

SUSTAINABILITY STATEMENT

By embedding sustainable progress throughout the Group, we are providing the momentum for our businesses to strengthen their operational efficiencies and deliver long-term growth.

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

The Carimin Group has grown from strength to strength over the years and is today one of the leading oil & gas players undertaking activities in the areas of construction, hook up and commissioning as well as topside major maintenance. The Group is also involved in the provision of manpower services as well as offshore marine vessels chartering and has diversified into the civil construction segment – a timely venture that helped tide us over during the oil & gas downturn. Whilst we help to develop the economy and businesses as well as contribute to society through our diverse activities, we recognise the need to create long-term shared value for our stakeholders and to secure the future of the Group. As such, we are committed to upholding responsible management and sustainable development in the Economic, Environmental and Social (“EES”) areas.

Today, the various businesses within the Carimin Group continue to work together, leveraging on common synergies and resources to integrate business sustainability into their respective organisations. By embedding sustainable progress throughout the Group, we are providing the momentum for our businesses to strengthen their operational efficiencies and deliver long-term growth.

SUSTAINABILITY STATEMENT (CONT'D)

OUR APPROACH TO SUSTAINABILITY

Scope and Boundaries

This inaugural Sustainability Statement reflects Carimin's initial efforts to align with Bursa Malaysia Securities Berhad's ("Bursa Securities") sustainability reporting requirements and standards. Underscoring the Group's commitment to undertaking business in a responsible and sustainable manner through its EES performance, it serves to disclose our sustainability drive thus far in a transparent and objective manner.

Covering the period 1 July 2017 to 30 June 2018 ("FY2018") and thereafter to be produced on an annual basis, this statement provides a broad strokes perspective of the business sustainability activities of all Carimin's subsidiaries within Malaysia. It is to be read in conjunction with the rest of the Group's 2018 Annual Report, which highlights other financial and non-financial aspects of the Group's businesses.

Sustainability Governance

Recognising the importance of upholding an agenda that prioritises good EES practices, Carimin's Board of Directors and its Senior Management are committed to invest in measures that promote the sustainable growth of the Group's businesses and which create value for shareholders. A sustainability Committee ("Committee") was set up to spearhead the Group's sustainability agenda. The Committee's primary purpose is to ensure the efficient implementation of the Group's sustainability agenda.

The Sustainability Committee, which is tasked with reporting directly to the Audit Committee (which in turn reports to the Board) is fully supported by our Executive Directors and the Senior Management team. The Committee comprises of the Group's Chief Operations Officer, Chief Financial Officer and Departmental General Managers. It is also made up of the Heads of Departments ("HODs") of the Health, Safety and Environment, Quality Assurance and Quality Control, Group Finance and Accounts, as well as Human Resource Departments.

Disclosure and External Assurance

Although sustainable practices are evident throughout the Group's daily operations, we are still at the initial stages of developing a formal sustainability framework and practices to achieve our sustainability aspirations.

As this is our first consolidated Sustainability Statement, we are mindful of the need to undertake external assurance moving forward as we streamline the sustainability data collection and monitoring activities across the Group.

MATERIAL SUSTAINABILITY MATTERS / KEY RISKS







To date, the Group has yet to undertake a formal materiality analysis to establish the matters of importance to its external and internal stakeholders. However, we have identified several risks in key areas that may have a direct or indirect impact on the Group's ability to create, preserve or erode EES value. These risks and the related strategies to mitigate it are highlighted in the Management Discussion and Analysis ("MD&A") section on pages 17 to 26 of this Annual Report.

PROACTIVE STAKEHOLDER ENGAGEMENT

Whilst Carimin's businesses and markets progress, the Group finds itself engaging with a growing number of different stakeholder groups. With proactive stakeholder engagement being a fundamental component of our sustainability strategy, we are dedicated to engaging with our many stakeholders on a continuous basis. This will enable us to meet their different expectations, cater to changes and foster our ties with them.

