

Sustainability Statement



About this Statement

The Carimin Group of Companies continues to advance its business momentum through sustainable practices. The embodiment of sustainability throughout the Group, not only drives our operational efficiencies but also assures our long-term growth and the creation of positive shared values with our stakeholders. As such, we are committed to maintaining responsible management of Economic, Environmental and Social (“EES”) risks and opportunities.

The Carimin Group of Companies (“Carimin” or the “Group”) is pleased to present our second sustainability statement. This statement follows the progress of Carimin’s initiatives disclosed in our inaugural sustainability statement in the financial year 2018 (“FY 2018”).

In line with Bursa Malaysia Securities Berhad (“Bursa Securities”)’s sustainability reporting requirements, this statement has been prepared with reference to the local and international standards such as Bursa Malaysia Sustainability Reporting Guide 2nd Edition and Global Reporting Initiative (“GRI”) Standards: Core option.

SCOPE AND BOUNDARIES

The statement covers Carimin’s activities of construction, hook-up commissioning and topside major maintenance (“CHUCTMM”) and marine services (“MS”) initiatives undertaken by Carimin to embed sustainability into its business operations within Malaysia.

The information disclosed in this statement covers the period from 1 July 2018 to 30 June 2019 (“FY2019”) and it includes all our operations within Malaysia located at Kuala Lumpur office (“KLO”) and Teluk Kalong Yard (“TKY”), Kemaman, Terengganu. This statement is to be read together with the Group’s Annual Report 2019, which highlights other financial and non-financial aspects of the Group’s businesses.

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Governance

OUR APPROACH TO SUSTAINABILITY

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

In 2015, the United Nations announced its 17 Sustainable Development Goals (“SDG”) that aim at addressing challenges faced globally. The goals are dedicated to improve the quality of life around the globe in tandem with economic prosperity, environmental preservation, and achieving peace.

Malaysia is committed to the UN Agenda 2030 through the nation’s sustainable development agenda described in the Eleventh Malaysia Plan (2016-2020). As a business operating in the country, it is our responsibility to contribute to the best of our abilities to the national sustainability agenda. We have adopted four SDGs that we feel align with our current business operations and areas that we can best contribute.

8 DECENT WORK AND ECONOMIC GROWTH 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
13 CLIMATE ACTION 	Take urgent action to combat climate change and its impacts
14 LIFE BELOW WATER 	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

As one of the growing and resilient oil & gas companies providing technical and engineering support services, we understand the fundamental need for sustainability in maintaining the Group’s overall growth and performance. To ensure long-term value creation, our sustainability strategy serves as a guide when addressing the Group’s EES risks and opportunities.

	Economy To sustain market leadership in oil & gas technical and engineering support services and promoting healthy business growth.
	Environment To maintain compliance with environmental regulations in order to minimise the Groups’ environmental impact.
	Social To ensure the safety and health of all our employees, and sustain long-term and meaningful relationships with our stakeholders.

SUSTAINABILITY GOVERNANCE

In order to truly embed sustainability into our business operations, a sound governance structure is integral to the management of our approach to inculcate a culture of sustainability within the Group. For managing sustainability, our governance structure consists of two-tiers, with the Board of Directors (“Board”) leading the sustainability agenda of the Group and providing guidelines to the Sustainability Committee (“SC”).

The SC is responsible for identifying and implementing sustainability initiatives that have been approved by the Board and to enhance sustainability performance of the Group.









Roles & Responsibilities

Board	SC
<ul style="list-style-type: none"> • Endorse the Group’s sustainability strategy and commitment. • Issue final approval of the sustainability report and its contents. 	<ul style="list-style-type: none"> • Identify relevant sustainability initiatives to strengthen sustainability performance. • Implement initiatives and strategies approved by Board.

