



SUSTAINABILITY REPORT 2024

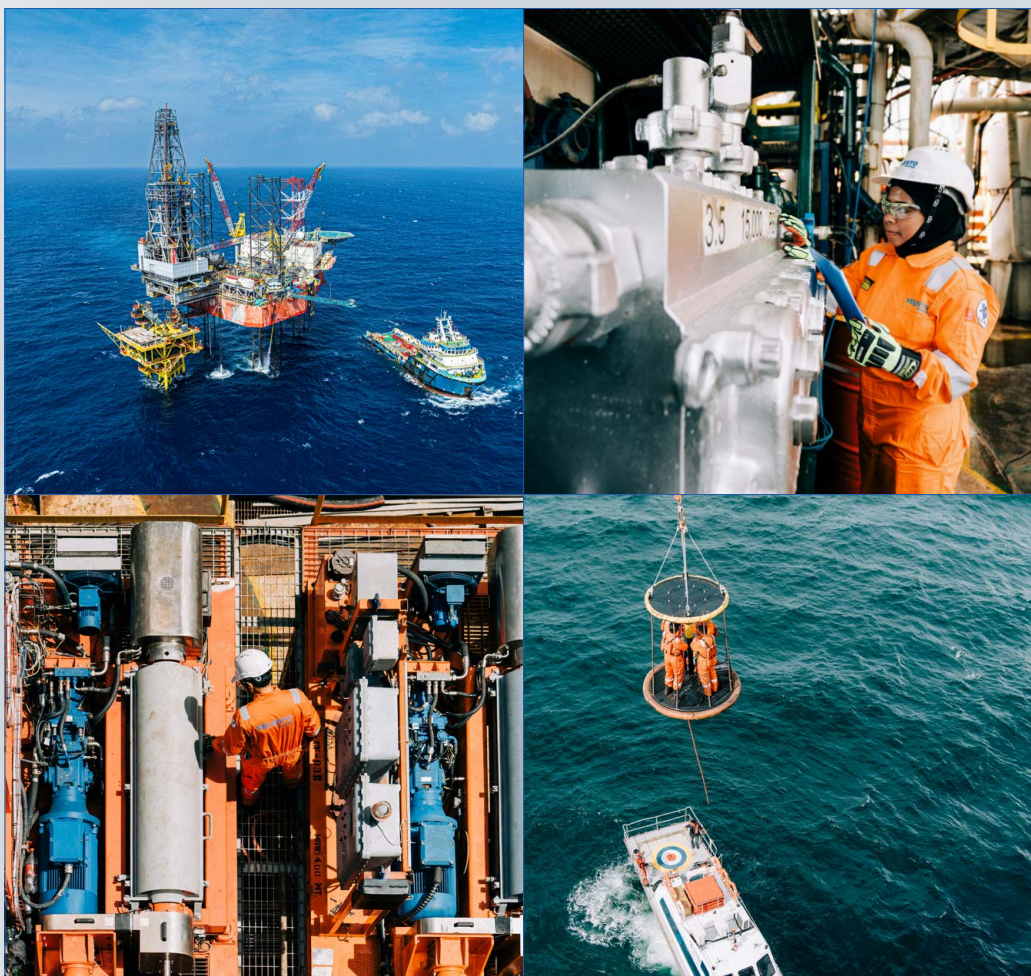
DRIVING FUTURE RESILIENCE



Velesto Energy Berhad

annual general meeting

Venue: Nexus 2 & 3, Level 3A, Connexion Conference & Events Centre, Bangsar South City,
No. 7, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on
Wednesday, 28th May 2025 at 2.00 p.m.



Revenue of FY2024

RM1.36
billion

Profit Before Tax

RM267
million

Profit After Tax

RM208
million

For further details, please refer to page 26.

Cover Rationale

Driving Future Resilience embodies our ethos as we navigate a dynamic energy landscape. It reflects our commitment to strengthening operational reliability, leveraging technology, and building the right capabilities to ensure we are always prepared for what is ahead.

In 2024, Velesto's exceptional performance was driven by our ability to perform at the highest standards of operational performance allowing us to deliver strong financial performance and increase returns to shareholders.

Who we are

Velesto Energy Berhad is a Malaysia-based multinational provider of services for the upstream oil and gas sector.

The Group owns and operates six premium jack-up drilling rigs, which are capable of operating in water depths of up to 400 feet – ideal for the shallow waters of Southeast Asia. Velesto also provides workover services through its hydraulic workover units.

Through Velesto Drilling Academy (VDA), the Group actively supports the development of skilled drilling professionals, playing a significant role in Malaysia's human capital growth. Notably, Velesto's onshore rig within INSTEP is utilised by Universiti Teknologi PETRONAS students, providing practical training that complements academic learning.

Listed on the Main Board of Bursa Malaysia, it is a constituent of the FTSE4Good Bursa Malaysia Index, a testament to its sustainability performance and ESG practices.

**Our iLEAP 2.0
Core Values****Integrity**

- I practice transparency and consistency to build trust.
- I have the courage to hold myself and others to ethical behavior in all situations.

Leadership

- I lead myself and others with respect, dignity and empathy.
- I focus on the well-being of individuals and communities, sharing power and helping others reach their highest potential.

Excellence

- I seek continuous improvement, focusing on goals and solutions.
- I overcome setbacks and difficulties, and adapt to changes.

Accountability

- I am trusted to make the right decisions and choices.
- I own my actions and the outcomes of those actions.

Passion

- I care about the quality of my work and the growth of my team.
- I take pride in Velesto.

Sustainability at Velesto

Embracing a Sustainable Future



At Velesto, sustainability is more than a commitment—it is the foundation of how we create value, drive progress, and shape a better future.

About this Sustainability Statement	43
President Statement	45
2024 at a Glance	48
ESG Highlights	49
Sustainability Lenses	50

As we navigate a dynamic energy landscape, we remain focused on delivering responsible growth, advancing innovation, and empowering our people and communities—today and for generations to come.

Our Approach to Sustainability	52
Our Stakeholder Universe	58
Our Material Matters	63
Our ESG Target Scorecard	67
Our Alignment to United Nation Sustainable Development Goals ("UNSDGs")	69
Sustainable Value Creation	70
• Respecting the Environment	
• Empowering People	
• Ethical Business	
TCFD-Aligned Disclosure	109
Bursa Malaysia Common Materials Matters Disclosures	113
ESG Performance Data	115
Bursa Malaysia Content Index	125
GRI Content Index	126
Statement of Assurance	130
TCFD Content Index	131

About this Sustainability Statement

SCOPE AND BASIS OF REPORTING

Velesto Energy Berhad (“Velesto” or “the Group”) is pleased to present our Sustainability Statement 2024 (“SS2024” or “Statement”), our primary report disclosing our sustainability performance for the financial period from 1 January 2024 to 31 December 2024. Now in its ninth publication, this SS2024 is prepared in accordance with the GRI Standards and in adherence to Bursa Malaysia’s Listing Requirements.

This Statement provides stakeholders with a structured and complete overview of our Environmental, Social, and Governance (“ESG”) performance over the past year, highlighting our sustainability strategies, progress, and ambitions as we navigate the evolving energy landscape.

It embodies our drive to embed sustainability at the core of our operations and reaffirms our commitment to ensuring responsible growth and long-term value creation.

Through this transparent account of our sustainability journey, we hope you gain a holistic perspective on the positive and negative impacts of our business activities on stakeholders, communities and the environment, alongside the efforts being undertaken to minimise impact, maximise value, and shape a resilient, sustainable future for all.

ESG

Scope, Boundary and Exclusions

Utilising a “local where-we-operate” approach, this Statement covers all Velesto subsidiaries, including core operations in drilling services, integrated project management, and oilfield services. The reporting scope includes data from the Group’s operational sites, offices, warehouses, six jack-up rigs (“JU”), and two hydraulic workover units (“HWU”).

Where relevant, statistical data spanning three years is presented to highlight trends and facilitate performance comparisons.

As a drilling services contractor, Velesto does not own the resources extracted for clients. Therefore, this Statement excludes ESG impacts from the discovery, production, ownership, and consumption of oil and gas resources by our clients or entities upstream of our value chain. Additionally, ESG impacts of associate companies where we do not have direct operational control are excluded.

Linkage to Integrated Reporting

For a comprehensive view of our financial and sustainability performance, we encourage reading this SS2024 alongside Velesto’s Integrated Annual Report 2024 (“IAR2024”).

IAR2024 provides an in-depth analysis of the Group’s business strategy, external operating environment, and financial insights. Together, these reports present a complete understanding of Velesto’s performance and the synergies between financial and sustainability initiatives.

Precautionary Approach

Sustainability is a core element of Velesto’s risk management strategy, reinforcing our business model and supporting long-term growth opportunities.

Through a precautionary approach, we integrate ESG risk mitigation strategies into our framework, prioritising proactive measures to prevent Occupational Safety and Health (“OSH”) incidents while minimising potential adverse social and environmental impacts from our operations.

FTSE4Good ESG rating

4.0

(FY2023: Score 3.8)



About this Sustainability Statement

REPORTING STANDARDS

This SS2024 is prepared in consideration of the following frameworks and guidelines:

Bursa Malaysia Sustainability Reporting Guide



Global Reporting Initiative ("GRI") Standards 2021



Task Force on Climate-related Financial Disclosures ("TCFD")



International Financial Reporting Standards ("IFRS")



United Nations Sustainable Development Goals ("UNSDG")



Additionally, we benchmark our disclosures against the following indices:



FTSE4Good

FTSE4Good Bursa Malaysia ("F4GBM") Index

For ease of reference, Bursa, GRI, FTSE4Good, and TCFD content indices are included at the end of this Statement.

REPORTING RELIABILITY

The information presented in SS2024 is sourced from internal documents and records within Velesto.

External assurance has been obtained from independent auditors, Ernst & Young and DNVGL, covering our audited financial statements and Health, Safety, and Environment ("HSE") Management System, respectively.

Where applicable, we apply widely recognised industry methodologies to compute and analyse data, including:

- > Greenhouse Gas ("GHG") Protocol
- > Annexes of the International Convention for the Prevention of Pollution from Ships ("MARPOL" 73/78)
- > Fleet Certification Regulations (e.g., American Bureau of Shipping)
- > International Civil Aviation Organisation ("ICAO") Carbon Emissions Calculator
- > Department for Environment, Food and Rural Affairs ("DEFRA"): Greenhouse gas reporting: conversion factors 2024

Velesto's internal resources, management and the Board Committees have overseen the preparation of this Statement. To ensure the completeness and accuracy of data and information, this Statement has been audited and assured internally.

ASSURANCE

This Statement has been assured by Velesto's Internal Audit Department in accordance with Global Internal Audit Standards ("GIAS") by the International Internal Audit Standards Board ("IIASB") against the requirements of the Bursa Malaysia Main Market Listing Requirements and its accompanying sustainability reporting guidelines.

The full internal assurance details are provided on page 130 of this Statement.

Assurance Approach

Verification on the accuracy of the sustainability data disclosed was conducted by:

- > interviewing the person responsible for collecting and reporting the data to understand the internal controls, governance structure and reporting processes;
- > obtaining evidence on a sampling basis to validate the completeness and accuracy of the disclosed data; and
- > reviewing calculations to ensure they have been correctly applied according to the outlined methodologies.

This SS2024 has been reviewed by Velesto's Board of Directors and was approved on 25 March 2025.

Feedback Channel

VELESTO ENERGY BERHAD
Sustainability

Stakeholder engagement remains a vital aspect of our sustainability approach.

We welcome feedback and enquiries regarding this Statement, which can be directed to:

+603 2096 8788

sustainability@velesto.com

President's Statement

Dear Stakeholders,

I am pleased to present Velesto Energy Berhad's Sustainability Statement for 2024, offering a comprehensive look into our sustainability strategy, progress, and impact. As the energy sector undergoes rapid transformation, we are rising to the dual challenge of meeting growing energy demand while driving the transition to a lower-carbon future.

Our achievements this year are a testament to our ability to meet this challenge head-on. Through innovation, operational resilience, and a clear vision for the future of energy, we continue to push boundaries, setting new benchmarks for both business performance and sustainability excellence.

Sustainalytics
ESG Risk Rating

Low
Risk

Bursa ESG Rating Top

25%
4-star

(FY2022: 3-Star)



A Year of Progress, Purpose, and Performance

Sustainability is not just a priority at Velesto—it is a responsibility we take seriously. As we reflect on 2024, I am proud of how we have upheld our commitment to value creation, resilience, and stewardship, turning challenges into opportunities and ambitions into tangible results.

This year, we delivered on every target in our ESG scorecard (see page 67 for details), a testament to the strength of our approach. More than just hitting milestones, we have built momentum—pushing boundaries, embracing innovation, and strengthening the foundation for a more sustainable and competitive future.

These efforts are reflected in our strengthened ESG performance. In 2024, our FTSE4Good rating rose from 3.8 to 4.0, while we retained our 4-star ESG rating from Bursa Malaysia and our 'Low Risk' ESG Risk Rating from Sustainalytics. We also received prestigious recognition at the Malaysia GPM Sustainability Awards 2024, winning both the Special Recognition for Sustainability Leadership and the Most Outstanding Project Award—the latter for our coral restoration initiative at Pulau Perhentian, marking the second consecutive year the project has earned industry acclaim.

Raising the Bar in Performance and Value Creation

2024 was a breakthrough year in terms of the value generated for our business and stakeholders. We achieved our strongest financial performance since 2015, with profit after tax ("PAT") more than doubling from 2023 to reach a record RM208 million. These results were driven by our focus on operational efficiency, backed by adoption of automation and digitalisation.

By harnessing technology and innovation, we increased rig utilisation to 87% (from 83% in 2023) and maintained operational uptime of 99%, proving that efficiency and sustainability can go hand in hand. This performance doesn't just benefit our business—it strengthens our ability to operate in cleaner, smarter, and more responsible manners to support our long-term prospects.

Emission Intensity/
Ops Day Reduction

34%

(FY2023: 28%)



President's Statement

**Taking Action on the Environment**

Our drive for operational efficiency goes hand in hand with our environmental ambitions, enabling lower emissions, improved resources utilisation, and optimised energy use.

In 2024, we cemented our commitment to achieving Net Zero by 2050, alongside near-term targets to reduce emissions intensity per operating day by 10% and revenue emissions intensity by 30% by 2030, benchmarked against our 2021 baseline. Additionally I am pleased to announce that we have set a new medium-term target of achieving a 15% reduction in our absolute Scope 1 and 2 emissions by 2030, with this enhanced commitment inspired by the encouraging results of our decarbonisation viability assessment conducted last year.

The progress in 2024 speaks for itself—despite higher rig utilisation, our emissions intensity per operating day remained 34% lower than our baseline, while revenue emissions intensity continued its downward trend, keeping us firmly on track to meet our targets. We also recorded zero major spills and reduced water consumption intensity per operating day by 10%, reflecting our dedication to responsible resource and environmental management.

Beyond emission reductions, we continued our commitment to marine conservation and restoration works through the Pulau Perhentian coral restoration project. This year alone, we planted 2,001 additional corals, bringing our total to over 2,500 since 2022. We took this initiative a step further by showcasing it at Oil & Gas Asia ("OGA") 2024, offering stakeholders an immersive experience with 360-degree VR exhibits and 3D coral models. By raising awareness, we hope to inspire greater collective efforts to preserving nature.