SUSTAINABILITY STATEMENT (CONT'D)

The following Stakeholder Engagement Matrix highlights the activities that the Group is currently carrying out:

| Stakeholder Engagement Matrix | | | |
|--|--|---|--|
| Stakeholder | Key Area of Focus | Platforms and Tools Utilised | Frequency |
| Shareholders and Investors  | Business direction of the Carimin Group and key corporate developments | <ul style="list-style-type: none"> - Regular shareholder communications / announcements on Bursa Securities and Carimin's corporate website - Annual General Meeting / Extraordinary General Meetings - Quarterly and annual statements - Periodic engagements with equity analysts and fund managers | <ul style="list-style-type: none"> - As and when required - Annually - Quarterly - Throughout the year |
| Government /Regulators and Policy Makers  | Regulation, compliance and strong relationships | <ul style="list-style-type: none"> - Meetings, participation in exhibitions, site visits, case studies and sports activities - Tenders / bids | <ul style="list-style-type: none"> - As and when required - Annually (license renewal) |
| Bankers  | Banking facility and financing | <ul style="list-style-type: none"> - Annual Review - Open house / networking lunches/dinners | <ul style="list-style-type: none"> - As and when required - Annually |
| Customers, Suppliers and Industry Peers / Partners  | Business direction, procurement, knowledge sharing and safety procedures | <ul style="list-style-type: none"> - Meetings, roadshows, participation in exhibitions and networking lunches / dinners - Tenders / bids | <ul style="list-style-type: none"> - As and when required - Throughout the year |
| Employees  | Human capital development, safety, governance, corporate developments | <ul style="list-style-type: none"> - Regular communications via email blasts and quarterly publications - Dialogue sessions - Training and development initiatives - Social activities via Kelab Rekreasi - Voluntary participation in Corporate Social Responsibility ("CSR") programmes | <ul style="list-style-type: none"> - Throughout the year - As and when required - Throughout the year - Throughout the year - Throughout the year |
| Local Communities  | Education and social assistance | <ul style="list-style-type: none"> - Engagement during festive occasions, motivational camps and sports activities - CSR activities | <ul style="list-style-type: none"> - As and when required - Throughout the year |

SUSTAINABILITY STATEMENT (CONT'D)

UPHOLDING GOOD ECONOMIC PRACTICES

Business Strategy

The Carimin Group continues to focus on its strategic direction to ensure the sustainable growth of its core businesses, particularly amidst the challenges during the oil & gas industry downturn. This approach has enabled us to adapt to the changing economic and business environments as well as undertake specific strategies to meet customer needs. For further insights into the Group's overall strategic direction, including our financial and operational performance, please refer to the MD&A section in this Annual Report.

Strengthening the Market Ecosystem

We recognise that the total marketplace ecosystem is important to our sustainable growth. As such, we remain committed to carrying out activities that will help us establish and strengthen ties with our customers, suppliers, industry peers and other stakeholders in the marketplace.

Carimin continues to make a tangible impact and create value in the sectors, markets and communities in which it operates. By setting up offices and a maintenance yard at Teluk Kalung, Kemaman in Terengganu to support the Group's offshore activities, we are creating job and business opportunities for the local communities. Today, we continue to play our part in stimulating the economy in the East Coast of Peninsular Malaysia by continuing to transfer resources, utilise facilities and trade with local businesses, among other things.

We envisage more investment flowing into the area as we embark on expansion activities to support the five-year maintenance, construction and modification contract for Petronas Carigali Sdn Bhd. Moreover, the acquisition of an additional five-acres at Teluk Kalung to construct a new integrated facility, will see the creation of more jobs and business opportunities in this area.

Upholding Good Marketplace Behaviour

The Group is committed to upholding the tenets of transparency, accountability and integrity as well as implementing the highest standards of professionalism, expertise and technical know-how throughout its operations. To this end, we have policies and procedures to guide us in our day-to-day operations as well as to ensure our workforce upholds transparency and exhibits good marketplace behaviour.

We are governed by the standard operating procedures ("SOPs"). These SOPs involve adopting fair practices when selecting suppliers, being transparent in awarding tenders, and strongly prohibiting corrupt practices, among other things. All tenders and bids received from sub-contractors and suppliers are handled in a transparent manner through a tender committee to ensure the most competitive bidder with the pre-requisite technical capabilities secures the job.

Back in October 2014, to ensure the highest standards of corporate governance and business integrity throughout Carimin, we formalised a Whistle Blowing Policy. This policy provides an avenue for all employees of the Group and members of the public to raise concerns about or disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively. Depending on the type of complaint, whistle blowing matters are to be brought up with an employees' immediate superior, the Managing Director, or the Chairman of the Audit Committee, whichever is the most appropriate channel.

We also have in place a Grievances Procedure which forms part of the Group's HR Policies & Procedures. This provides a platform for employees to channel complaints with regard to all work and office-related matters.