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PROACTIVE STAKEHOLDER ENGAGEMENT

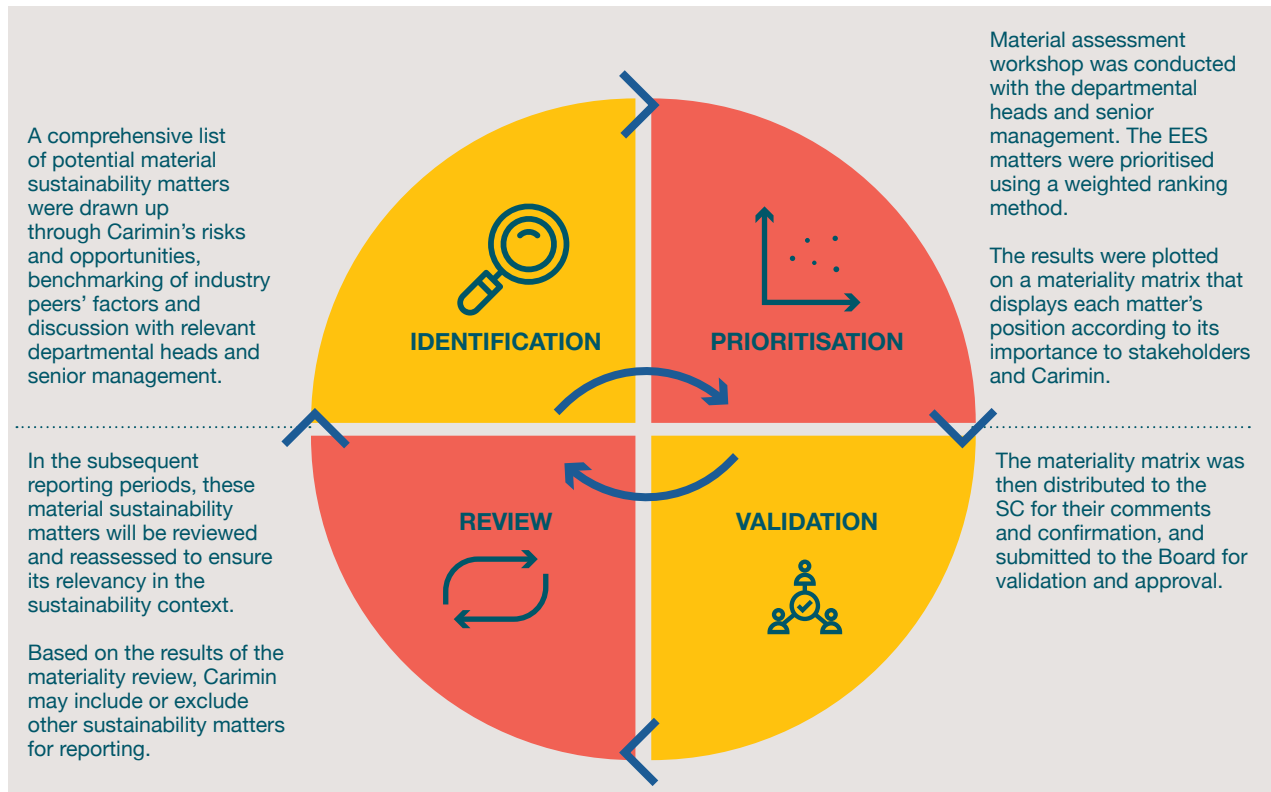
The presence of various stakeholders will have a different level of influence on our business and are impactful to our operations and sustainability initiatives. We engage with a wide range of stakeholder groups on a regular basis to understand their expectations, therefore, enabling us to enhance our performance.

Stakeholder	Key Area of Focus	Platforms and Tools Utilised	Frequency
 Investors & Shareholders	<ul style="list-style-type: none"> Business direction of the Group 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/Annually Throughout the year
 Bankers	<ul style="list-style-type: none"> Banking facility and financing 	<ul style="list-style-type: none"> Annual Review Open house/networking 	<ul style="list-style-type: none"> As and when required Annually
 Customers, Suppliers and Industry Peers/Partners	<ul style="list-style-type: none"> Business direction Procurement Knowledge sharing Safety procedures 	<ul style="list-style-type: none"> Meetings, roadshows, participation in exhibition and networking lunches/dinners Tenders/bids 	<ul style="list-style-type: none"> As and when required Throughout the year
 Government/Regulators and Policy Makers	<ul style="list-style-type: none"> Compliance to laws and regulations Strong relationships 	<ul style="list-style-type: none"> Meeting, 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)
 Employees	<ul style="list-style-type: none"> Human capital development Safety and Health Governance Corporate developments 	<ul style="list-style-type: none"> Regular communications via email and quarterly publications Dialogue sessions Training and development initiatives Social activities 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
 Local Communities	<ul style="list-style-type: none"> 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