Developing People to Enhance Resilience

Our commitment to safety and talent development remains a cornerstone of our sustainability agenda.

Through our continuous focus on HSE excellence, we maintained our record of zero Loss Time Injury ("LTI") among Velesto employees for three consecutive years, while our Total Recordable Case Frequency ("TRCF") improved from 1.56 to 1.00. These gains were driven by our ongoing investment in automation and technology, particularly the implementation of Red Zone Management on NAGA 4, which has significantly reduced human exposure to high-risk areas, enhancing workplace safety.

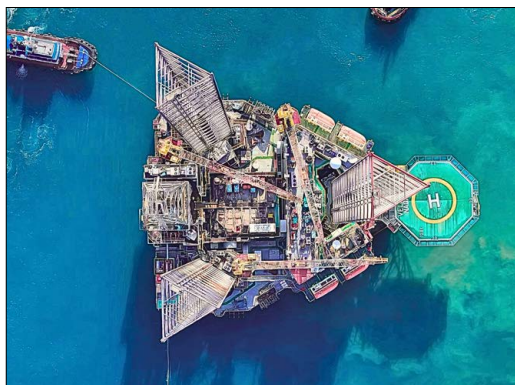
Developing a skilled and future-ready workforce is central to our long-term growth. In 2024, we increased our training investment by 21%, ensuring our employees are equipped with the skills needed to thrive in a rapidly evolving industry. Beyond our own workforce, we remain committed to strengthening the broader energy talent pipeline through Velesto Trainee Scheme ("VTS") and internship programmes. By investing in talent, we are not only building resilience within Velesto but also reinforcing the sustainability of the industry's future workforce.

Leading with Integrity and Strong Governance

Ethical governance and strong leadership remains a foundational driver of our long-term sustainability ambitions, and we are proud to have maintained our track record of zero non-compliance incidents related to environmental, labour, or data privacy practices in 2024.

Further validating our commitment to integrity and good governance, Velesto earned the ISO 37001:2016 ABMS Certification from SIRIM QAS International during the year for our robust anti-corruption framework. Building on the Velesto Anti-Corruption Plan ("VACP") introduced in 2023, we intensified our training and awareness efforts this year. As a result, 100% of our operations underwent rigorous anti-corruption risk assessments, and 100% of our employees received comprehensive training on our anti-corruption policies and procedures. These measures enabled us to achieve zero incidents of corruption in 2024.

President's Statement



Responding Strategically to Industry Shifts

As our industry undergoes rapid transformation amid the energy transition, we are simultaneously navigating uncertainties from rising trade conflicts and geopolitical tensions—factors that can drive price fluctuations and supply disruptions, impacting market stability. Against this backdrop, it is critical that we adopt agile and forward-thinking strategies to manage risks and seize emerging opportunities.

Velesto remains fully aligned with national sustainability ambitions, including Malaysia's National Energy Transition Roadmap ("NETR"), and the strategic objectives of our clients and stakeholders. Recognising that oil and gas will remain vital to the energy mix for the foreseeable future, we remain dedicated to supporting Malaysia's energy security while driving a fair, balanced transition towards cleaner energy.

Our strengthened partnerships, notably with our client on carbon management solutions, and our continuous pursuit of innovative solutions—including autonomous drilling and advanced emissions management systems—highlights our commitment to supporting today's energy requirements while preparing for a lower-carbon future.

Additionally, with increasing regulatory demands such as the IFRS S1 and S2 disclosure frameworks and expanded Scope 3 emissions requirements, we are proactively enhancing our climate and ESG disclosures. By embracing these developments early, we position Velesto as a transparent and responsible company, capable of effectively managing sustainability risks and driving continued value creation.

Charting a Resilient Path Forward

In the year ahead, we will sharpen our focus on accelerating our journey towards Net Zero by 2050. We have achieved great momentum in 2024, with progress made in emissions assessment and verification, climate response benchmarking, and the evaluation of potential decarbonisation pathways. Building upon this, we will initiate Scope 3 emissions assessments and finalise our detailed Net Zero roadmap in 2025, while driving greater alignment with emerging IFRS sustainability standards.

Our roadmap will define clear, actionable strategies encompassing operational optimisation, emissions-reducing technologies, and the exploration of opportunities to transition towards greener, lower-carbon energy sources. On this note, strategic partnerships with industry partners will play a pivotal role, enabling us to harness innovative technologies, expand our capabilities, and accelerate the transition to cleaner energy. With Malaysia emerging as a regional energy hub, our core expertise in drilling positions us strongly to contribute to critical carbon abatement efforts such as Carbon Capture, Utilisation and Storage ("CCUS") initiatives, as we can support the safe, efficient execution of CO₂ injection wells and long-term storage solutions.

Concurrently, innovation and technology adoption will remain central to our future readiness. By continuously embracing digitalisation and automation, we will strengthen operational efficiency, enhance emissions monitoring capabilities, and facilitate smarter, data-driven decision-making across our operations. These efforts will not only bolster our sustainability progress but also reinforce our competitive edge, ensuring we remain at the forefront of offshore energy transformation.

Acknowledgements

In closing, I would like to extend my deepest gratitude to my fellow Board members for their invaluable guidance and support. A special thanks goes to our dynamic senior management team and the dedicated employees across Velesto, whose commitment and expertise have been instrumental in driving our success.

I also wish to express my appreciation to our investors, shareholders, clients, government agencies, ministries, regulatory bodies, and industry partners—your trust and collaboration have been essential in supporting our robust results for the year. As we move forward, we remain committed to working together to drive meaningful progress and pursue shared objectives.

In an industry shaped by both risks and opportunities, Velesto remains committed to driving innovation, strengthening partnerships, and embedding sustainability at the core of our operations. As we meet the energy needs of today, we are also laying the foundation for a more sustainable future, reinforcing our position as a resilient, forward-thinking industry leader.



2024 at a Glance

About Velesto

We are a Malaysia-based multinational provider of integrated services for the upstream sector of the oil and gas industry. Our services encompass drilling, oil well servicing and other essential oilfield services. We additionally provide training support and services for the drilling industry.

OFFICE LOCATIONS

- 1 Kuala Lumpur
- 2 Kuching
- 3 Miri
- 4 Kota Kinabalu

OUR ASSETS

- | | | |
|--|--|--------------------------|
| 6
jack-up
rigs | 2
HWUs | 1
drilling
academy |
| 2
warehouse
locations
(ASB & KSB) | 1
oilfield services
manufacturing facility | |

Our Operational Performance

We are dedicated to delivering value to our clients through reliable operations that consistently meet their requirements and expectations.

Operating Day	1,977	Utilisation rate	87%	Efficiency/uptime	99%
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Our Financial Value Creation

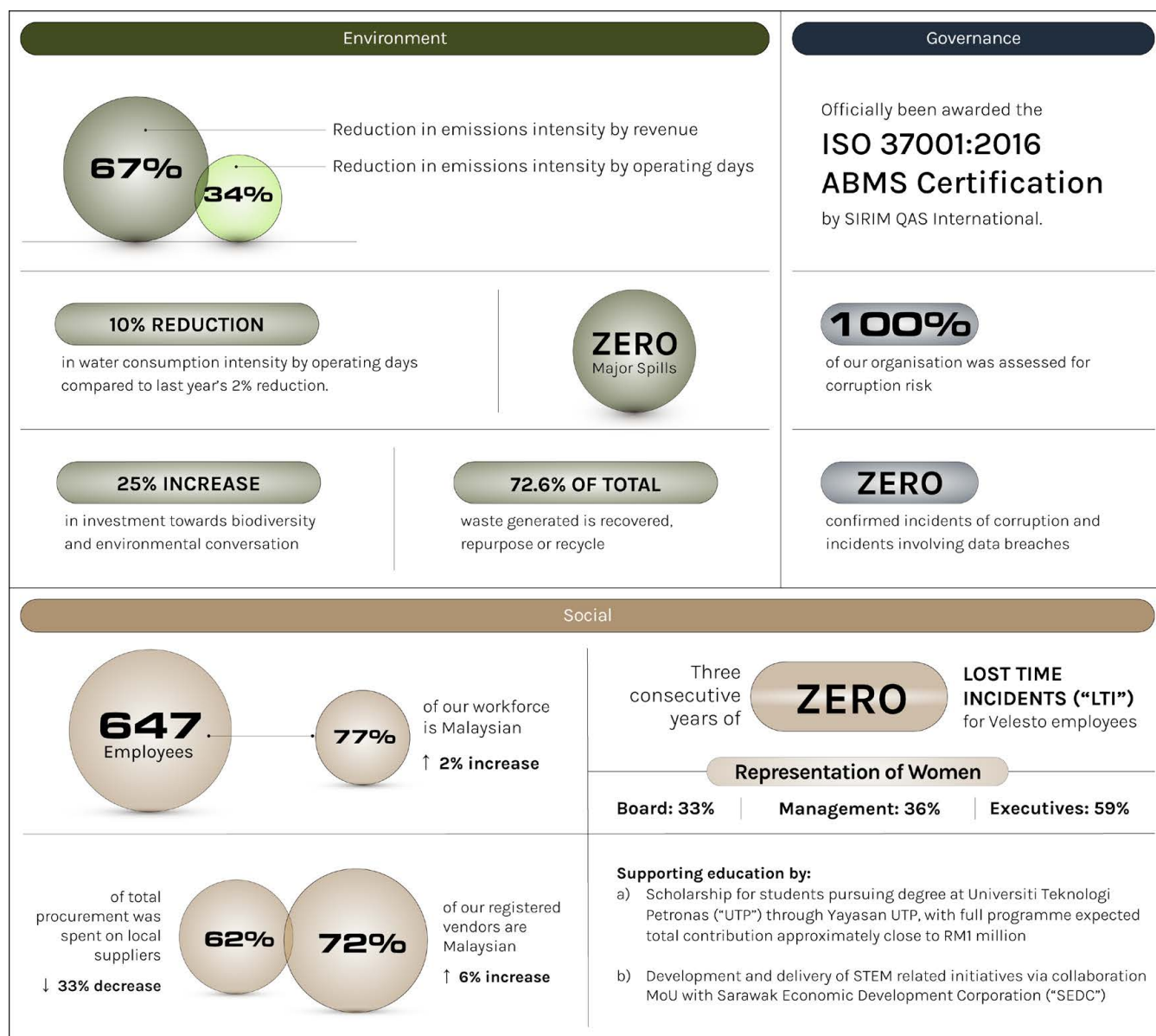
We believe a strong financial performance an important indicator for sustainable value creation to all stakeholders. In 2024, Velesto creates value to our stakeholders in many ways through profit-making and dividend payout, as an employer, taxpayer, participant of the procurement ecosystem, and impact maker in communities.

Revenue RM1.36 billion	EBITDA RM549 million	Profit After Tax RM208 million	Dividends RM103 million
Taxes to governments RM59 million	Payment to Local Suppliers RM402 million	Beyond Value Chain Spend – Environment & Social investment RM0.43 million	
		RM200 million	Salaries, bonuses and benefit paid to employee

ESG Highlights

We are dedicated to making substantial advancements in our performance across the ESG spectrum annually.

Below, we offer a glimpse of our progress and achievements across various key ESG metrics throughout 2024, along with the awards and recognitions achieved during the year.



Awards and Achievements

FTSE4GOOD

ESG rating score of 4.0
(improved from 3.8)

Bursa Malaysia ESG

4-STAR ESG RATING

Sustainalytics Rated - ESG Risk Rating

18.5 (LOW RISK)

MALAYSIA GPM SUSTAINABILITY AWARDS 2024

- > Special Recognition for Sustainability Leadership
- > Most Outstanding Project Award for Coral Restoration Programme

TOP 5% PLCs

(Top 50) - ranked at the NACGSA 2024 by MSWG

MPM WELLS MANAGEMENT 2024

(Best Rig for Drilling - NAGA 5)

GAIT 6 -

BEST HYDRAULIC

Workover Unit in Malaysia
Operations by MPM PETRONAS



Sustainability Lenses

Month	Programme / Event	Description
January - December 	Monthly Operations Awareness session	Monthly operations awareness session focused on promoting sustainability across environmental, social, and governance pillars.
March 	Internal Data Assurance Awareness Session: Corporate Liability Provision, Section 17A MACC Act 2009	Conducted assessment of ESG data assurance scope, process and audit checklist with Internal Audit team. A session organised by the Integrity Governance Unit & Compliance ("IGUC") was held to reinforce compliance and uphold ethical standards across the organisation. All employees were encouraged to participate as part of Velesto's collective commitment to combating corruption. The session was delivered by Senior Superintendent Tuan Cheong Zhit Hou from the Malaysian Anti-Corruption Commission ("MACC").
April 	Sustainability Report 2023 Corruption Risk Management Workshop	Published Velesto's Sustainability Report 2023. Introduced new data collection template and enhanced performance data disclosures to improve Bursa compliance and TCFD alignment. IGUC organised a Corruption Risk Management ("CRM") Workshop attended by all Anti-Bribery Management System ("ABMS") Champions. The workshop aimed to align and harmonise existing corruption risk frameworks across the organisation, while also supporting preparations for the ABMS certification.
May 	Annual General Meeting ("AGM")	Formal platform for shareholders to convene and engage with the company's management. The AGM is essential for ensuring that shareholders are informed and involved in the company's governance and future direction.
June 	Coral Planting Program Phase 3	Undertook Phase III of our Coral Restoration programme. We deployed custom-built frames spelling out 'Velesto' to support coral placement and successfully planted 2,001 corals. This initiative is part of our ongoing efforts to restore and conserve coral reef ecosystems, while fostering environmental awareness and encouraging community engagement.
	Hari Maritim	By involving various stakeholders, including government agencies, private sector partners, and local communities, Hari Maritim aims to promote Maritime Safety and Awareness. The event serves as a platform to educate and raise awareness about maritime safety, the roles and responsibilities of maritime authorities, and the importance of adhering to maritime law.
	MPM DrillTEC Focus Group (GHG Reduction)	A collaboration with leading players in Malaysia's oil and gas industry, particularly players involved in well activities, within this MPM-led focus group. This initiatives form part of efforts supporting PETRONAS' Net Zero 2050 agenda to spearhead industry decarbonisation progress.