ADOPTING GOOD ENVIRONMENTAL PRACTICES

The Carimin Group is committed to upholding best practices that mitigate the impact of our operations on the environment. This is especially important given the nature of our oil & gas and civil construction operations. The Group is at all times committed to protect the environment and comply with all applicable environmental laws and regulations.

Documented Policies and Practices

In line with our efforts to protect the environment and minimise our carbon footprint, we have in place these policies, plans and procedures:

- The Group's Environmental Policy reiterates our commitment to preserving the environment by mitigating the impact of our operations on our surroundings and through upholding the relevant laws and regulations. Endorsed by the highest ranks within Carimin, it reflects our leadership's commitment to good environmental practices.

SUSTAINABILITY STATEMENT (CONT'D)

- The Group's Environmental Management Plan serves as a manual that guides our daily operations. Its primary objective is to ensure continuous compliance with all legal environmental requirements and the Group's Health, Safety and Environmental ("HSE") Policy.
- The Group's Scheduled Waste Management System outlines stringent procedures for how the industrial waste we produce is to be treated so that it causes no harm to the environment. This relates specifically to the disposal of oil/lubricants used for servicing machinery and equipment at the yard or on board our vessels.

Greening Initiatives

Our environmental conservation activities also extend to promoting recycling and energy efficiency activities, among other things. We currently undertake the following activities:

- Reduce paper wastage by encouraging printing on both sides of a sheet of paper;
- Encourage the habit of turning off lights and switching off air-conditioning during breaks/after meetings;
- Promote the use of water dispensers for refreshments as opposed to purchasing bottled drinks;
- Roll out an in-house "no-plastic" campaign which encourages all employees to minimise the usage of plastic in support of environmental preservation. Plastic which is a non-recyclable material, is used excessively in our nation and a little knowledge on limiting its use will help preserve the environment.

CHAMPIONING GOOD SOCIAL PRACTICES

The Carimin Group embraces a culture that respects and upholds the diverse components within our social ecosystem, namely our workforce, our customers and our communities. This approach is enabling us to achieve our business goals, work efficiently and effectively, as well as cater to our diverse stakeholders' needs and requirements.

Labour Practices and Decent Work

Our Diverse Workforce

Carimin is committed to developing a diverse and talented workforce spanning a spectrum of different ages, genders, educational backgrounds and nationalities. As at end FY2018, our total fixed-term and permanent staff stood at 106 employees (end FY2017: 85 employees)

while our direct workers (including marine crew) stood at 74 workers (end FY2017: 81 workers). The composition of the Group's total workforce is illustrated below:

Carimin's Workforce: Fixed-Term and Permanent Staff

| | As at end FY2017 | As at end FY2018 |
|--------------------|------------------|------------------|
| Age | | |
| 20 – 30 years | 23 (27%) | 31 (29.25%) |
| 31 – 45 years | 43 (50.6%) | 53 (50%) |
| 46 – 60 years | 19 (22.4%) | 22 (20.75%) |
| | 85 | 106 |
| Gender | | |
| Male | 59 (69.4%) | 68 (64.15%) |
| Female | 26 (30.6%) | 38 (35.85%) |
| | 85 | 106 |
| Category | | |
| Professionals | 61 (72.8%) | 76 (71.7%) |
| Non-Professionals | 23 (27.2%) | 30 (28.3%) |
| | 85 | 106 |
| Nationality | | |
| Locals | 84 (98.8%) | 105 (99.06%) |
| Foreigners | 1 (1.2%) | 1 (0.94%) |
| | 85 | 106 |

Carimin's Workforce: Direct Workers including Marine Crew

| | As at end FY2017 | As at end FY2018 |
|--------------------|------------------|------------------|
| Gender | | |
| Male | 80 (98.8%) | 73 (98.6%) |
| Female | 1 (1.2%) | 1 (1.4%) |
| | 81 | 74 |
| Category | | |
| Professionals | 10 (12.3%) | 8 (10.8%) |
| Non-Professionals | 71 (87.7%) | 66 (89.2%) |
| | 81 | 74 |
| Nationality | | |
| Locals | 77 (95%) | 73 (98.6%) |
| Foreigners | 4 (5%) | 1 (1.4%) |
| | 81 | 74 |

Employee Engagement

We continue to implement employee engagement activities to communicate with and unite the Group's employees as we understand that engaged employees are more satisfied with their work, tend to stay longer, as well as are more productive and dedicated. Throughout FY2018, we continued to undertake a variety of engagement activities to strengthen our workforce.