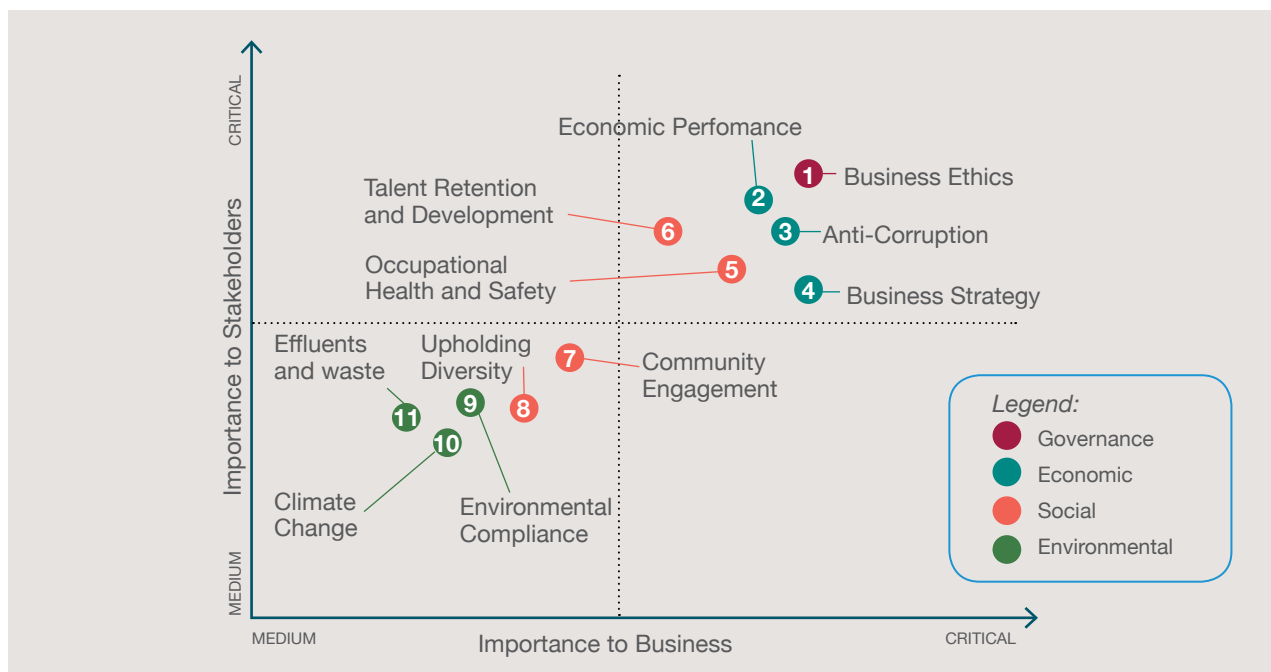
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Sustainability Matters

In order to better understand the Group's key sustainability focus areas, a materiality assessment was conducted to identify and rank the material sustainability matters that are significant to us. This assessment was held in a workshop mode attended by all departmental heads and senior management to capture a more comprehensive view.



Based on the materiality assessment conducted, we have generated a materiality matrix mapping out the priority of each sustainability material matter based on its significance to our stakeholders and to our business operations. The sustainability material matters located at the top right quadrant are those with the highest significance.



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Mapping Our Material Sustainability Matters

To illustrate our commitment to embedding sustainability into our business operations, we have mapped out the relationship between our material matters, relevant stakeholder(s), corresponding GRI indicator(s) and how they contribute to the relevant UN SDGs.

Material Sustainability Matters	Relevant Stakeholder(s)	Corresponding GRI Indicator(s)	Sustainable Development Goals (SDG)
Business Ethics 1	Employees, Shareholders and Investors, Bankers, Regulators	General Disclosure	
Economic Performance 2	Suppliers, Regulators	Economic Performance, Market Presence, Indirect economic impacts, and Procurement practices	
Anti-Corruption 3	Employees, Shareholders and Investors, Bankers, Regulators, Suppliers	Anti-Corruption	
Business Strategy 4	Employees, Suppliers, Regulators, Customers, Shareholders and Investors	General Disclosure and Economic Performance	 
Occupational Health and Safety 5	Employees, Suppliers, Regulators	Occupational Health and Safety	
Talent Retention and Development 6	Employees	Employment and, Training and Education	
Community Engagement 7	Local Communities	Local Communities	
Upholding Diversity 8	Employees	Diversity and Equal Opportunity	
Environmental Compliance 9	Suppliers, Regulators, Local Communities	Environmental Compliance	 
Climate Change 10	Regulators, Local Communities	Oil and Gas Sector-Specific Disclosure, Energy	
Effluents and Waste 11	Suppliers, Regulators, Local Communities	Water and Effluents and Effluents and Waste	