Sustainability Lenses

Month	Programme / Event	Description
July	Net Zero Assessment & Roadmap Development Kick Off	These activities were part of Velesto's broader sustainability strategy, aiming to develop a comprehensive Net Zero 2050 Roadmap and establish decarbonisation pathways.
	Vendor Engagement Day 2024	An annual event to strengthen relationships and collaboration between Velesto and its vendors. The event serves as a platform to enhance understanding of processes, promote good governance, foster collaboration, and support shared sustainability goals across the value chain.
August	Internal Data Assurance (follow-up audit)	Ongoing improvement activities to ensure the implementation of action items to address identified gaps on sustainability practices.
	Roll-out company-wide Sustainability Capacity Building Modules	Designed to enhance professional growth and align organisation-wide efforts with sustainability goals, this training pathway equips employees with the skills and knowledge needed to contribute meaningfully to Velesto's sustainability initiatives and broader strategic objectives.
	Stakeholder Rig Visit - SEDC	This engagement was part of Velesto's broader strategy to enhance transparency, build trust, and strengthen partnerships with key stakeholders. During the visit, SEDC leaders had the opportunity to gain insights on our operational processes, engage with management, and get a first-hand experience our working environment.
September	Participation in Oil & Gas Asia ("OGA") 2024	This exhibition served as a platform to showcase Velesto's commitment to sustainability and innovation within the energy sector. Through immersive 360-degree VR exhibits and 3D coral models, the event aimed to raise awareness and inspire collective action among stakeholders to preserve and protect our natural environment.
December	MS ISO 37001:2016 Anti-Bribery Management System ("ABMS") Certification	Velesto officially achieved the MS ISO 37001:2016 Anti-Bribery Management System ("ABMS") certification, highlighting our commitment to integrity, ethical conduct, compliance and a corruption-free workplace.
	ESG Data Governance & Assurance Workshop	This event focused on improving the governance of sustainability data. It covered the Sustainability Data Collection Process Flow, outlining the steps for gathering accurate and consistent data across the organisation. Additionally, the Sustainability Data Assurance segment, presented by the Internal Audit team, emphasised the importance of data accuracy and reliability to support informed decision-making and robust tracking of sustainability performance.



Our Approach to Sustainability

OUR STRATEGY FOR SUSTAINABLE VALUE CREATION

Sustainability lies at the core of our business strategy, with ESG principles firmly embedded as a driving force behind long-term value creation for our stakeholders. By aligning our business objectives with our commitment to positive social and environmental impact, we ensure sustainability is deeply rooted into our culture, governance, and strategic decision-making, driving progressive and proactive integration of sustainable practices across our operations, systems, and processes.

SUSTAINABILITY ASPIRATION

Delivering sustainable value through low carbon operations, environmental and social responsibility, robust governance and financial prudence.

FOCUS AREAS

Environment	Social	Governance
Contribute towards environmental stewardship and low carbon operation.	Building ecosystem that enables our people and community to thrive.	Upholding ethics, integrity and transparency in our work.
Strategies		
ENERGY & EMISSIONS	HEALTH & SAFETY	ECONOMIC PERFORMANCE
<ul style="list-style-type: none"> > Reducing Scope 1 & 2 emissions by 2030 and achieve Net Zero by 2050 > Implement emissions reduction technology and initiatives > Improve operational efficiency 	<ul style="list-style-type: none"> > Provide a safe and healthy working environment for our people > Uphold the highest levels of HSE culture and leadership within our operation 	<ul style="list-style-type: none"> > Implement the strategies of Wawasan 2030 > Ensure financial prudence and uphold responsible management of shareholders resources > Inculcate a 'Performance Driven, Operation Focused' ethos
CLIMATE RISK	EMPLOYMENT PRACTICES	GOVERNANCE & ETHICS
<ul style="list-style-type: none"> > Establish climate governance and risk assessment > Transition to low carbon operation > Enhanced data monitoring and reporting 	<ul style="list-style-type: none"> > Corporate culture development plan > Optimum workforce and efficiency > Continuous talent development > Competitive remuneration and benefits 	<ul style="list-style-type: none"> > Ensure sustainable governance > Drive culture of transparency & integrity beyond compliance
ENVIRONMENTAL IMPACT	HUMAN RIGHTS	SUPPLY CHAIN
<ul style="list-style-type: none"> > Advocate for environmental protection through policies > Ensure compliance to environmental regulations > Adopt operational controls & new technologies aimed at avoiding, minimising, and mitigating negative impacts > Minimise use of resources and reduce wastes 	<ul style="list-style-type: none"> > Zero tolerance for human rights violations > Employee health and wellbeing initiatives 	<ul style="list-style-type: none"> > Responsible and fair sourcing practices > Collaborate and promote ESG capabilities amongst vendors
NATURE & BIODIVERSITY	DIVERSITY, EQUITY & INCLUSION	DATA PRIVACY & SECURITY
<ul style="list-style-type: none"> > Contribute to knowledge development through research collaboration > Raise awareness on coral conservation and undertake coral rehabilitation 	<ul style="list-style-type: none"> > Promote an engaging and inclusive workplace > Ensure our ability to attract and retain diverse talents 	<ul style="list-style-type: none"> > Enhance cybersecurity management through continuous risk assessment and technological improvement
	COMMUNITY IMPACT	
	<ul style="list-style-type: none"> > Contribute to community development through STEM education programmes 	

In Alignment To



Our Approach to Sustainability

SUSTAINABILITY JOURNEY

TIMELINE

	PROGRESS	ACHIEVEMENTS
2017	<ul style="list-style-type: none"> > Established sustainability governance > Strengthened sustainability disclosures 	<ul style="list-style-type: none"> > Disclosed first Sustainability Report > Inclusion as Bursa Malaysia's FTSE4Good Index constituent
2018		
2019		
2020	<ul style="list-style-type: none"> > Adopted of Integrated Reporting > Initiated climate risk assessment > Joined United Nations Global Compact (UNGC) 	<ul style="list-style-type: none"> > Rated 4 star in FTSE4Good Index > Winner of the MSWG-ASEAN Corporate Governance Award 2021
2021		
2022	<ul style="list-style-type: none"> > Established ESG alignment as a strategic pillar for company business strategy > Committed to the target of reducing emission by 2030 > Aligned sustainability disclosures with Bursa Malaysia Sustainability Reporting guidelines and TCFD > Refined sustainability framework 	<ul style="list-style-type: none"> > MSOSH Gold Class 1 Award 2022 & 2023 > Rated 4 star in FTSE4Good Index > Best CSR of the Year Award 2023 by Asian Business Review
2023		
2024	<ul style="list-style-type: none"> > Committed to achieve Net Zero Emission by 2050 > Strengthened governance and implemented ISO 37001 Anti Bribery Management System 	<ul style="list-style-type: none"> > Improved FTSE4Good score to 4.0 (from 3.8) > Sustainability Rated - ESG Risk Rating 18.5 (Low Risk) > Achieved Special Recognition for Sustainability Leadership and the Most Outstanding Project Award at the Malaysia GPM Sustainability Awards 2024



Our Approach to Sustainability

SUSTAINABILITY GOVERNANCE

Our Board of Directors provides strategic leadership in driving sustainability across the Group, taking ultimate responsibility for all ESG matters and shaping the Company's sustainability strategies and priorities. At the operational level, our Senior Management team leads the execution of these initiatives, ensuring alignment with the Group's objectives and overseeing the achievement of ESG goals and targets.



Robust Sustainability Leadership

In shaping sustainability strategies and priorities, the Board maintains rigorous oversight of all Velesto's material matters across the Environmental, Social, and Governance ("ESG") spectrum (see Material Matters on page 63).

With ESG performance integrated into the Group's strategic business roadmap, Senior Management and employees are aligned with our priorities and understand their role in driving long-term value creation.

To uphold effective governance, the Board is supported by dedicated committees, including the Board Governance & Risk Committee ("BGRC"), the Sustainability Management Committee ("SMC"), and the Sustainability Working Group ("SWG"). These committees comprise specialised subgroups that oversee various ESG matters, with the SMC also responsible for economic strategies and performance. Velesto's President chairs the SMC, providing direct guidance to Senior Management in driving the Group's sustainability strategy.

This structured governance framework ensures that the Board and Senior Management stay well-informed on both existing and emerging ESG issues while enabling seamless communication across the organisation. Through this approach, our leadership is empowered to set clear objectives, gather insights, and refine strategies in alignment with our evolving capacity, capabilities, and sustainability aspirations.

To remain at the forefront of the dynamic sustainability landscape, the Board and Senior Management actively engage in relevant training programmes, including those conducted by market regulators and professional associations.

Our Approach to Sustainability

SUSTAINABILITY GOVERNANCE STRUCTURE

COMPOSITION	FUNCTIONS	FREQUENCY
Board of Directors		
<ul style="list-style-type: none"> > Non-Independent Non-Executive Directors > Independent Non-Executive Directors > Executive Director 	<ul style="list-style-type: none"> > Exercises oversight on all material ESG topics > Guides the company's sustainability agenda > Holds ultimate accountability for integrating ESG considerations into corporate strategies, governance and decision-making 	As and when
Board Governance & Risk Committee ("BGRC")		
<ul style="list-style-type: none"> > BGRC members 	<ul style="list-style-type: none"> > Collaborates closely with the Sustainability Management Committee to formulate an integrated approach for efficient risk management, encompassing the identification, assessment and management of material ESG matters, including ESG and climate-related risks and opportunities > Ensures the progressive inclusion of potential impacts of ESG matters within the Group's risk matrix and risk register > Presents half-yearly reports to the Board 	Quarterly Meeting
Sustainability Management Committee ("SMC")		
<ul style="list-style-type: none"> > Chaired by the Group's President and Vice President (Corporate Services) as Co-chair/ Secretary > The Group's Senior Management Team 	<ul style="list-style-type: none"> > Ensures alignment of sustainability strategies with the Group's vision and mission > Reviews and recommends the Sustainability Statement to the Board > Evaluates and recommends sustainability strategies, policies and other related matters, including management systems, performance monitoring, policies, commitments and regulations > Actively monitors stakeholders' expectations on Velesto's ESG activities through effective communication strategies 	As and when
Sustainability Working Group ("SWG")		
<ul style="list-style-type: none"> > Chaired by the Vice President (Corporate Services) and Head of Sustainability as Co-chair/ Secretary > Representatives from corporate and operations who are custodian of relevant ESG matters 	<ul style="list-style-type: none"> > Support the effective implementation of sustainability strategies and projects > Tracks data to ensure all outlined activities achieve defined targets 	As and when
<div> <div> <div>Environment</div> <ul style="list-style-type: none"> > Operations (Drilling) > Operations (Integrated Services) > QHSE </div> <div> <div>Social</div> <ul style="list-style-type: none"> > QHSE > Human Resources > Corporate Communications </div> <div> <div>Governance</div> <ul style="list-style-type: none"> > Finance > Commercial > Legal & Secretarial > IGUC > Shared Services </div> </div>		

For more details on the Board's roles and responsibilities, composition, independence and performance, please refer to Velesto's FY2024 Corporate Governance Report. Velesto's adherence to Practices 4.1 to 4.5 of the MCCG 2021 on Sustainability Leadership is also detailed therein.



Our Approach to Sustainability

Comprehensive Governing Policies

Velesto's sustainability governance is guided by a comprehensive framework of policies, codes, charters, and Terms of Reference ("TOR").

These documents establish the principles and procedures that govern various aspects of the Group's operations to ensure responsible conduct at all levels, from the Board of Directors and management to employees and stakeholders.

Our governance documents are made available on the Governance portal of the Group's corporate website at www.velesto.com. These documents, including the Code of Business Conduct and Ethics ("CoBE"), undergo regular reviews and updates to maintain their relevance and effectiveness in addressing evolving regulatory and industry requirements.

To uphold compliance and accountability, the Integrity Governance Unit and Compliance oversees adherence to these policies across the Group, proactively identifying and investigating any potential breaches.

Governance Codes and Policies	Charters and Terms of Reference
> Code of Business Conduct and Ethics	> Board Charter
> Health, Safety and Environment Policy	> Constitution
> Anti-Bribery and Corruption Policy	> TOR BNRC
> Human Rights and Labour Standards Policy	> TOR BGRC
> Whistle Blowing Policy	> TOR BWBC
> Fit and Proper Policy	> TOR BAC
> Remuneration Policy and Procedures for Non-Executive Directors	
> Quality Policy	
> Marine Operations Policy	
> No Smoking Policy	
> Stop Work Policy	
> Substance Misuse Policy	
> Personal Data Protection Policy	
> Gender Equality Policy	
> Supply Chain Management Policy	
> Sexual Harassment Policy	
> Enterprise Risk Management	

Integrating ESG Considerations into Risk Management

Discussions at the Board level have increasingly focused on ESG matters¹, reflecting a deepening recognition of their critical role in driving the Group's value creation objectives.

This has enabled the progressive integration of ESG considerations into our business processes, strengthening our ability to assess and manage the likelihood and impact of sustainability-related risks.

This proactive approach enables us to identify both immediate and long-term opportunities as part of our risk mitigation efforts. Sustainability and ESG factors have also been given greater prominence in shaping the Board and Senior Management's strategic direction, with ESG forming a standing agenda item at BGRC, formerly as Board Risk Management Committee ("BRMC") meetings since 2023.

The Group's Enterprise Risk Management^{2,3} policy provides a structured framework for systematically identifying risks relevant to our operations. Our annual materiality assessments further enhance this process by incorporating insights from external risk management frameworks and corporate reporting standards, ensuring a comprehensive evaluation of ESG risks across our industry and operational landscape. These frameworks include:

- > ISO 31000 Risk Management Standard
- > Integrated Reporting Principles-Based Framework
- > Global Reporting Initiative ("GRI") Standards 2021
- > FTSE Russell's ESG Data Model
- > Task Force on Climate-related Financial Disclosures ("TCFD")

Our Approach to Sustainability

Once ESG risks are identified, designated risk owners assess their severity and likelihood, seeking oversight from the Board Governance & Risk Committee ("BGRC") to implement mitigation measures and controls. The BGRC provides guidance on the Group's risk appetite and parameters, escalating issues to the Board when an ESG risk approaches the Group's defined tolerance level. Beyond risk assessment, the Group mitigates identified risks through its Business Continuity Management ("BCM") Framework⁴ to ensure operational resilience, safeguard stakeholder interests, and protect brand reputation. Additionally, we have implemented an internal Crisis Management Plan⁵ to effectively manage crises arising from business activities in a manner that minimises potential disruptions.

Looking ahead, we aim to expand the scope of our risk management framework to encompass a broader range of ESG risks while strengthening our cognisance of the potential financial and operational impacts arising from our material sustainability matters.

1. Refer to Our Material Matters section on page 63 for ESG risks and opportunities considerations.
2. Further details on Velesto's climate-related risk management can be found in the TCFD alignment section on page 109.
3. For a comprehensive overview of the Group's risk management practices, refer to the SORMIC section on page 171.
4. More details on the Business Continuity Management ("BCM") Framework are available in the SORMIC section on page 179.
5. For insights into the Group's Crisis Management approach, refer to the SORMIC section on page 180.

Operational Site Certification and Accreditation

Our commitment to attaining and maintaining globally recognised certifications plays a key role in strengthening our sustainability governance, ensuring we adopt best practices in health, safety, environmental and quality management across our operational sites.

All Jack-up ("JU") rigs and Hydraulic Workover Units ("HWUs"), along with our Kuala Lumpur Headquarters and operating bases in Kemaman and Labuan, adhere to international management system standards. Our Quality team monitors and reviews audit assessments to drive ongoing compliance with these certifications.

In keeping with regulatory advancements, Velesto has transitioned from OHSAS 18001:2007 to ISO 45001:2018 for Occupational Health and Safety Management. Additionally, we have enhanced our quality management system for the oil and gas sector, upgrading from ISO/TS 29001:2010 to ISO 29001:2020, with certification for the latter officially granted on 14 March 2022.

Certifications/ Accreditations	Assets/ Locations	Scope
ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 29001:2020	Velesto Energy Bhd: Kuala Lumpur Headquarters	Provision of Offshore Drilling and Hydraulic Workover Services for the Oil & Gas Industry
	Velesto Drilling: Labuan Warehouse (NAGA 4, NAGA 6 and NAGA 8)	Provision of Offshore Drilling Services for the Oil & Gas Industry
	Velesto Workover: Kemaman Warehouse	Provision of Hydraulic Workover Services for the Oil & Gas Industry

For more details, visit www.velesto.com/quality to access the certificates for these accreditations.