SUSTAINABILITY STATEMENT (CONT'D)

| Subject | Department | Frequency | Remarks |
|------------------------------|-----------------------------------|----------------|--|
| Morning Circle Meetings | Human Resource Department ("HRD") | Daily | HRD staff |
| Festive luncheon - Hari Raya | KL Office ("KLO") | Annually | |
| Iftar Ramadhan | Teluk Kalung Yard ("TKY") | Annually | All TKY staff |
| Management Meetings | KLO | Bi-monthly | All Head Of Departments and Managers |
| Collection Meetings | KLO | Every month | To provide updates on the latest billing and collection matters |
| Quarterly Results Meetings | KLO | Every quarter | To discuss financial, operational, and budget variation matters and the related commentary |
| Risk Management meetings | KLO | As appropriate | To discuss new ventures (involving risk), updates on risk profiles, etc. |

Upholding Diversity

Carimin has in place policies and initiatives relating to recruitment, career advancement, training and development, as well as Group-sponsored corporate and social activities. We implement all these in a manner that does not discriminate against ethnicity, religion, gender, age, disability, or status. The Group is committed to appointing, promoting, developing and rewarding its employees based on company-defined criteria and in line with the principles of meritocracy and fairness. All these practices help ensure that the Carimin family remains a well-balanced, safe and harmonious one.

In line with our commitment to upholding gender diversity, the Group will work towards complying with the requirement of the Malaysian Code on Corporate Governance ("MCCG") to have at least 30% female representation on the Board. In line with the MCCG, the Board will consider having more female members on the Board in due course to bring about a more diverse perspective.

Good Health, Safety and Environmental Performance

At Carimin, we continuously monitors our HSE performance organisation-wide to ensure high-risk activities are effectively and efficiently managed to protect our people, assets and environment. The Group continues to implement and improve stringent safety measures across the length and breadth of our operations, both at our main office and worksites as well as onboard our vessels.

Our people are given safety training at the commencement of employment and regularly throughout their tenure with the Group. All our employees and workers are expected to be involved in maintaining safe work sites through their participation in HSE meetings and safety inspections.



To safeguard our workforce, our personnel are equipped with the appropriate personal protective equipment ("PPE"). We perform regular checks on the PPE, other equipment and scaffolding, as well as conduct ongoing systematic on-the-job training and external training to ensure our workforce's HSE competencies are in order. All competency certificates are renewed and issued periodically to ensure our workforce is in full compliance with safety requirements.

Our safe practice efforts are evident with the achievement of 12,682,754 million safe man-hours worked since 2009.

Documented HSE Policies

To date, the Group has adopted the following HSE policies which guide our everyday operations:

- Health, Safety and Environment Policy
- Drugs and Alcohol Policy
- Environmental Policy
- Driving Policy Statement
- Stop Work Policy
- Housekeeping Policy

SUSTAINABILITY STATEMENT (CONT'D)

HSE Campaigns and Initiatives

For the financial year in review we rolled out the following HSE activities:

- Hand and Finger Injury Prevention Campaign
- HUC First-Cut and Hot Work Safety Campaign
- Lifting Safety Campaign
- Management HSE Visit to Fabrication Yard, Project Site and Offshore Platforms
- Management HSE Steering Committee Meeting
- Safety Awareness Video Session
- Emergency Drill at all Carimin premises
- Health Screening Programme
- KLO HSE Walkabout and Inspection
- Permit-to-Work Awareness Training
- Pre-Mob Briefing – HUC Angsi Revisit

HSE-related Awards and Accolades

| No. | Description | Award by | Project | Year Award |
|-----|--|----------------|---|------------|
| 1 | Safest Subcontractor - Achievement of 1st HSE Milestone 300,000 manhours with Zero LTI | MSE - Talisman | Mobile Offshore Application Barge Fabrication | 2010 |
| 2 | Focused Recognition for Successful Execution and Completion of Angsi Turn Around | PETRONAS | Angsi Turn Around 2017 | 2017 |
| 3 | Focused Recognition for Petronas HSE AIM ZERO Commitment | PETRONAS | Completion of Major Operated Valve & Shut Down Valve | 2017 |
| 4 | 1.3 Million Man-Hours Without LTI | WCT Berhad | Petronas Rapid Project – WCT Berhad Package 14-0401 (Utilities, Interconnecting, Offsite Units) | 2018 |

Training and Development Initiatives

The nature of the oil & gas industry requires every company's workforce to have specific and adequate technical skills and capabilities as well as the competency in responding to the changing business environment. To this end, Carimin continues to implement training and development programmes for all employees via a variety of internal and external trainings sessions. Training for staff is planned based on their specific needs. We roll out our annual training plan based on the training needs analysis documented in the annual staff appraisal form.