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Business Ethics

As a responsible oil and gas services company, Carimin realises the significant role business ethics play in governing the Group, and does so through pre-set policies, procedures, and guidelines set forward by management. The importance of having good business ethics is pre-requisite at Carimin to ensure every employee observes its professionalism through respect, responsibility, fairness, and accountability of actions, thus protecting the integrity of the Group. Carimin is committed to conducting all its business in an ethical manner and indoctrinates its policies through the Employee Manual.

The Employee Manual outlines the Group's code of conduct on how all employees are to make business decisions across all operations. Good governance secures the trust and loyalty of stakeholders and ensures operational efficiency. The manual covers topics on conflicts of interest, gift and hospitality, corruption and bribery, and confidentiality, among others. The purpose for the handbook is to inculcate a culture of ethical behavior, throughout Carimin's business chain. All employees are then required to sign the Ethical Conduct, Integrity and Honesty Pledge, signifying that they have understood and agreed to adhere to the Group's rules and regulations.

In line with ethical business conduct, our established Whistle-blowing Policy provides employees and other stakeholders a platform in which they can report any suspected or actual incidents of misconduct, and any other labour grievances should they arise. Our policy states that the identity of the whistleblower be kept confidential so as to protect them from any form of reprisal such as adverse impacts on their employment or relationship with the Group. Concerns should be raised to the immediate superior, however, if that is not sufficient, then the concern should be reported to the Managing Director or the Chairman of the SC.

To further create awareness of the availability of such mechanisms, roadshows, meetings, and briefings by supervisors and managers are conducted for such purposes. The established policies are designed to build a working environment that promotes openness, accountability and integrity that fosters respect and responsibility amongst all employees, safeguarding the reputation of the Group and the interests of shareholders and stakeholders.

CERTIFICATION AND STANDARDS

Carimin maintains the best practices be it in terms of corporate governance, safety, quality services and through our partnership with relevant stakeholders. We abide by the following laws:-



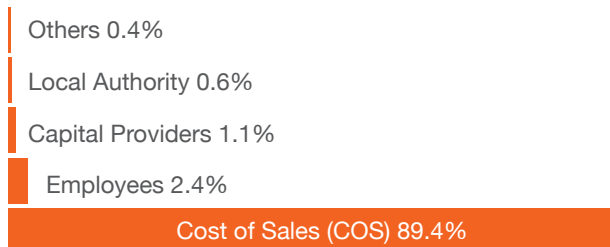
In the year 2019, there were zero fine of non-compliance with rules and regulations.

Upholding Good Economic Practices

ECONOMIC PERFORMANCE

The economic aspect is an essential component of Carimin's long-term growth. The oil and gas sector that is largely governed by the current oil price, affects the revenue of the Group. This segment details our economic gain and contribution to the community.

In FY2019, the economic value generated by Carimin was RM441.14 million, an increase of RM299.84 million or 212% from RM141.30 million recorded in FY2018. Below is the summary of economic value distributed for operating costs, as well as towards our employees (wages and benefits), providers of capital, and the local authority.



Further details on our economic performance can be found in the Financial Highlights section of this Annual Report.

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Significant Indirect Economic Impacts

At Carimin, we are constantly seeking ways to contribute towards the economic enhancement of the community that we work within. In FY2019, the cost of sales (COS) incurred by the Group amounted to RM394.19 million, an increase of RM260.06 million or 194% from RM134.13 million registered in FY2018. This indicates the amount of increase business and employment opportunities that we have brought to the community residing in the East Coast.

Procurement Practices

Carimin is dedicated to build a value chain that is sustainable. We always encourage fair play in selection of vendors and promotes sourcing from the local suppliers that meet our requirement. Sourcing from abroad only occurs due to scarcity of material or services unavailable locally and project specification conformation.

Local Talent

In support of the local economy, we are proud to disclose that the Group's senior management is 100% Malaysian. We also strive to promote equal opportunity and prohibit gender discrimination. Gender has never been a determining factor of employee wages. The wages of our employees are based on performance, designation, experience and educational background. Our minimum wages meet the requirements as stipulated in the Minimum Wages Order 2018.