Our Stakeholder Universe

We prioritise frequent and meaningful engagement with our key stakeholder groups, acknowledging their role in shaping and being impacted by the Group's operations, financial performance, and reputation.

By fostering open, two-way communication, we gain valuable insights that allow us to refine our strategies and business plans in alignment with stakeholders' evolving expectations and concerns. Through a variety of engagement channels, we actively monitor, assess, and respond to stakeholder interests, ensuring our sustainability agenda remains inclusive and relevant.

Overview of our Stakeholder Engagement in 2024

8 Stakeholder Groups

30+ Engagement Sessions



Meeting/discussion

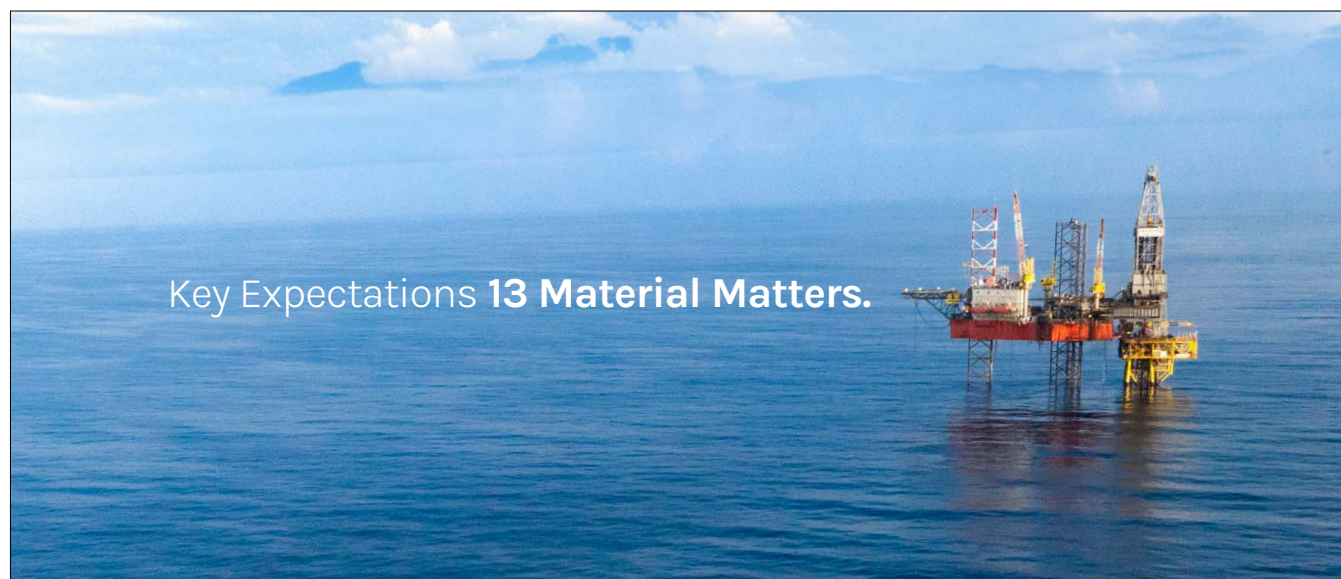


Workshop/roundtable



Industry events

Key Expectations **13 Material Matters.**



Our Stakeholder Universe

STAKEHOLDER ENGAGEMENT

		Regulators	Investors
Who are they		Public organisations or agencies responsible for regulating our business activities.	Individuals, companies, or institutions holding shares in Veledo.
Stakeholder Importance & Value Creation		<p>Ongoing engagement with regulators ensures we stay updated on compliance requirements and evolving regulations.</p> <p>We create value through:</p> <ul style="list-style-type: none"> > Ensuring consistent regulatory compliance > Meeting corporate tax obligations > Supporting sustainable economic development 	<p>Transparent communication with investors is key to ensuring responsible management of capital to support business growth.</p> <p>We create value through:</p> <ul style="list-style-type: none"> > Strong financial performance and growth > Sustainable shareholder returns
Matter of Concern		<ul style="list-style-type: none"> > Compliance with regulatory requirements > Feedback on policy impacts > Collaboration on government initiatives > ESG performance and management 	<ul style="list-style-type: none"> > Financial and operational performance updates > Updates on the Group's business and growth prospects > Transparent investment health assessments > Market and regulatory developments > ESG management and performance
Our Response		<ul style="list-style-type: none"> > Strengthened mutual understanding of compliance obligations and clarification on regulatory expectations > Participation in regulatory initiatives and programmes > Enhanced our potential for seeking appeals or concessions when required > Integrated ESG into business strategy to uphold sustainable governance standards 	<ul style="list-style-type: none"> > Updates on the Group's business and growth prospects > Transparent investment health assessments > Market and regulatory developments > ESG management and performance
Mode of Engagement		<ul style="list-style-type: none"> > Annual/ periodical compliance reviews as per relevant laws and regulations, including during report submission > Formal and informal meetings, including dialogues, events or training programmes > Written and email communications including through website and social media 	<ul style="list-style-type: none"> > Annual General Meeting > Integrated Annual Report > Scheduled and ad hoc investor and analyst briefings > Announcements of corporate developments to Bursa Malaysia > Quarterly financial result announcements to Bursa Malaysia > One-on-one investor meetings > Updating the Investor Relations page on our corporate website > Press releases
Frequency	Ongoing	●	
	As Needed	●	●
	Quarterly		●
	Annually		●



Our Stakeholder Universe

STAKEHOLDER ENGAGEMENT

Client & Industry Players		Financial Institutions	Vendors
Who Are They	Energy sector companies, including strategic alliances, service clients, and industry peers.	Banks and lenders providing capital and advisory services.	Companies or organisations supplying goods and services supporting our business operations.
Stakeholder Importance & Value Creation	<p>Collaboration within the industry enhances competencies, innovation and service delivery, contributing to greater sustainability and potential for business growth.</p> <p>We create value through:</p> <ul style="list-style-type: none">> Professional and high-quality service delivery> Knowledge-sharing and industry collaboration	<p>Financial institutions serve as a vital source of capital, enabling the Group to fund projects and meet operational needs while maintaining a strong focus on delivering excellence for our clients.</p> <p>We create value through:</p> <ul style="list-style-type: none">> Strong financial performance and growth> Disciplined loan repayments	<p>Maintaining strong relationships with vendors and establishing well-structured supplier networks help mitigate operational disruptions while enabling the Group to access high-quality services and products.</p> <p>We create value through:</p> <ul style="list-style-type: none">> Collaboration to drive innovation and value creation> Advocacy and capability-building in ESG practices
Matter of Concern	<ul style="list-style-type: none">> Operational and safety performance> ESG and sustainability considerations> Contractual obligations> Driving advancement through industry collaboration	<ul style="list-style-type: none">> Liquidity and investment management> Financial risk management> Compliance with regulatory and debt obligations> ESG progress and performance	<ul style="list-style-type: none">> Maintain open and transparent two-way communication with vendors> Establish rigorous vendor assessment and selection criteria to ensure alignment with product, service, and capability requirements> Ensure the Group's financial and operational stability
Our Response	<ul style="list-style-type: none">> Efficient project planning> Periodic engagements and discussions> Participate in industry forum, conference and exhibition> Innovative collaboration with clients and peers	<ul style="list-style-type: none">> Prudent financial management> Integration of financial risk management into business strategy> Maintain optimal repayment track record> Alignment of business strategies with ESG imperatives of financial institutions	<ul style="list-style-type: none">> Conducted vendor engagement sessions to advocate ESG expectations, efficient procurement processes, HSE compliance, and good governance, including integrity and whistleblowing practices> Implement supplier audit and assurance programmes> Encourage greater participation of local vendors
Mode of Engagement	<ul style="list-style-type: none">> Management meetings> Customer feedback exercises> Site visits> Scheduled reports and project progress meetings> Workshops and dialogues> Email queries> Trade shows, conferences, and exhibitions	<ul style="list-style-type: none">> Annual General Meeting> Integrated Annual Report> Scheduled and ad hoc investor and analyst briefings> Announcements of corporate developments to Bursa Malaysia> Quarterly financial result announcements to Bursa Malaysia> One-on-one meetings> Site visits	<ul style="list-style-type: none">> Management meetings> Communication through website, social media and emails> Dialogues and workshops> Trade shows, conference and exhibitions> Site visits and audits
Frequency	Ongoing	●	●
	As Needed	●	●
	Quarterly	●	
	Annually	●	

Our Stakeholder Universe

Employees	Communities
Permanent and contractual personnel working under Velessto's payroll.	The individuals and organisations within the local communities where we operate.
<p>A skilled, engaged, and high-performing workforce is key to upholding operational excellence and maintaining our competitiveness.</p> <p>We create value through:</p> <ul style="list-style-type: none"> > Competitive remuneration and benefits > Inclusive employment practices > Continuous development opportunities > A safe and healthy work environment 	<p>Local communities, including NGOs, academic institutions, and other public associations, are key partners in understanding the mutual impact between our business operations and their daily lives.</p> <p>We create value through:</p> <ul style="list-style-type: none"> > Operational excellence with high ESG standards > Socioeconomic contributions and community programmes
<ul style="list-style-type: none"> > The Group's financial performance > Employee benefits and career progression > Internal efficiency and process improvement > Emission management and environmental impact 	<ul style="list-style-type: none"> > Community and environmental well-being and protection > Delivery of a positive social impact on community development > Corporate social responsibility (CSR) initiatives and community engagement
<ul style="list-style-type: none"> > Enhanced access to information and feedback channels, including regular management visits and Q&A sessions with Senior Management > Ensuring continuous employee engagement and role fulfilment through diverse communication platforms, programmes, and initiatives > Execute a corporate culture development plan > Expand access to training and development programmes > Conduct periodic reviews of remuneration packages and structure > Implementing digitalisation to streamline manual work processes 	<ul style="list-style-type: none"> > Commit to deliver long-term STEM education and environmental programmes > Identify and collaborate with local stakeholders on community programmes > Enhance community awareness of Velessto's contributions and commitments to the community
<ul style="list-style-type: none"> > Communication via intranet platforms, emails, and social media > Townhall sessions > Focus group discussions > Continuous performance and feedback sessions > Employee surveys > Community events (e.g. employees' gatherings, sports club's and learning over lunch sessions with Senior Management, amongst others) > Site visits > Talent management activities > Roadshows and workshops > Internal and external training 	<ul style="list-style-type: none"> > Community outreach programmes > Meetings and discussions with local representatives and outreach partners > Public discussions on community investment initiatives
●	
●	●
●	
●	












Our Stakeholder Universe

Membership and Associations

We actively engage with industry associations and professional bodies relevant to our operations, utilising our memberships to stay informed on industry developments, exchange insights, and collaborate on addressing collective challenges.

By participating in these forums, we also contribute to shaping best practices and advancing sustainability initiatives within the sector.

Associations and Initiatives		Our Participation and Contribution
	The Malaysian Oil & Gas Services Council ("MOGSC")	We actively engage in this non-profit industry association, which is committed to advancing the interests of Malaysian oilfield service providers nationwide.
	Malaysian Gas Association ("MGA")	Through regular participation in MGA activities, we support initiatives that promote a dynamic and sustainable gas sector, contributing to Malaysia's socioeconomic progress.
	Energy Industry Council ("EIC")	As a member of EIC, a non-profit organisation with over 800 member companies in the energy sector, we gain access to valuable insights on energy projects, market intelligence, and industry best practices, helping drive a more sustainable energy future.
	International Association of Drilling Contractors ("IADC")	We collaborate with IADC, a globally recognised trade association known for its accreditation programmes, industry advocacy, and knowledge-sharing initiatives, to support the advancement of the drilling industry. Alongside other IADC members, we strive to enhance safety, efficiency, and environmental responsibility, ensuring a more sustainable industry landscape.
	United Nations Global Compact ("UNGC")	On 2 June 2021, we became a signatory of the UNGC, committing to its 10 Principles, which encompass human rights, labour rights, environmental sustainability, and anti-corruption measures across our operations.
	30% Club	We proudly participate in the Malaysian Chapter of the 30% Club, a special interest group dedicated to increasing the representation of women in boardrooms and senior leadership roles within public-listed companies
	Malaysia Petroleum Resources Corporation ("MPRC")	We engage with MPRC, an agency under the Ministry of Economy, to support efforts in driving the Oil and Gas Services and Equipment ("OGSE") sector towards cleaner and more sustainable energy solutions.
	Universiti Teknologi PETRONAS ("UTP")	<p>We take pride in our collaboration with UTP to support the academic growth of MSc Drilling Engineering students. Through this partnership, students benefit from hands-on learning experiences, industry training at Velesto-INSTEP Drilling Academy ("VIDA"), and guest lectures delivered by our subject matter experts.</p> <p>Part of the Industry Advisory Panel at Universiti Teknologi PETRONAS ("UTP"). Shared mission to empower students with the knowledge and skills that the industry needs to drive positive change.</p>
	Malaysia Petroleum Management ("MPM")	We played a role in the task force developing the Blueprint for Decarbonisation of Wells & Rig Operations.

Our Material Matters

Materiality assessments are an integral part of our sustainability and risk management strategy, allowing us to identify and prioritise ESG topics that have a significant impact on value creation, stakeholders, and the environment.

By evaluating these material matters, we enhance our decision-making capabilities to proactively address stakeholder priorities, concerns, and expectations. Simultaneously, these assessments enable us to identify and respond to emerging ESG risks and challenges within our operational landscape while uncovering opportunities to strengthen and expand our business. This ensures that we focus our attention and resources on the most critical issues, reinforcing the long-term sustainability of our Group.

Materiality Assessment Process

Following a comprehensive materiality assessment exercise conducted in 2023, we undertook an internal review in 2024 and confirmed that all identified material matters remain relevant.

For the purpose of the current disclosure, we employ a structured four-step materiality determination process to systematically identify, categorise, and prioritise material matters

1 Identification of Topics

We analyse and benchmark material matters based on key industry trends, regulatory requirements, peer practices, and other relevant sources. These topics are categorised under Environmental, Social, and Governance ("ESG") domains to establish a structured framework.

2 Stakeholder Engagement

We reviewed engagement records of various stakeholder groups in internal and external sessions to gather their feedback and gain insights into their expectations.

3 Prioritisation of Topics

Key material matters are prioritised by identifying frequently highlighted issues, assessing their significance to stakeholders and their impact on our business, and mapping both aspects onto the materiality matrix.