The following functional and competency training sessions were conducted in FY2017 and FY2018:

| Training Sessions in FY2017 | Type of Training |
|--|------------------|
| OPITO Tropical BOSIET with EBS & Travel Safely by Boat | Competency |
| ISO 9001:2008 | Functional |
| Introduction to Oil & Gas | Functional |
| PTW (Permit-to-Work) | Competency |
| OGSP (Oil & Gas Safety Passport) | Competency |
| Basic Rigging & Slings | Functional |
| CEP (Seminar Keselamatan Kebangsaan) | Competency |
| Tatacara Pentadbiran & Kontrak | Functional |

| Training Sessions in FY2018 | Type of Training |
|--|------------------|
| OPITO Tropical BOSIET with EBS & Travel Safely by Boat | Competency |
| CEP (Seminar Keselamatan Kebangsaan) | Competency |
| Company Security Officer Training | Competency |
| Working at Height – How to Comply with Regulation | Competency |

We also undertook the following in-house HSE training session over the course of FY2018:

- Hydrogen Sulphide (H₂S) Safety Awareness Training
- Working at Height Safety Awareness Training
- Emergency Response Team Development Training
- Electrical Safety Training
- Lifting Safety Training

Succession Planning

As part of the Group's succession planning process, we expose our staff to a variety of business practices to prepare them to take on important roles either at our offices or projects. By ensuring second-in-liners are in place with the requisite skills and competencies to take over specific roles and responsibilities, we are ensuring that there will always be a successor for each designated position.

SUSTAINABILITY STATEMENT (CONT'D)

We have also introduced a Management Trainee Programme whereby fresh graduates with Engineering backgrounds take part in a two-year programme to understand the entire engineering process within the oil & gas industry. These trainees will then go on to take up engineering positions either with the Project Management Team or other departments. Since 2010, a total of 15 management trainees have undergone training with the Group.

Enriching/Communities

As the Group pursues its agenda of sustainability, we continue to fulfil our role as a responsible corporate citizen by undertaking corporate social responsibility (“CSR”) initiatives that aim to enrich communities. Our CSR efforts to date have made a tangible impact on schools, children, orphanages and the less fortunate in society.

In the year under review, the Group’s community-based CSR efforts included the following:

Our CSR efforts also involved small donations to a number of community suraus including Surau Kajang, Surau Al-Mustaqim Damansara and Surau Bt Jelutong. We also supported the following religious establishments:



We gifted the Quran in Braille for a special education programme for blind students from Sekolah Kebangsaan (“SK”) Kelang in October 2017.



We also donated 10 desktop personal computers to the Parent-Teacher Association of SRK Gombak 1 in December 2017.



We spread cheer among 45 orphans from Rumah Perlindungan Al-Nasuha when we presented *baju raya* to them at the Giant Hypermarket in Gombak in June 2018.



We contributed microfibre jerseys to students of Kolej Yayasan Saad Melaka for their sports day in August 2018.

SUSTAINABILITY STATEMENT (CONT'D)

Carimin will continue to play its part in enriching communities by extending support to orphanages, homes and schools (especially those for less fortunate students).



We made a donation to Surau Al-Jannah Batu Caves.



A donation was also made to Surau Nurul Iman for its Iftar Ramadhan programme.



We contributed funds to Mahad Tahfiz Tahfizul Dengkil.



A donation went towards Surau Al-Ikhlas SRK Gombak (1).



A donation was also made to Mahad Tahfiz Pengkalan Damar Kuantan.

STRENGTHENING OUR SUSTAINABILITY AGENDA

Carimin's Sustainability Committee which has an oversight of the Group's sustainability agenda, is aware of the need to proactively embed the agenda of sustainability into our business strategies and operations. The Committee remains committed to planning, implementing and reviewing sustainability measures so that they are firmly entrenched within our people's mindsets and corporate culture.

The Group's objective is to deliver a sustainable EES performance by balancing out its Economic performance with responsible Environmental and Social considerations for the long-term. As we set our sights on meeting this objective, the Carimin Group will endeavour to deliver true and sustainable value as well as nurture relationships with our diverse stakeholders for the long-term.