BUSINESS STRATEGY

Over these past few years, the oil and gas industry has experienced challenging times. Therefore, a business strategy is a fundamental aspect to Carimin as it determines the Group's direction, pricing strategy and resource deployment in ensuring the Group's growth and prosperity.

Good business strategy also sets the foundation for Carimin in expanding and identifying potential opportunities to venture into. We believe that a good business strategy does not only govern the immediate business environment, but also ensures sustainable long-term growth of the Group.

ANTI-CORRUPTION

We strive to exercise best practices in corporate governance with high standard of integrity and transparency in the way we do our business. We also aim to promote fair selection of bidders that meet our technical and commercial expectation.

At Carimin, we conduct periodic assessments involving risks related to corruption. Adhering to our Anti-Corruption Policy, all personnel are required to complete the ethical conduct, integrity and honesty pledge. It aims to inculcate a culture of ethical conduct, and maintaining professionalism in terms of integrity and honesty when performing procurement functions. Whereas, the information on the Group's Anti-Corruption Policy has been channelled via employee's e-mails, briefing by superior and roadshows.

Adopting Good Environmental Practices

CLIMATE CHANGE

Carimin is cognisant that energy and climate change can have a significant effect both directly and indirectly on our business operations.

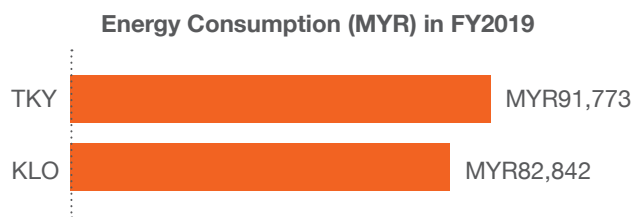
Climate change risk and opportunities

As the society is moving towards preserving the environment, more environmental friendly measures will be put forward to preserve it. Carimin needs to be resilient in anticipating and preparing for future challenges. For instance, as the environmental standards are changing, unproductive oil rigs cannot be left unattended and must be decommissioned in accordance with the requirements of the relevant government agencies, namely, the Department of Environment ("DOE"). This year, the DOE has published a new set of decommissioning guidelines that need to be adhered to. Hence, new opportunities in terms of new service areas are opened to the Group.

While the risks of climate change will also increase the cost of preserving the environment, the way we do our business, such as waste disposal method, recycling of used materials and opting for green or natural materials however will result in cost savings which can offset any incremental cost for risks associated to climate change.

Energy Consumption

At Carimin, maximising energy efficiency is one of the efforts to reduce the environmental footprint of our operations. At KLO, 6.8% bulbs have been replaced with energy-efficient LED bulbs. Moving forward, we aim to steadily upgrade all our lights to LED lights.



EFFLUENTS AND WASTE

Effluents and waste management is important as it reflects on the performance and efficiency in Carimin's operation. Every procedure emphasises on minimising effluent and waste, and to do it right the first time was documented in the Job Method Statement for strict adherence.

Waste generated from our operations are handled and disposed by a commissioned licensed contractor that covers activities for transportation of waste from our premises to proper treatment, and until notification of discharged is received.

For FY2019, our waste collection was estimated to be approximately between 24-45 metric tonnes. Below is the list of our waste source, type of waste generated and the disposal methods.

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Source	Type of waste	Disposal Method
Construction/Fabrication	• Scraps, plastic wrap, paper box	Reuse or recycle of scraps, segregation of waste and disposal
Scheduled waste	• Contaminated container (paint, oil, lubricants, acids, thinner, garnet, other chemical) • Contaminated personal protective equipment (gloves, coverall, shoes), solvent and effluent (from vessel and offshore works)	Transport to licensed treatment centre by contractor
Office (E-waste)	• Electrical parts and electronic components, computer parts, bulb and batteries from office	Segregation and dispose to e-waste collection centre
Domestic waste	• Office waste i.e. papers	Segregation of recyclable item and other waste, dispose to local collection centre and approved landfills.

ENVIRONMENTAL COMPLIANCE

Carimin is committed to robust environmental compliance. This is in line with our vision and values, i.e. to be the most reliable and established integrated service provider for maintenance, hook up and commissioning works in the oil and gas industry.