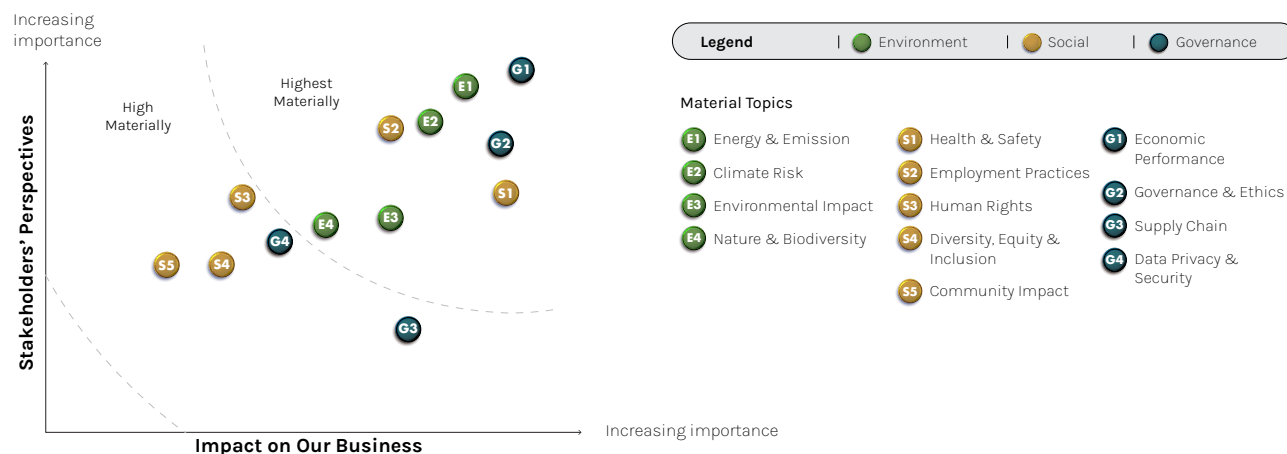
4 Validation of Findings

The final materiality matrix is reviewed and approved by the Board and Senior Management.

Moving forwards, Velesto aspires to strengthen its sustainability management by transitioning double materiality with full assessment to be undertaken in FY 2025, in line with global best practices and emerging frameworks.










Velesto's Materiality Matrix

This materiality matrix represents the results of our latest materiality assessment, highlighting the significance of various material topics to both our business and stakeholders. These topics are reviewed annually and presented to the Board Governance and Risk Committee for endorsement and recommendation before final Board approval. They serve as the foundation for our disclosures within this Sustainability Statement.
















Our Material Matters





DEFINITION OF MATERIALS	WHY IT IS IMPORTANT	RISKS	OPPORTUNITIES
Environment			
Energy & Emission Management   			
Ensuring efficient operations while minimising GHG emissions.	As we continue to play a role in supporting industry energy security, we must responsibly seek to reduce GHG emissions and enhance energy efficiency to facilitate a transition to low-carbon operations.	<ul style="list-style-type: none"> > Shift in clients' commercial models requiring robust emission management. > Increased costs due to exposure to carbon pricing mechanisms. 	<ul style="list-style-type: none"> > Strengthen business competitiveness by positioning emission management as a value proposition. > Enhance cost savings through efficient energy resource management. > Adoption of advanced low-emission technologies to improve business prospects.
Climate Risk 			
Integrating climate considerations into business strategies and risk management while aligning with national and stakeholder climate goals.	Climate change presents existential threats to businesses, including Velesto, through physical risks and transition risks that may impact operations, reputation, and business opportunities.	<ul style="list-style-type: none"> > Operational disruptions, increased repair costs, downtime, and potential revenue loss from extreme weather events. > Increased costs due to exposure to carbon tax. > Limited access to funding prioritising robust climate governance. 	<ul style="list-style-type: none"> > Enter new markets in line with shifting client sustainability preferences. > Diversification of revenue, including unlocking 'green' revenue streams. > Improved operational planning supported by resilience-driven strategies.
Environmental Impacts   			
Advocating environmentally friendly practices, including responsibly managing water, effluents, waste, and pollution control.	The Group operates in offshore environments that require high standards of pollution control, mitigation, and regulatory compliance to minimise environmental impacts.	<ul style="list-style-type: none"> > Legal ramifications and fines due to regulatory violations. > Reputational damage from poor environmental impact management. > Increased compliance costs due to inefficient waste and resource management. 	<ul style="list-style-type: none"> > Enhanced circularity and waste reduction that leads to cost savings. > Strengthened reputation amongst stakeholders. > Strong track record of regulatory compliance.
Nature & Biodiversity  			
Placing emphasis on responsible operations that mitigates damage and creates a positive impact on marine ecosystems.	Through efforts that extend beyond pollution mitigation, we can support the preservation of natural ecosystems and promote greater environmental awareness.	<ul style="list-style-type: none"> > Biodiversity loss due to operational mismanagement can result in reputational damage and financial loss. > Higher risk of litigation and negative coverage from NGOs. 	<ul style="list-style-type: none"> > Improved sustainability risk management by embedding nature-focused considerations. > Development of knowledge related to biodiversity conservation. > Enhanced collaboration and environmental stewardship among employees and the public.

Our Material Matters

DEFINITION OF MATERIALS	WHY IT IS IMPORTANT	RISKS	OPPORTUNITIES
Social			
Health & Safety 			
Providing safe working conditions and systems to safeguard human health and well-being.	Employees operate in challenging and fast-paced environments that require prioritisation of their health and safety to maintain operational reliability and efficiency.	<ul style="list-style-type: none"> > Increased exposure to legal ramifications due to negligence. > Reputational damage from poor safety performance, leading to potential loss of client trust. > Operational disruptions caused by frequent safety incidents. 	<ul style="list-style-type: none"> > A strong safety culture fosters high-performance work environments. > Preserving seamless operational delivery. > Enhanced brand reputation driven by health and safety excellence.
Employment Practices  			
Upholding responsible employment practices, fair opportunities, and talent development.	Employees are integral to the execution of business strategies and operational success, making conducive employment practices essential for human capital development.	<ul style="list-style-type: none"> > Shortage of skilled employees leading to reduced competitiveness. > Decreased productivity due to unmotivated employees. > High attrition rates may disrupt business continuity and succession planning. > Being perceived as an unattractive employer. 	<ul style="list-style-type: none"> > Improved ability to attract top talent. > Enhanced operational effectiveness with a skilled and motivated workforce.
Human Rights   			
Ensuring compliance with international and local human rights laws while promoting fair treatment across the value chain.	By collaborating with supply chain partners, we can safeguard workers' rights and enforce zero tolerance for discrimination, harassment, and forced labour.	<ul style="list-style-type: none"> > Reputational damage from human rights violations. > Financial losses due to litigation. > Loss of trust from stakeholders and clients, leading to business risks. 	<ul style="list-style-type: none"> > Strengthened stakeholder trust and relationships through the promotion of human rights across the value chain.
Diversity & Inclusion   			
Promoting equitable opportunities regardless of gender, age, background, beliefs, or abilities.	A diverse workforce fosters innovation, growth, and stronger business outcomes through inclusive leadership and communication.	<ul style="list-style-type: none"> > Limited organisational growth due to a lack of diverse perspectives driving innovation. 	<ul style="list-style-type: none"> > Expanded talent pool that supports growth of high-potential individuals from underrepresented groups. > Increased access to diverse perspectives that fuel innovation.
Community Impact  			
Engaging with communities through education and human capital development initiatives that support nation building agendas.	As a responsible corporate citizen, the Group is committed to contributing to social progress by supporting technical education and skills development for future talents.	<ul style="list-style-type: none"> > Reputational damage and being perceived as an irresponsible corporate entity. > Loss of trust from policymakers and key stakeholders due to lack of community support. 	<ul style="list-style-type: none"> > CSR initiatives can foster stronger community ties and contribute to a future talent pipeline. > Enhanced brand visibility and business competitiveness.



Our Material Matters

DEFINITION OF MATERIALS	WHY IT IS IMPORTANT	RISKS	OPPORTUNITIES
Governance			
Economic Performance 			
Consistently achieving strong financial performance and delivering value to stakeholders by upholding our 'Performance-Driven, Operations-Focused' ethos.	Strong and sustainable cash flows are essential to funding operations and achieving short, medium, and long-term growth objectives.	<ul style="list-style-type: none">> Loss of investment opportunities due to poor financial returns.> Reduced business opportunities from unsustainable cash flow.> High debts and interest rates.> Limited financial benefits for employees, shareholders, and stakeholders.	<ul style="list-style-type: none">> Effective cost management ensures flexible capital allocation for growth.> Strengthened shareholder value and investment attractiveness.
Governance & Ethics 			
Upholding integrity, fair practices, and regulatory compliance to drive sustainable business success.	As oil and gas remain integral to the energy mix, strong governance and ethical business practices are critical for resilience and competitiveness.	<ul style="list-style-type: none">> Reputational damage and financial losses due to regulatory violations and fines.> Loss of stakeholder trust and missed business opportunities.> Increased incidents of unethical behaviour and lack of transparency.> Risk of losing operational licenses.	<ul style="list-style-type: none">> Strong governance supports effective business execution.> Establishment of a high-performance culture based on ethics and integrity.> Strengthened Group branding as a responsible corporation.
Supply Chain 			
Responsible management of our supply chain and sourcing processes, alongside the promotion of sustainability.	Sustainable supply chain management and long-term vendor partnerships will remain vital in supporting business resilience amid geopolitical, economic and regulatory challenges.	<ul style="list-style-type: none">> Supply constraints and delays disrupting project delivery.> Loss of revenue due to operational disruptions.> High costs resultant from poor sourcing strategies.	<ul style="list-style-type: none">> Strengthened supplier relationships that drive long-term collaboration.> Improved cost efficiency through sourcing of competitive rates.> Enhanced supplier ESG capabilities that support their resilience to face challenges.> Improved governance of financial and non-financial impacts along the local value chain.
Data Privacy & Security 			
Protecting the Group's data and IT systems from cyber threats.	As the digitalisation of our business progresses, greater exposure to cyber threats requires more stringent and up-to-date security measures.	<ul style="list-style-type: none">> Cybersecurity breaches may lead to data leaks, operational disruptions, financial losses, and reputational damage.	<ul style="list-style-type: none">> Enhanced data management practices will build greater stakeholder trust.> Improved cybersecurity will enable the reliable adoption of digital tools to improve operational efficiency.

Our ESG Targets Scorecard

We have set ambitious targets and milestones across key ESG objectives, driving measurable progress and ensuring accountability in our sustainability efforts.

Using 2021 as our baseline, we have established both annual and long-term goals aligned with industry benchmarks and global sustainability frameworks. These targets were carefully developed through deliberations between BGRC and Senior Management to strike a balance between ambition and feasibility.

In 2024, we are proud to have achieved all targets across emissions, environmental, safety, and governance metrics. Building on this momentum, we will continue to seek opportunities to sustain and enhance our performance while considering additional ESG targets as we expand our sustainability commitments for the upcoming years.

Total of
ESG
Target



2024 PROGRESS

Below is our performance progress against the target of selected ESG objectives.

Objective	Metric	Baseline	2024 Performance	Target	Status
Emission Management					
Reducing carbon emission	Emission Scope 1 & 2 <ul style="list-style-type: none"> > Emission intensity reduction per operating day > Emission intensity reduction per revenue 	Base year: 2021 <ul style="list-style-type: none"> > 48 tCO2e/ops day > 141 tCO2e/revenue 	<ul style="list-style-type: none"> > 34% emission intensity reduction/ops day > 67% emission intensity reduction/revenue 	By 2030 <ul style="list-style-type: none"> > 10% emission intensity reduction/ops day > 30% emission intensity reduction/revenue 	ON TRACK
Environmental Impact					
Avoid and mitigate negative impact to the environment	Polution mitigation <ul style="list-style-type: none"> > Number of major spill 	Base year: 2021 <ul style="list-style-type: none"> > 1 major spill > (>800 litres) 	<ul style="list-style-type: none"> > Zero major spill 	Annual <ul style="list-style-type: none"> > Zero major spill 	ON TRACK
Health & Safety					
Safeguarding our employees	Number of Lost Time Injury <ul style="list-style-type: none"> > Rate for Total Recordable > Case Frequency 	Base year: 2021 <ul style="list-style-type: none"> > 1 > 1.09 	<ul style="list-style-type: none"> > Zero LTI > 1.00 TRCF 	Annual <ul style="list-style-type: none"> > Zero LTI > <1.00 	ON TRACK
Governance & Ethics					
Upholding highest integrity practices	Incidence record <ul style="list-style-type: none"> > Number of confirmed corruption⁽¹⁾⁽²⁾ case > Percentage of employee trained on Anti-Bribery & Corruption ("ABC") 	Base year: 2021 <ul style="list-style-type: none"> > 0 > 40% of employees received ABC training 	<ul style="list-style-type: none"> > Zero incident of corruption > 100% Senior Management, 98% Managerial, 95% Executive and 44% non-executive level have received ABC Training. 	Annual <ul style="list-style-type: none"> > Zero incident of corruption By 2030 <ul style="list-style-type: none"> > 100% employees received ABC training 	ON TRACK

2024 Performance

100%
ESG
target
achieved



Progress Tracking Legend: ON TRACK PARTIAL PROGRESS

(1) Velesto defines corruption cases as per the definition by the Malaysian Anti-Corruption Act 2009 (MACC Act 2009) (Act 964), including other major offences stated in the Act.

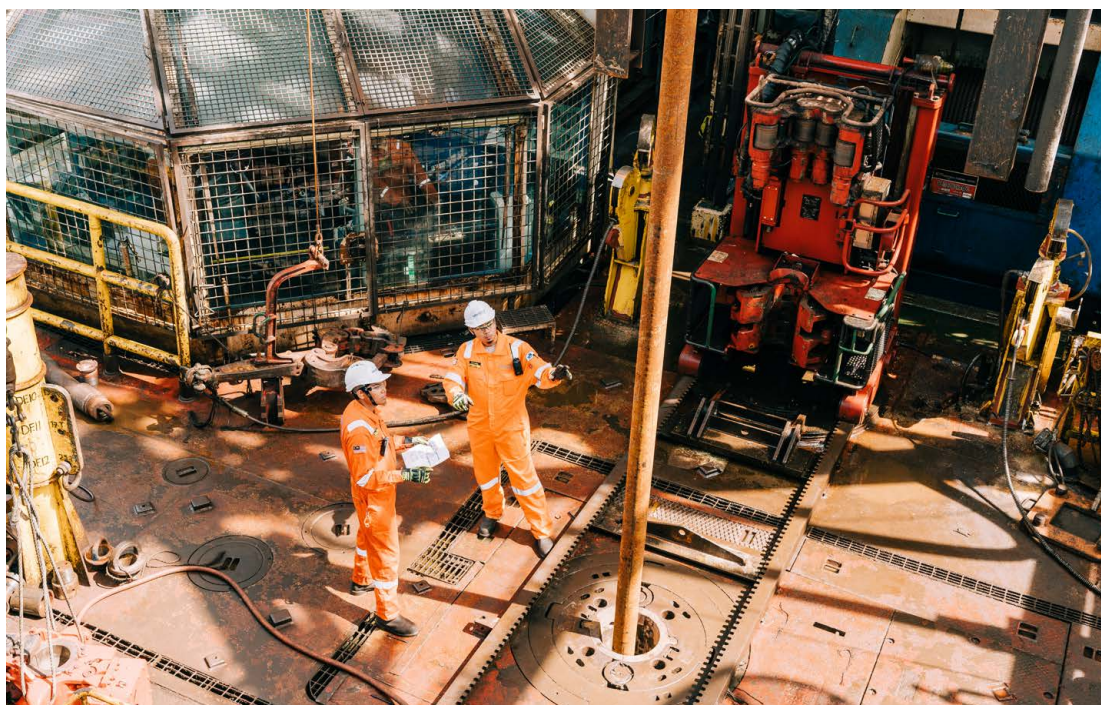
(2) Reportable corruption cases refer to confirmed cases investigated and reported to MACC







Our ESG Targets Scorecard

**Linking
Remuneration with
ESG Performance**

To reinforce the integration of ESG considerations into our business strategies, the Group has incorporated Key Performance Indicators (“KPIs”) linked to selected sustainability targets into the performance scorecards of designated personnel.



