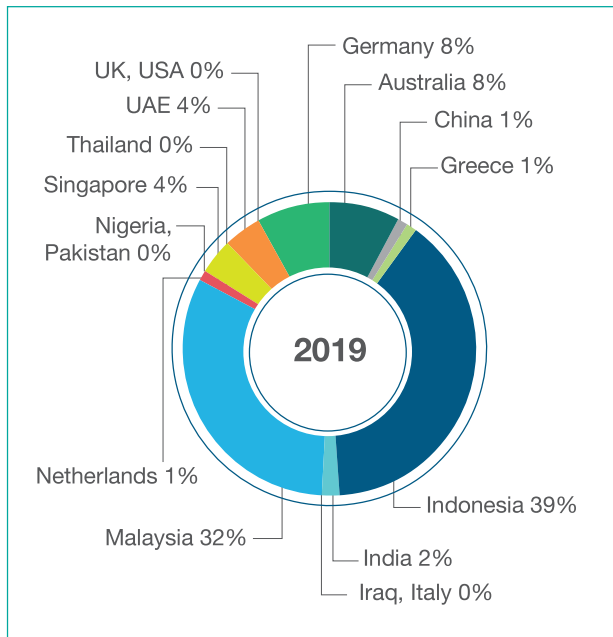
- Corporate Office
- Engineering
- Pipeline Services
- Energy Services



SUSTAINABILITY STATEMENT



Total Headcount by Location



SUSTAINABILITY STATEMENT



BRAND

CERTIFICATIONS



| Wasco Coatings Malaysia Sdn. Bhd. |
|--|
| <ul style="list-style-type: none"> • ISO 14001:2004 • OHSAS 18001:2007 • ISO 9001:2008 • ISO 9001:2015 • ISO 14001:2015 • ISO 45001:2018 |

| PT. Wasco Engineering Indonesia |
|--|
| <ul style="list-style-type: none"> • ISO 14001:2004 • OHSAS 18001:2007 |

| Wasco Engineering International Limited (Dubai Branch) |
|--|
| <ul style="list-style-type: none"> • ISO 14001:2015 • OHSAS 18001:2007 |

AWARDS



WASCO COATINGS MALAYSIA SDN. BHD.

| NO | YEAR | CLIENTS/ORGANISATIONS | AWARDS & RECOGNITIONS |
|----|------|-----------------------|--|
| 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 1,000,000 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 |

WS ENGINEERING & FABRICATION PTE LTD

| NO. | YEAR | CLIENTS/ORGANISATIONS | AWARDS & RECOGNITIONS |
|-----|------|--|---|
| 1 | 2019 | TengizChevroil/Kazakh PJV/Schneider Electric/Siemens | Achieved 3,000,000 Man-hours worked without Loss Time Injury ("LTI") in TCO Future Growth Project (TCO Area, TCO Gathering & TCO HV) |
| 2 | 2018 | Schneider Electric and Siemens | Achieved 2,000,000 Man-hours worked without LTI in TCO Future Growth Project (TCO Area, TCO Gathering & TCO HV) |
| 3 | 2018 | TengizChevroil/Kazakh PJV/Schneider Electric/Siemens | Achieved more than 2,000,000 LTI free Man-hours in TCO Future Growth Project |
| 4 | 2017 | Schneider Electric | Achieved 500,000 LTI free Man-hours in TCO Future Growth Project |
| 5 | 2016 | Yinson/Kongsberg | PT. WEI received Construction of Excellence Certificate from Yinson for achieving 1,100,000 Man-hours without any LTI for Ghana OCTP FPSO Development Project in 2016 |
| 6 | 2016 | Wartsila/Bumi Armada | Received Appreciation Certificate from Wartsila for achieving 2,000,000 Man-hours without any LTI in M70A/B Power Generation Packages, Armada Kraken Project |
| 7 | 2016 | Bumi Armada | 1,000,000 Man-hours worked without LTI for M70A/B Power Generation Packages Armaden Kraken Project |
| 8 | 2016 | Total/Saipem | Achieved 1,000,000 Man-hours without LTI in Total E&P Angola Block 32 Kaombo Project |

SUSTAINABILITY STATEMENT

COMMUNITY OUTREACH PROGRAM CALENDAR



WASCO ENERGY LTD

5 October 2019

Keep Calm & Zumba



21 June 2019

Wasco Energy Ltd celebrated Hari Raya Aidilfitri with kids from Pertubuhan Rumah Saffiyah, homes for the abandoned



WASCO COATINGS MALAYSIA SDN. BHD.

23 December 2019

Wasco Coatings Malaysia Sdn. Bhd. built an Aquaponic Garden for Sekolah Menengah Kebangsaan Chengal Lempung, Kuantan and aims to promote this responsible sustainable practice to schools to increase environmental awareness and this is in line with the UN Sustainable Development Goals that the Group adopts



WASCO COATINGS GERMANY GmbH

9 February 2019

Wasco Coatings Germany GmbH sponsored a traditional top-class competition for The 20th International Shot Put Games at Dwasieden sports hall in Sassnitz, Germany



WASCO COATINGS FINLAND Oy

3 May 2019

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



PT. WASCO ENGINEERING INDONESIA

26 September 2019

PT. Wasco Engineering Indonesia jointly held a CSR event with its client and vendors to donate Microsoft licenses, office furniture, and stationeries. Wasco also contributed basketball and futsal goalposts to the school to promote sports as part of healthy living



SUSTAINABILITY STATEMENT

YAYASAN WAH SEONG

18 January 2019

Yayasan Wah Seong visited IMC Special Needs Centre and donated 50 plastic chairs to the centre



24 January 2019

Yayasan Wah Seong presented a cheque of RM 20,000 to the chairman of Ideas Academy, YAM Tunku Zain Al'-Abidin ibni Tuanku Muhriz

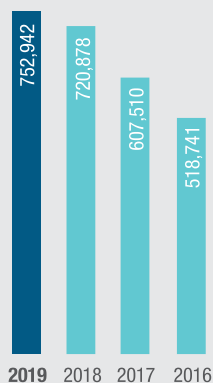


24 August 2019

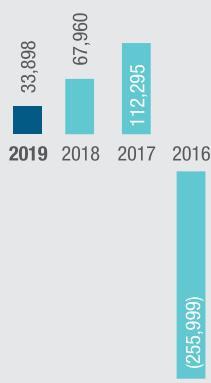
Yayasan Wah Seong and Wah Seong Corporation Berhad organised a book Donation Campaign to donate to Agathians Shelter



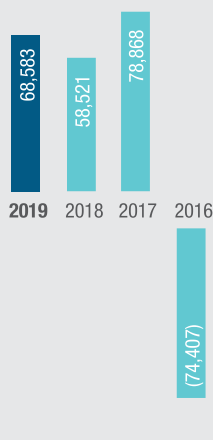
Shareholders' Equity Fund RM'000



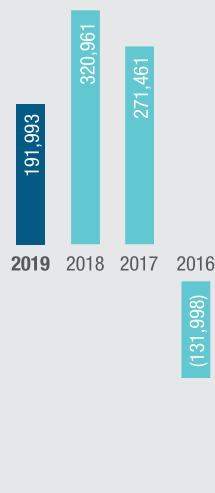
Profit After Tax and Minority Interests (PATMI) RM'000



PATMI excluding impairment and extraordinary gain RM'000



Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) RM'000



EBITDA excluding impairment and extraordinary gain RM'000