Our commitment is demonstrated through our Environmental Policy which was established in 1989.

The tenets of our Environmental Policy are as follows:

- Establish effective communication with our clients and relevant parties to ensure that environmental concerns are addressed;
- Compliance with environmental laws, regulations, codes and standards, and other legal and contractual requirements;
- Implementation and maintenance of an environmental management system which complies with the Environmental Quality Act 1974 (Act 127) and their regulations, rules, order and other associated legislation;
- Continual improvement in all areas of our operation, including those activities which affect land, water and air;
- Prevention of pollution, reduction of waste, conservation of resources and proper disposal of hazardous and waste product;
- Setting and reviewing objectives and targets including allocation of responsibilities and resources; and
- Increase environmental awareness of employees, subcontractors and clients through communication, induction and training.

Championing Good Social Practices

OCCUPATIONAL HEALTH AND SAFETY

The oil & gas industry faces high exposure to risks and other hazards given the type of work that is dealt with. Therefore, Carimin takes extra measures to ensure the health and safety of all its employees are secured throughout its entire business operations. Compliancy

to all rules and regulations is compulsory as it prevents accidents from occurring.

The Health, Safety and Environment (“HSE”) management system has been established with the intent on protecting the different areas in which the oil & gas industry specifically, may impact. It guides us in safeguarding the well-being of our employees, minimising risks exposed, as well as mitigating negative environmental impact through proper management.

To strengthen and promote a culture that prioritises HSE, Carimin has initiated several programmes and requires the involvement of all employees. These programmes advocate safety through exercises that are engaging as well as rewarding to those showing their commitment to keeping a safe working environment through responsible practices.

The campaign launched during the reporting year include;

- Unsafe Condition Unsafe Act (UCUA);
- Health campaign (in house health screening) at KLO;
- Management health safety environment visit at TKY;
- Emergency response plan briefing to ERT member; and
- Mental health campaign launched at platform Angsi & Dulang.

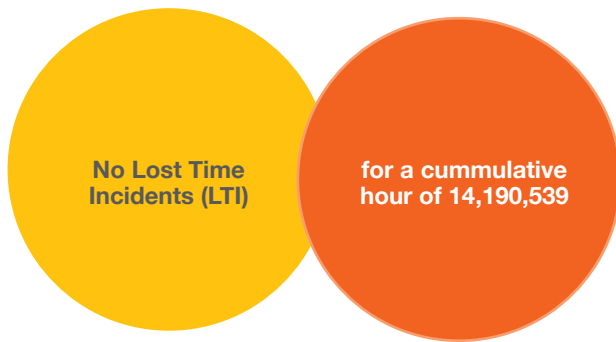
Besides internal HSE audits, external parties such as the Department of Occupational Health and Safety, Department of Environment, and other third-party authorities also hold assessments to assure our compliance. Additionally, Carimin conducts a Job Hazard Analysis (JHA) that examines all the possible hazards and risks that can arise for certain roles. They then identify methods towards eliminating or minimising those risks. Jobs that have a history of incurring more accidents, producing higher rates of injury, and pose higher risks are prioritised for the assessment. These examinations are conducted by the supervisor in charge and are then reviewed and endorsed by the HOD or Project Manager.

At present, Carimin has established a HSE committee with the objective of reviewing the operations in the business, attending to any aspects that affect the safety and health of employees, suppliers, as well as the environment. The committee is comprised of not less than eight members,

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and meet at least once a month. The number of employer to employee representatives within the HSE committee is a balanced number. This is to foster better communication and cooperation in achieving a safe work environment for all.

For this reporting period, Carimin is pleased to announce that we recorded zero fatality, zero high consequence injuries, and zero recordable cases. These achievements are testament to the stringent safety and health procedures that the Group enforces.



UPHOLDING DIVERSITY

Carimin is dedicated to upholding a positive working environment and embraces diversity amongst its employees. We are committed to cultivating a culture of mutual respect where all employees feel comfortable at work. Carimin hires its employees based on merit and therefore, does not discriminate based on gender, ethnicity, religion, or any other characteristics. As of current, a majority of our 131 employees are local, with only one foreign worker.