In 2024, the following KPIs criteria were implemented at both corporate and operational levels:

Domain			
 Financial	 Environment	 Social	 Governance
Key Performance Indicators			
> Revenue and EBITDA targets	> Emission intensity reduction per operating day > Zero Loss of Primary Containment (“LOPC”)	> Zero Lost Time Incidents (“LTI”)	> Score of customer satisfaction evaluation

Moving forward, efforts will focus on establishing baselines to introduce additional measurable ESG targets and KPIs, integrating them into the performance scorecards of relevant stakeholders across the Group. More details on our approach to remuneration can be found in Velesto’s Remuneration Policy and Procedures for Non-Executive Directors, available on the Group’s website.

Our Alignment To United Nation Sustainable Development Goals (“UNSDGs”)

Our initiatives remain aligned with the United Nation Sustainable Development Goals (“UNSDGs”), lending greater meaning to our collective efforts to drive positive change.

As a pivotal framework for advancing global sustainability objectives, the UNSDGs guide our efforts to create positive social, environmental, and economic impact. By integrating these goals into our strategies, we strengthen our mission, reinforce our commitments, and empower our employees to actively contribute to sustainable development.

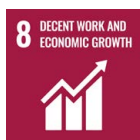
OUR CONTRIBUTION TO RELEVANT UNSDGs IN 2024



- Maintained a long-term commitment with Sarawak Economic Development Corporation (“SEDC”) to support STEM-focused educational programmes.
- Improved the employability of 56 youths (7% increase compared to last year) through the Velesto Trainee Scheme (“VTS”).
- Sponsored Yayasan Universiti Teknologi PETRONAS (“YUTP”) at the annual Tapestry of Colours Charity Dinner with a total contribution of RM957,420 (total spend for 2024, RM338,344). The donation will support the education of five students for a duration of four to five years.



- Empowered female workforce participation, with women representation standing at 33% on the Board, 36% in Senior Management, and 59% among Executive Employees.
- Actively participated in the Malaysian Chapter of the 30% Club, with Velesto’s President continuing to serve as a mentor providing guidance to future women leaders.



- Enforced labour codes and policies to uphold fair working conditions.
- Ensured equal pay for equal work, with wages exceeding minimum wage benchmarks.
- Maintained zero workplace fatalities and zero Lost Time Incidents (“LTI”) in 2024.
- Strengthened employee representation on HSE committees to improve working conditions.
- Integrated advanced technologies for enhanced HSE oversight.



- Achieved 34% reduction in emissions intensity per operating day and 67% reduction in revenue emissions intensity, compared to 2021 baselines.
- 50% of our rigs fitted with RPMS for efficient fuel consumption.
- Installed solar-powered lighting and a rainwater harvesting system at supply bases.
- Continued the progressive installation of LED lighting on rigs.



- Conducted marine ecosystem impact control in compliance with EIA and environmental regulations.
- Planted over 2001 corals in Phase III of our marine conservation and awareness efforts at Perhentian Island.



- Assessed 100% of operations for corruption-related risks and provided anti-corruption training to 407 employees.
- Officially awarded the ISO 37001:2016 Anti-Bribery Management System (“ABMS”) Certification by SIRIM QAS International, underscoring our commitment to integrity, ethical conduct, regulatory compliance, and maintaining a corruption-free workplace.



- Advanced local talent development through Velesto Drilling Academy (“VDA”) in partnership with Universiti Teknologi PETRONAS (“UTP”) and Institut Teknologi Petroleum PETRONAS (“INSTEP”).
- Expanded coral research and conservation programmes in collaboration with Alunan Coral Project and Anak Pulau.



Sustainable Value Creation

Respecting the Environment

As a responsible rig operator, we are committed to minimising our environmental footprint while **supporting the industry's transition towards a lower-carbon future**. Recognising the continued role of oil and gas in global energy security, we operate with accountability—integrating emissions reduction strategies, enhancing resource efficiency, and implementing best practices to safeguard natural ecosystems.

Through continuous innovation and technological advancements, including real-time emissions monitoring, automation, and alternative fuel exploration, we are actively improving the sustainability of our operations. By aligning our efforts with national and global decarbonisation goals, we strive to balance our growth ambitions with environmental responsibility, ensuring a sustainable and resilient energy future.



Topics in this Section

Climate Change including Energy & Emission Management



Managing Environmental Impact



Nature & Biodiversity



Climate Change, Energy & Emissions Management

Why it Matters

Climate change poses a critical challenge for the oil and gas sector, and we acknowledge our responsibility in ensuring energy security while addressing this issue.

We are aware of both the physical risks, such as weather events impacting our operations, and the transitional risks, including evolving regulations and stakeholder expectations that may affect our reputation and future business prospects. To tackle these challenges, we are committed to managing our greenhouse gas emissions and enhancing energy efficiency, thus moving towards a low-carbon operation.



Sustainable Value Creation

Management Approach



Management Description & Initiatives

Approach

Climate Governance



- > Our Board maintains strict oversight of all climate-related matters, ensuring compliance with global and national sustainability frameworks. We are also developing a sustainability policy to position climate change as a core governance priority.
- > In 2024, we formalised our pledge to achieve Net Zero by 2050, reinforcing our long-term commitment to climate change adaptation in support of national policies and targets. To drive near-term progress, we have set targets to reduce emissions compared to our 2021 baseline, namely a 10% reduction in emissions intensity per operating day and a 30% reduction in revenue emissions intensity by 2030. These targets are integrated into corporate scorecards, including our President and senior management, and the KPIs of operational teams.
- > Over the past year, we have progressed from addressing Task Force on Climate-related Financial Disclosures ("TCFD") recommendations to driving alignment with upcoming IFRS S1 and S2 standards, ensuring our alignment with regulatory developments and driving proactive assessment of our climate- and sustainability-related risks and opportunities.

Read more in on TCFD-aligned disclosure section on page 109 of this report.

Approach

Data Monitoring & Disclosure



- > Our primary energy consumption comes from diesel, which powers our rigs and heavy workover units ("HWUs"), and electricity, which supports our onshore operations, including our Kuala Lumpur headquarters and warehouses in Malaysia, as well as our oilfield services in Tianjin, China.
- > Accurate measurement of our energy use and disclosure of emissions are essential to driving our climate ambitions. Our current monitoring framework includes Scope 1, Scope 2, and limited Scope 3 emissions, guided by global sustainability standards such as GRI, Bursa Malaysia Sustainability Reporting Requirements, and F4GBM. We also adhere to the GHG Protocol Corporate Standard to ensure consistency with international best practices.
- > Moving forward, we will enhance our emissions inventory, particularly for Scope 1 and Scope 2, and expand Scope 3 disclosures as we propel progress towards our 2030 and 2050 emissions targets.

Approach

Technology & Process



- > To enhance energy efficiency and reduce emissions, we are progressively integrating advanced technologies and operational enhancements across our sites. These initiatives focus on optimising energy use while strengthening emissions monitoring and analysis to drive long-term improvements.
- > AssetCare - Piloted on NAGA 4, featuring an emission profiling module to better understand power consumption and equipment efficiency. Provides insights for targeted emission reduction strategies.
- > Digital Dashboard - Tracks emission trends and delivers monthly data-driven analytics to support continuous optimisation.
- > Rig Power Management System ("RPMS") - Implemented on NAGA 4, NAGA 5, and NAGA 8 to detect when rig equipment requires lower power. By autonomously adjusting engine output, RPMS optimises energy use, reduces engine running hours, and lowers emissions.
- > Variable Frequency Drive ("VFD") - Installed on all top drive drilling equipment to enhance power efficiency; a pilot is underway for application in air handling units at accommodation areas.
- > Efficient Lighting Systems - Gradually being implemented on rigs, with a focus on accommodation areas to improve energy efficiency.
- > Future Solutions - Ongoing investment in energy storage systems, cleaner fuel alternatives, and emerging decarbonisation technologies to further reduce the environmental impact of operations.

Approach

Stakeholder Engagement & Capability Building



- > Sustainability is embedded in our culture through continuous engagement and knowledge-sharing. We actively promote awareness on climate change, energy efficiency, and emissions reduction via town halls, focus groups, and industry platforms.
- > To drive transparency and stakeholder trust, we provide regular emissions performance updates to key stakeholders such as clients and investors. In 2024, we further strengthened capability-building initiatives, integrating sustainability KPIs into workforce development to reinforce a culture of accountability.



Sustainable Value Creation

Towards Net

Zero Operation by 2050

In 2024, we officially announced our commitment to achieving Net Zero emissions by 2050, aligning with both national and global decarbonisation ambitions.

This milestone marks a

significant steps

in our long-term sustainability strategy, reinforcing our dedication to responsible operations.

As part of this commitment, we have also set a medium-term target of

achieving a 15% absolute emission reduction

(covering Scope 1 and 2 emissions) by 2030, ensuring progress on our journey to Net Zero.

Making Progress in 2024

Our decarbonisation ambitions gained momentum in 2024 through the following structured assessments and data-driven initiatives.



1. Emissions assessment and verification

This has provided a clear understanding of our greenhouse gas ("GHG") footprint.



2. Climate response benchmarking

We have aligned our approach with evolving industry standards and best practices.



3. Evaluation of opportunities and decarbonisation scenarios

We are ensuring informed decision-making for effective strategic implementation.

Our Net Zero Strategy Framework

Our Net Zero strategy is built on three core pillars, guiding our approach to emissions management and decarbonisation.



1. Reduction

Cutting emissions across Scopes 1, 2, and 3 through operational optimisation, process efficiencies, and the adoption of emissions-reducing technologies.



2. Replacement

Transitioning towards low-carbon operations, including strategic asset realignment and the exploration of green asset concepts to modernise and future-proof our fleet.



3. Removal and Compensation

Offsetting residual emissions through high-integrity carbon offset projects that contribute to verifiable climate impact.

Our Decarbonisation Action Plan

While we have already implemented various measures to reduce Scope 1 and Scope 2 emissions, we are now expanding our focus with targeted action plans to achieve both our mid-term and long-term goals.

- > Strengthen GHG measurement and verification
- > Deploy a comprehensive energy efficiency plan
- > Explore opportunities for asset consolidation to improve overall energy performance

**Absolute Emissions
Reduction of 15%
by 2030**

- > Pilot major emissions reduction technologies, leveraging partnerships
- > Conduct a detailed study on green asset concepts to assess feasibility
- > Identify high-integrity, high-quality carbon offset projects to compensate for unavoidable emissions.

**Net Zero
By
2050**



The Road Ahead

In 2025, we will accelerate our Net Zero transition by finalising and communicating our roadmap, outlining clear milestones and implementation strategies.

We will also establish Scope 3 emissions assessments, expanding our decarbonisation focus across our supply chain and indirect emissions. By integrating climate action into our long-term strategy, we showcase our commitment to being a responsible energy value chain player and shaping a more sustainable future for the offshore sector.

Sustainable Value Creation

OUR PERFORMANCE

GHG methodology, verification and assurance

Velesto accounts for and reports our Scopes 1, 2 and 3 GHG emissions in accordance with internationally recognised standards including:

1	2	3
Greenhouse Gas ("GHG") Protocol	International Civil Aviation Organisation ("ICAO") Carbon Emissions Calculator	UK Department for Environment, Food and Rural Affairs ("DEFRA"): Greenhouse gas reporting: conversion factors 2024

Our GHG accounting methodology, GHG emissions and key Sustainability Performance Targets undergo internal assurance audit. Velesto maintains a comprehensive inventory of our significant emissions sources on the following basis:

Organisational boundary in carbon footprint calculation

Accounts for 100% of GHG emissions where Velesto has operational control

Independent verification of operational GHG data

Internal Assurance – undertaken by Internal Audit Department in accordance with Global Internal Audit Standards ("GIAS") by the International Internal Audit Standards Board ("IIASB")

Emission scope coverage:

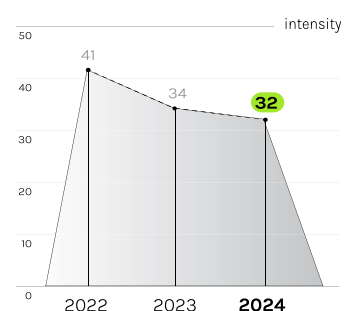
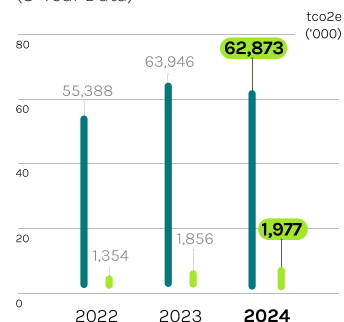
Scope 1	Rig Operations > NAGA 2, NAGA 3, NAGA 4, NAGA 5, NAGA 6, NAGA 8	Hydraulic Workover Units ("HWUs") > GAIT 5, GAIT 6
Scope 2	> Office, Kuala Lumpur Headquarters, Kuching, Miri, Kota Kinabalu > Warehouse (Kemaman and Labuan)	> Oilfield Services (Tianjin)
Scope 3	> Business travel by air and land	> Employee Commuting

2024 Total
GHG Emission

63,994
tCO₂e

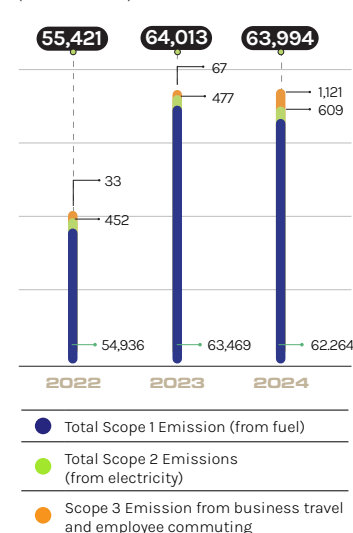
In FY2024, total GHG emissions (tCO₂e) slightly decreased compared to FY2023, despite more operating days and high rig utilisation. Scope 1 emissions dropped from 63,469 tCO₂e to 62,264 tCO₂e, reflecting improved operational efficiencies through technological innovations.

Scope 2 emissions increased by 28%, mainly due to revised emission factors in line with the Malaysia Biennial Update Report to the UNFCCC. Scope 3 emissions rose from 67 tCO₂e to 1,121 tCO₂e, driven by an expanded reporting boundary that includes business travel and employee commuting.

Emissions Intensity /
Operating Days and Revenue
(3-Year Data)

— Total Emissions (tCO₂e)
— Operating Days
--- Emissions Intensity/Operating Days

Refer to the ESG Performance Table on page 115 - 124 for additional data disclosure.

Total Emissions (tCO₂e)
(3-Year Data)



Sustainable Value Creation

Performance Against Targets

Achieved 34%

reduction carbon intensity/operating day
(Scope 1 & 2)

VS

target 10% reduction by 2030

TARGET ACHIEVED

Achieved 67%

reduction carbon intensity/revenue
(Scope 1 & 2)

VS

target 30% reduction by 2030

TARGET ACHIEVED

In 2024, we achieved and exceeded our 2030 emission intensity reduction targets.

Moving forward, we will continue to closely monitor our performance while advancing decarbonisation initiatives to sustain and accelerate our positive trajectory.

Note:

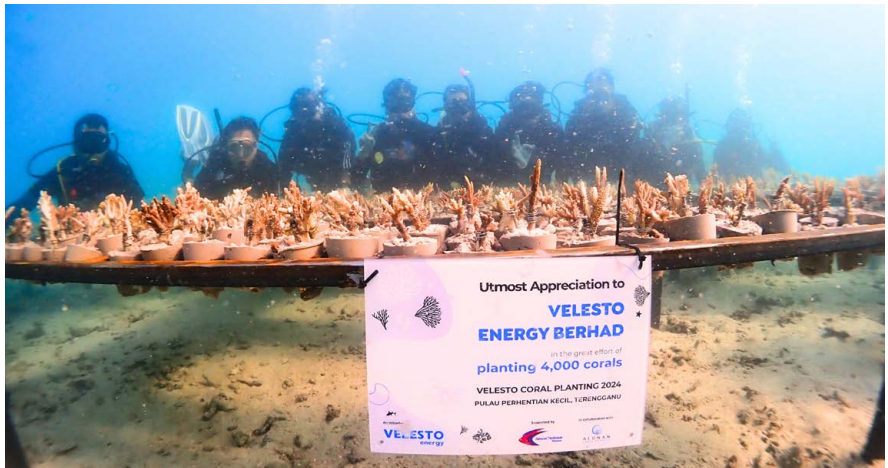
- (1) For the purpose of sustainability reporting, we are currently including Tianjin oilfield services only for emission (Scope 2) data disclosure.
- (2) Velesto will continue to establish data collection and monitoring of other material matters for our oilfield services operation for future disclosure
- (3) Updated emission factor for Scope 2

Managing
Environmental
Impact

Why it Matters

The marine environment is sensitive to pollution, making responsible resource extraction essential for protecting ecosystems and coastal communities from the impacts of major oil spills or poor waste management.

As a responsible operator, we place great emphasis on upholding the highest standards in spill prevention and the responsible management of hazardous waste and effluents, ensuring environmental protection, regulatory compliance, and the long-term resilience of our operations.



Sustainable Value Creation

Our Approach

Management Description & Initiatives

Approach

Robust Governance of Environmental Matters



- > The Board, through the BGRC, maintains strict oversight of our environmental impact, receiving performance updates during quarterly BGRC meetings. Our commitment to environmental excellence is reinforced by ISO 14001:2015 certification across all subsidiaries, with annual audits ensuring compliance with global standards.
- > We have set clear environmental objectives to drive awareness and accountability across operations, with a key focus on maintaining a 'zero major spills' track record. Moving forward, we are enhancing performance assessments and exploring additional environmental targets, alongside undertaking continual efforts to improve resource management and reduce waste.

Approach

Advocating Policy and Regulatory Adherence



- > Our environmental management practices comply with strict regulations, ensuring alignment with internal policies and procedures (refer to page 56 for details on our environmental policies), as well as top industry standards.
- > All offshore rig designs are certified by the American Bureau of Shipping ("ABS") and Det Norske Veritas ("DNV"), with waste management plans adhering to MARPOL 73/78 regulations for spill containment, effluent management, and pollution control.
- > Waste handling for certain types of offshore and onshore waste follows specialised procedures, ensuring proper storage and disposal in accordance with the Malaysia Department of Environment ("DOE") Environmental Quality (Scheduled Waste) Regulation 2005.

Approach

Robust Monitoring and Disclosure



- > We apply internationally recognised standards such as GRI, Bursa Malaysia, and F4GBM to measure and disclose environmental performance, covering waste, water, and pollution control.
- > These metrics are detailed in our ESG performance table (pages 115 - 124 of this report) and undergo regular monitoring and reporting to management, enabling continuous performance analysis and improvement.

Approach

Implementing Controls and Technologies



- We integrate advanced technologies, systems, and processes to uphold responsible environmental practices and mitigate risks effectively.
- > Waste Management - Waste is meticulously segregated into general, scheduled, and recyclable categories. To ensure compliance, we maintain adequate storage capacity and have installed dedicated Sewage Treatment Systems on all rigs. These systems treat sewage in line with best practices, preventing adverse environmental impact upon discharge.
 - > Water Management - Offshore operations primarily utilise seawater for rig activities, with most withdrawals used for drilling and cleaning. Remaining seawater is filtered and distilled via reverse osmosis to meet potable standards for crew consumption.
 - > Effluent Control - We enforce a strict zero-discharge policy in offshore operations to prevent marine pollution. Our rigs are equipped with spill containment systems certified by ABS and DNV, ensuring we adopt best practices in preventing pollution.

Approach

Enhancing Competencies and Engagement



- > To ensure compliance and ensure internal competencies in managing schedule waste, selected employees undergo Certified Environmental Professional in Scheduled Waste Management ("CePSWAM") training, conducted by the Environment Institute of Malaysia ("EiMAS") under the DOE.
- > Additionally, a Waste Management Task Force has been established to drive operational improvements and enhance our waste management strategies. We regularly engage clients and stakeholders on our initiatives to ensure alignment with regulatory and sustainability expectations.



Sustainable Value Creation

OUR PERFORMANCE

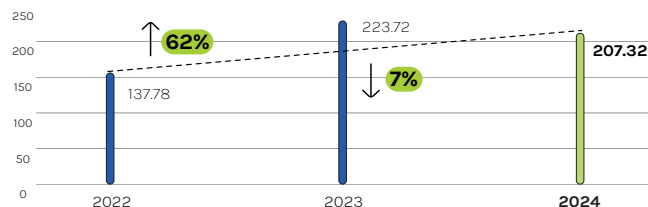
We undertook significant stride in our effort to better manage wastes generated in our operations. In 2024, we establish a more robust baseline of our waste generation streams contributing to a more transparent performance tracking onwards.

As part of our continuous capacity building and awareness initiatives with our people, and implementation of new data management process, we were able to determine additional types of waste and method of management to ensure the ability to measure progress in term of waste diversion from landfill as well as reduction on disposal to landfill in the future.

The total waste generated this year amounts to 1,118.73 MT – a significant increase compared to the previous year, primarily due to the broader scope of waste categories now being disclosed. The breakdown of waste generated by category FY2024 is as follows:

Total waste generated	1118.73 MT
General waste	911.41 MT
Scheduled/ Hazardous waste	207.32 MT
Total waste diverted from landfill (including reuse, repurpose, recover and recycle)	812.27 MT
Total waste disposed to landfill	306.46 MT
Percentage waste diverted from landfill	72.6%

Total Scheduled Waste Generated (MT)



In FY2024, out of a total of 1,118.73 MT of waste generated, 306.46 MT (27%) was disposed to landfills. The remaining 812.27 MT (73%) was successfully diverted from landfill through alternative waste management approaches, including recycling, material recovery, and treatment by licensed facilities. We also made progress in managing our scheduled waste. Although there was a significant increase of 62% in scheduled waste generation from 137.78 MT in 2022 to 223.72 MT in 2023, we achieved a 7% reduction in 2024, bringing the total down to 207.32 MT.

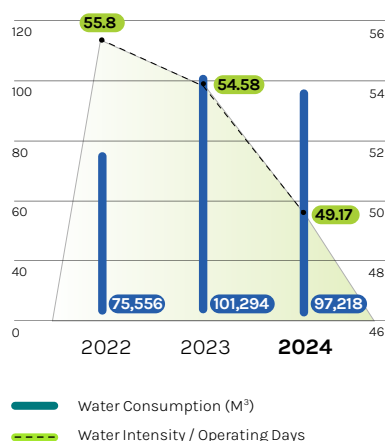
This highlights our ongoing commitment to reducing our environmental impact and improving our waste diversion efforts. Our focus remains on enhancing waste segregation at source, collaborating with licensed waste contractors, and identifying more opportunities for recycling and reuse within our operations. Moving forward, we will continue to deepen our understanding of our waste footprint and implement initiatives to enhancing circularity practices.

Water Management

Over the past year, our responsible water management practices led to a 4% reduction in total water consumption and a 10% decrease in water intensity per operating day.

At the same time, we continue to ensure that none of our water requirements rely on extraction from water-stressed areas.

Water Consumption and Intensity/ Operating Days (3-Year Data)



Effluent Control

In FY2024, we maintained our track record of zero environmental non-compliance and major spills, with only two minor spills recorded with a total volume of approximately 840 litres.

We remain committed to enhancing our practices and applying lessons learned to drive continuous improvement in spills prevention.

Major Spill
ZERO
TARGET ACHIEVED

Environment non-compliance
ZERO

Sustainable Value Creation

Nature & Biodiversity

Why it Matters

Our offshore operations in marine environments require a dedicated focus on preserving ocean ecosystems and minimising any impact on marine life and biodiversity.



Beyond mitigating risks, we actively engage with local communities to support biodiversity conservation, fostering awareness and collective action toward protecting natural ecosystems.

Our Approach

Management Description & Initiatives

Approach

Stringent Guidelines to Ensure Responsible Operations



- > We have established a Marine Operations Policy to ensure governance and oversight of biodiversity risks, guiding operational teams in safeguarding marine environments during offshore operations.
- > Before initiating projects, we conduct thorough due diligence, ensuring activities do not impact biodiverse areas, while requiring clients to complete Environmental Impact Assessments ("EIAs") to assess biodiversity risks at each site.
- > We collaborate with clients to avoid areas with high biodiversity value or habitats for rare and endangered species listed on the IUCN Red List.

Approach

Operational Controls to Prevent Impact



- > Our standard operating procedures ("SOPs") are designed to minimise ecological impact. We use seabed survey reports from client EIAs to strategically position rigs, reducing disturbance to aquatic habitats, fish populations, and migration routes. Simultaneously, our focus on accident prevention, pollution avoidance and carbon footprint mitigation indirectly contribute to a net positive impact on marine biodiversity.
- > During decommissioning, we enforce strict spill prevention measures, minimise physical seabed disruption, and mitigate the risk of transferring invasive species by ensuring marine organisms attached to the rig structure are managed responsibly.
- > All plug and abandonment activities comply with international and national environmental frameworks, including the ASCOPE Decommissioning Guidelines and DOE Environmental Impact Assessment Guidelines for Petroleum Industries.

Approach

Stakeholder and Community Engagement



- > We work closely with contractors to ensure their practices align with stringent environmental standards and our commitment to responsible operations.
- > We collaborate with regulators, government agencies, and industry peers to stay informed on regulatory changes and implement best practices in our drilling and decommissioning processes. At the same time, we actively engage with local communities to support biodiversity conservation initiatives.
- > Since FY2022, we have partnered with Alunan Coral Project to support coral restoration at Perhentian Island in Terengganu. Over the past three years, we have planted over 2,551 coral fragments across our nurseries.
- > Beyond restoration efforts, we conduct educational activities to promote reef conservation awareness and have undertaken a fish diversity survey to deepen our understanding of surrounding marine ecosystems.



Sustainable Value Creation

OUR PERFORMANCE

Prior to each drilling campaign, we review client-conducted Environmental Impact Assessments (“EIAs”) and reassess our Health, Safety, and Environment (“HSE”) case to ensure robust mitigation and control measures are in place to prevent potential harm to marine ecosystems.

These assessments are conducted in alignment with global and local frameworks, including the International Union for Conservation of Nature (“IUCN”) and the DOE Environmental Impact Assessment Guidelines for Petroleum Industries. Our reviews have confirmed that none of our operational areas are adjacent to sites classified as high in biodiversity.

Total coral
planted to date

2,551



	FY2023	FY2024
Number of biodiversity audits undertaken on existing sites	EIA assessment by client	
Percentage of existing operations or projects assessed for biodiversity risks	100%	100%
Number of operations within or adjacent to sites deemed rich in biodiversity (Based on RAMSAR, IUCN, etc)	0	0



Restoring Life Beneath the Waves:

Velesto Energy’s Commitment to Coral Conservation

Given the nature of the industry we operate in, protecting biodiversity is a material matter close to our hearts. We are committed to making a positive impact through both hands-on restoration and by raising awareness within the industry and broader community.

Along the pristine shores of Pulau Perhentian, our flagship coral biodiversity initiative is quietly transforming Malaysia’s underwater landscape. In collaboration with the Alunan Coral Project, we are driving a coral restoration programme aimed at reviving marine biodiversity and safeguarding fragile reef ecosystems for future generations.

Launched in 2022, the initiative began with the careful planting of 50 corals, growing exponentially to 500 corals in 2023 and expanding to 2,001 corals planted in 2024. The latest phase, undertaken in collaboration with Anak Pulau, saw a total investment of RM79,230 for coral restoration and socioeconomic development, with 20 volunteers dedicating 24 hours each to the effort. But this project is more than just numbers; it is a step towards climate resilience, marine conservation, and community empowerment.

Coral reefs, often called the “rainforests of the sea,” serve as natural barriers against storms, provide habitats for marine life, and support local economies through fisheries and ecotourism. Through this project, Velesto not only restores reefs but also fosters community engagement, scientific learning, and environmental stewardship. By engaging with local youth, marine biologists, and conservationists, the initiative provides

educational and economic opportunities, strengthening the community’s connection to the ocean. At the same time, our spending on accommodation and logistics during the coral restoration programmes can also have a ripple effect, leading to broader economic, tourism, educational, and social benefits for the community.

Beyond the reefs, Velesto showcased its efforts at the Oil & Gas Asia (“OGA”) exhibition, inviting stakeholders and the public to experience a 360-degree showcase on coral growth, 3D coral models, coral merchandise and an interactive VR exhibit. This immersive experience raised awareness about the importance of coral conservation and reinforced Velesto’s commitment to sustainability and biodiversity protection. In recognition of our coral restoration impact, we have submitted this initiative as an entry for the IADC Southeast Asia Chapter (“SEAC”) Safety Awards 2025, under the Sustainability Initiatives category.

Through innovation, collaboration, and a deep respect for nature, Velesto is making a lasting impact—one coral at a time—helping to preserve Malaysia’s rich underwater heritage for future generations.

In 2024, we increased our investment in

Coral Restoration by 96.2% from 2023

	2022 (Phase 1)	2023 (Phase 2)	2024 (Phase 3)
Total Investment for coral restoration	15,000	20,140	39,517
Total socioeconomic contribution during the restoration programme	30,000	43,218	39,713
Total spend (RM)	45,000	63,358	79,230



Sustainable Value Creation

Empowering People

Our employees are essential to driving our business and sustainability strategies, ensuring the committed execution of our goals. We thus prioritise cultivating a diverse and well-supported workforce, fostering overall well-being while equipping them with the skills and competencies needed to navigate emerging industry trends.

At the same time, we acknowledge our deep connection to the communities in which we operate and embrace our responsibility to broader society. Our community impact initiatives are structured around four key pillars, each designed to create meaningful and lasting benefits for local communities.



Topics in this Section

Safety & Health



Fair Employment Practices



Protecting Human Rights



Diversity & Inclusion



Community Impact



Safety and Health

Why it Matters

At Velesto, ensuring the safety and well-being of our workforce is a top priority, especially in managing occupational hazards in offshore operations. Our stringent safety practices not only protect employees but also enhance efficiency, reliability, and morale.