	FY2017	FY2018	FY2019
Age			
20 – 30 years	23 (27%)	51 (39.8%)	56 (42.8%)
31 – 45 years	43 (50.6%)	58 (45.4%)	57 (43.5%)
46 – 60 years	19 (22.4%)	19 (14.8%)	18 (13.7%)
	85	128	131
Gender			
Male	59 (69.4%)	82 (64.1%)	86 (65.6%)
Female	26 (30.6%)	46 (35.9%)	45 (34.4%)
	85	128	131
Category			
Management	13 (15.2%)	17 (13.3%)	16 (12.2%)
Professionals	49 (57.6%)	67 (52.3%)	75 (57.3%)
Non-Professionals	23 (27.2%)	44 (34.4%)	40 (30.5%)
	85	128	131
Nationality			
Locals	84 (98.8%)	127 (99.2%)	130 (99.2%)
Foreigners	1 (1.2%)	1 (0.8%)	1 (0.8%)
	85	128	131

TALENT RETENTION AND DEVELOPMENT

The success of an organisation is largely dependent on the performance of its employees. At Carimin we are committed to ensuring that all staff have the opportunity for career growth and are provided with fair remuneration packages. By supporting the development of our employees throughout their tenure with the Group, we aspire to keeping our retention rates high and turnover, low. For this reporting year, our turnover rate has reduced to 9.9% compared to 14.8% in 2018.

New Employee Hires			
Age	Gender	FY2018	FY2019
20 – 30 years	Male	10	11
	Female	12	6
31 – 45 years	Male	12	7
	Female	6	3
46 – 60 years	Male	1	-
	Female	1	-
Employee Turnover			
Age	Gender	FY2018	FY2019
20 – 30 years	Male	3	3
	Female	6	3
31 – 45 years	Male	6	5
	Female	3	1
46 – 60 years	Male	1	1
	Female	-	-

We ensure a competitive advantage when hiring talents by providing an attractive remuneration package, with incentives and bonuses, fair allowance, and opportunities for career growth, among others. Reasonable benefits such as Group Personal Accident (GPA), insurance, outpatient medical allowance for self and family members are also some of the perks provided to full-time employees.

As mentioned, a large part of talent retention is by providing employees the opportunity for developing their skill set and supporting their growth throughout their tenure at Carimin. We encourage training and have conducted a total of 1928 training hours for this reporting period. The average training hours per employee is 14.8 hours.

Due to the nature of our work, training is a requirement to provide knowledge on the necessary technical skills as well as to ensure the safety of our employees, thus allowing us to optimise our productivity. Below are some of the key training programmes that Carimin has conducted during this reporting period.

Training Programme	Hours
ISO	80
E Leave System	4
Introduction to Oil & Gas	16
First Aid & ERP Training	160
JAG System Training	2
CIDB	16

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ENRICHING COMMUNITIES

As a responsible corporate citizen, Carimin does its best to make positive and impactful contributions that will support the socioeconomic development of the local communities. Our efforts and initiatives revolve around helping schools, children, orphanages, and the less fortunate in society. Especially during festive season, such as Ramadhan, we offer donations and provide sponsorships to orphanage houses, Islamic schools, providing computers to schools, as well as organising sports activities.

We will continue to actively seek for opportunities to give back to the community as a corporate citizen part of a larger society. We hope that our efforts carry long-lasting impacts and are able to help as many people as possible.

- 1 Iftar Donation to Surau Al-Jannah, Taman Jasa Utama, Batu Caves 13 May 2019
- 2 Back to School Programme for Rumah Amal Asnaf Al-Barakah
- 3 Iftar programme Donation 20 May 2019



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CONCLUSION

The Group will continue with the integrated approach of creating value for our stakeholders by taking into considerations of the economic, environmental and social aspects of sustainability. We are cognisant that each year, different risks will arise, and therefore, by incorporating sustainability into our business operations, we will be able to address these risks and subsequently strengthen our sustainability commitment.

- 4 Donation to build Tahfiz classroom for Pusat Pembangunan Minda Insan (PPMI), Kg Tegupi Laut, Labad Datu, Sabah 10 May 2019
- 5 Iftar Donation to Surau Nurul Iman, Taman Koperasi Cuepec, Kajang 13 May 2019
- 6 Donation for Ramadhan to Pusat Jagaan Al Hasanah, Beranang, Selangor 15 May 2019
- 7,8,9 "Duir Raya" Contribution to Orphanage for Rumah Amal Asnaf Al-Barakah 28 June 2019