With safety ingrained in our culture, our strong track record safeguards our reputation, secures compliance, and strengthens our competitive edge in contract bids.



Sustainable Value Creation

Our Approach

Management Description & Initiatives

Approach Strong Leadership & Oversight

- > To ensure strong leadership and oversight of safety and health matters, we have established a corporate HSE Committee, chaired by Velesto's President as the Group's primary advocate for HSE. He is supported by the Board and Senior Management, ensuring a top-down commitment to safety.
- > At the highest level, safety and health matters are reviewed during full Board meetings and quarterly Board Governance & Risk Committee ("BGRC") meetings. The HSE Division and HSE Committees, reporting to the BGRC, oversee HSE performance across operations. Monthly HSE Operations Meetings are led by the Vice President of Operations and attended by Rig Managers, HSE Heads, and HSE Managers to enable leadership to track performance and address key issues.
- > Senior leadership further reinforces their commitment through regular site visits, including offshore operations, fostering a strong safety culture and employee morale. In 2024, 48 HSE visits by key leaders were conducted, with the President attending nine of these visits to personally engage with teams on the ground.

Approach Identifying & Mitigating Safety and Health Risks

- > We take a proactive approach to identifying and mitigating health and safety risks across our worksites and value chain. Using Hazard Identification, Risk Assessment, and Risk Control ("HIRARC"), we assess various risk factors, including chemical exposure, noise pollution, near-miss incidents, and operational hazards.
- > Before initiating any new project or rig operation, we conduct OSH risk assessments to identify site-specific risks. Once identified, HSE Heads and Managers lead the evaluation process, developing action plans and mitigation strategies to prevent incidents. We also conduct periodic reassessments at existing operations in response to weather changes, process variations, or OSH incidents.
- > Our HSE Committees comprise both management and employee representatives, ensuring that leadership understands the challenges faced by on-ground crews. This structure supports continuous improvement in risk mitigation and precautionary practices, with all significant OSH risks discussed in quarterly HSE Committee meetings.

Approach Building a Strong HSE Culture

- > We prioritise employee safety and health through comprehensive prevention measures, with preventative maintenance as a key strategy to mitigate OSH incidents caused by equipment malfunction. Our maintenance practices follow industry-recommended standards, including API and OEM guidelines, and we incorporate insights from independent consultants and clients to ensure all equipment meets required safety standards.
- > To reinforce compliance, we conduct annual internal audits across our facilities and provide training for auditing staff to strengthen their understanding of safety standards and their application. Details of FY2024 internal audits are as follows:

Date	Assets/ Site	Type of audit
4-8 March 2024	IMS Internal Audit NAGA 8	Physical
4-8 March 2024	IMS Internal Audit ASB & GAIT 5	Physical
25-27 June 2024	IMS Internal Audit KSB & Yard 1	Physical



Sustainable Value Creation



Our Approach

Management Description & Initiatives

Approach Stop Work Policy & Emergency Preparedness

- › Our Stop Work Policy empowers employees to halt operations in the face of unsafe conditions, reinforcing accountability and ensuring immediate intervention to prevent serious OSH incidents. In 2024, 11,363 Time Out For Safety ("TOFS") stop-work orders were issued, reflecting our proactive safety culture.
- › For HSE emergencies, we rely on our Emergency Control Centre ("ECC") at Plaza Sentral and conduct regular mock simulations and drills to maintain preparedness for major disruptions. This includes weekly emergency drills on rigs and annual fire drills across all facilities.
- › To further strengthen emergency response, we have implemented a comprehensive Emergency Response Plan ("ERP") across all Velesto facilities and established an Emergency Response Team ("ERT") to ensure swift and effective incident management.

Approach Leveraging Technology for Safety

- › We invest significantly in enhancing safety practices and infrastructure, integrating cutting-edge innovations such as Synergi Life's QHSE software to improve risk management. Since 2023, we initiated the Synergi Life ESG module to strengthen ESG data management, ensuring a more comprehensive approach to sustainability reporting.
- › To enhance incident investigation, we have implemented an Investigation Management System Procedure, utilising advanced tools like Tripod Beta and Systematic Cost Analysis Technique. These tools provide detailed incident insights, allowing our teams to identify root causes, address safety gaps, and drive continuous improvement.

Approach Employee HSE Engagement and Representation

- › To strengthen safety and health awareness, we leverage multiple communication platforms, including briefing sessions, HSE meetings, posters, notice boards, bulletins, emails, memos, and videos, to ensure widespread dissemination of OSH policies, standards, and best practices.
- › We believe employees should have a meaningful role in OSH management, which is why our HSE Committee includes representatives from both management and frontline employees across our Operations and Corporate Divisions. We are proud to have maintained 100% employee representation on the HSE Committee during FY2024.
- › Through quarterly HSE Committee meetings, employees are empowered to contribute directly to workplace safety, providing valuable insights and recommendations based on their first-hand experience with OSH risks. This two-way engagement fosters accountability, compliance, and ownership of workplace safety, reinforcing a culture built on established systems, processes, and procedures.
- › The HSE Committee is authorised to address employee-raised safety concerns, proactively implementing necessary measures to maintain safe and secure worksites.

Sustainable Value Creation

HSE Training Programmes

At the fundamental level, we ensure all employees are trained on our HSE standards. On the ground, we promote safety awareness and responsibility daily, during toolbox meetings, shift change meetings and other scheduled engagements.

Leadership involvement and guidance on HSE matters are facilitated through townhall meetings, committee engagements and messages in our newsletter. We also disseminate periodic HSE Alerts to share lessons learned from past incidents and retain these advisories on the HSE Bulletin Board for reference.

Our structured HSE training programme encompasses a wide range of industry-specific training topics to equip employees with the necessary competencies for safe and effective job performance.

The following key activities were undertaken in 2024:

Training Initiative	Description
Health Safety Committee Training	Conducted on 20 March 2024 at Asian Supply Base and 9-10 June 2024 at Kemaman Supply Base to equip committee members with the knowledge and skills required to effectively perform their roles in promoting workplace health and safety.
Defensive Riding	Held on 16 August 2024 in Kuala Lumpur, covering essential defensive riding techniques such as rider behaviour, road hazards, and pre-motorcycle inspection procedures.
Generative Safety Leadership Workshop 2.0	Organised on 27-28 August 2024 and 22-23 October 2024 in Kuala Lumpur to empower supervisors and team leaders in promoting safety through clear vision, team engagement, continuous learning, proactive risk management, and collaboration.
REACT Crime Survival Programme	Conducted on 11 September 2024 in Kuala Lumpur, providing training on situational awareness, crime prevention, and survival skills for emergency situations.
Velesto Move Smart Soft Launch	Held on 30 September 2024 at Asian Supply Base, 14 October 2024 at Kemaman Supply Base, and 15 October 2024 in Kuala Lumpur. The training focuses on preventing and mitigating injuries related to stepping, handling, and manual lifting, which had accounted for over 35% of total injuries recorded in 2023.
HSE Case Awareness Training	Conducted on 27 November 2024 and 15 January 2025 in Kuala Lumpur to familiarise participants with HSE Case principles, including risk identification, assessment, and control measures, and to encourage proactive hazard identification and mitigation strategies.
KL Office Q4 Safety Committee Meeting	Held on 10 December 2024 in Kuala Lumpur to review and discuss workplace safety and health issues, progress, and initiatives, as well as evaluate the effectiveness of safety measures and propose improvements.
CMT and EMT Training	Conducted on 12 December 2024 in Kuala Lumpur, equipping participants with the fundamentals of emergency response, crisis management, and various emergency phases.
Launch Speak Up - Your Voice Matters	Organised on 19 December 2024 in Kuala Lumpur to encourage crew members to voice concerns, suggestions, innovations, or improvements related to HSE, welfare, and operations.



ZERO

fatality and loss
time injury

57

management
visits



Sustainable Value Creation

OUR PERFORMANCE

Total HSE site visits conducted in 2024 to engage with on-ground workers

9 times by President
48 times by Key Leaders



In 2024, we retained

100% employee
representation

on our HSE Committee



Safety Performance

We are pleased to report that across the 2.3 million manhours worked in 2024, we were successful in achieving our key HSE targets of zero fatalities, zero LTIs and a TCRF of 1.00.

We also recorded a decrease in recordable work-related injuries, with only one such incident occurring during the year.

Annual HSE Target	Performance	Status
Zero fatalities	Zero fatalities	Achieved
Zero LTI	Zero LTI	Achieved
TRCF <1.0	1.00	Achieved

Lost Time Injury & Fatalities

ZERO

TARGET ACHIEVED



Total Manhours worked

2.3 MIL

(11% decrease compared to 2023)



Number of employees
trained on HSE standards

25



Lost Time
Injury Frequency ("LTIF")

ZERO



HSE Awards

We received multiple awards in recognition of our strong safety practices and performance throughout the year.

These accolades reaffirm our commitment to safety excellence and drive us to continuously enhance workplace practices. We remain dedicated to fostering a culture of safety, responsibility, and accountability across our workforce.

Wells HSE Mentorship Programme

Awarded by: PETRONAS Carigali Sdn Bhd ("PCSB")

CEO SSHE Excellence Award

Awarded by: PTT Exploration and Production ("PTTEP")

Wells Team Recognition

Awarded by: ExxonMobil Exploration and Production Malaysia Inc ("EMEPMI")

MPM Wells Management

Awarded by: Malaysia Petroleum Management ("MPM")

Note:

A Lost Time Incident (LTI) is defined as any work-related injury or illness that prevents an individual from returning to their next scheduled work shift, based on assessment by a licensed healthcare professional (excluding delays due to access to medical treatment). A fatality refers to a death resulting from a work-related injury or illness and is included in the calculation of both the LTI count and frequency rate. For a detailed view of our LTI and HSE performance over the past three years, please refer to the ESG Performance Data Table on page 115 - 124.

Sustainable Value Creation

Fair
Employment
Practices

Why it Matters

Creating a fair, supportive, and engaging work environment is essential to unlocking the full potential of our people as they drive our business and sustainability goals. Through a holistic approach to workforce empowerment, we foster growth, excellence, and innovation, strengthening our ability to attract, develop, and retain top industry talent.



Our Approach

Management Description & Initiatives

Approach Robust Governance and Policies



- > The Board of Directors, through BNRC, plays a key role in overseeing talent retention and development strategies, ensuring alignment between human resources policies and business objectives while monitoring Key Performance Indicators ("KPIs") related to employee engagement, retention, and development.
- > To support these efforts, we established the Velesto Talent Council ("VTC") in FY2021, where Senior Management collaborates with the Group Human Resources Division to set strategic goals for addressing talent gaps and workforce challenges.
- > Our talent management framework is evaluated using employee productivity and business performance metrics, with monthly employment data reports covering hiring, attrition, training, and diversity indicators utilised to monitor and refine strategies.
- > To ensure fair employment practices across the Group, we adhere to key policies, including the Code of Business Conduct and Ethics ("CoBE"), the Policy Statement on Human Rights and Labour Standards, and the Policy Statement on Recruitment Management System Procedures.

Approach Recruitment and Onboarding Practices



- > We uphold fair and non-discriminatory recruitment practices, with the exception of giving priority given to local candidates when they meet the required qualifications.
- > New hires receive detailed employment contracts outlining roles, responsibilities, and remuneration, ensuring transparency and fairness. They also undergo a comprehensive induction process, covering rights and entitlements under local laws and Group policies, including human rights, anti-corruption, and ethical conduct.
- > To reinforce workplace safety, all employees attend compulsory HSE induction sessions, familiarising them with safety protocols and procedures. This structured onboarding approach helps new hires integrate smoothly into organisational processes, communication channels, and corporate culture, ensuring a positive experience at Velesto.

Approach Competitive Remuneration and Benefits



- > We foster a high-performance culture through merit-based compensation systems, evaluated against individual, team, and Group KPIs, while also taking seniority and qualifications into consideration.
- > Our employees receive a comprehensive benefits package. These encompass mandatory entitlements under Malaysia's Employment Act 1955, including competitive leave entitlement in compliance with relevant labour regulations and corporate best practices, as well as discretionary perks designed to attract and retain top industry talent. Additionally, ESOS options are granted to eligible employees as part of our long-term incentive framework. Our suite of benefits is outlined in the below section.
- > Regular assessments of our compensation and benefits structure ensure competitiveness with industry standards, with adjustments made as needed based on financial feasibility.



Sustainable Value Creation

Our Approach

Management Description & Initiatives

Approach Training, Development and Appraisals



- > Our significant investments in employee training ensure our workforce is equipped with essential knowledge and emerging skills that align with our long-term business goals. Training courses are customised to individual needs and delivered primarily through electronic communication platforms for accessibility and efficiency.
- > As part of the annual appraisal process, we assess competency gaps and collaborate with Human Resources, employees, and supervisors to develop personal development plans. Training KPIs are then established to guide employees in achieving measurable growth before their next appraisal.
- > Our appraisal process is two-way and constructive, allowing employees to share insights on their performance or formally challenge results through our grievance mechanism. This feedback loop also helps us evaluate training effectiveness, with insights gathered from Training Evaluation Forms utilised to enhance programmes and ensure alignment with evolving workforce needs.

Approach Meaningful Employee Engagement



- > We prioritise transparent and timely communication, ensuring regular engagement through physical and virtual channels. Quarterly town hall meetings remain a core component of our engagement strategy, allowing Senior Management to connect with employees. Special engagement sessions with our President are also undertaken to foster direct interaction with leadership that motivates employees, enhances transparency, and builds rapport.
- > Additionally, we leverage digital tools, such as the Velesto Inspires Me ("VIME") digital magazine, which covers self-management, workplace culture, and sustainability, providing employees with a central platform for learning and connection.
- > To gauge workforce sentiment, we conduct a biennial Employee Engagement Survey, achieving a 79% score in the latest survey. The employee feedback received is used to uncover gaps, address concerns and drive improvements to employee satisfaction.
- > As part of our ongoing commitment to employee appreciation, we offer various incentives and recognition programmes, ensuring that top performers are rewarded for their contributions to Velesto's success.

Approach Leveraging Two-Way Evaluations



- > Our constructive, two-way appraisal process plays a crucial role in identifying individual training needs and determining annual compensation packages, including staff bonuses. This performance-driven approach allows employees to provide insights on their performance and actively participate in their professional growth.
- > Employees have the right to accept or contest their appraisal results. If they disagree with their review scores, they can escalate concerns through our formal employee grievance mechanism with HR.
- > To ensure the effectiveness of training programmes, we systematically gather employee feedback through Training Evaluation Forms at the end of each session. These assessments measure employee satisfaction, achievement of learning objectives, and the practical application of skills. By continuously evaluating training outcomes, we identify areas for improvement and refine our programmes to meet the evolving needs of our workforce.

Approach Internship and Development Programmes



- > We are committed to enhancing youth employability through the Velesto Trainee Scheme ("VTS") and internship programmes, offering 12-month placements for selected graduates to gain practical industry experience. These initiatives are particularly beneficial for unemployed youths and local undergraduates, providing valuable exposure to their fields of study and improving their future job prospects.
- > Promising VTS participants who demonstrate strong potential may be offered full-time employment at Velesto, reinforcing our commitment to nurturing talent and supporting Malaysia's national agenda to enhance employment opportunities for graduates.
- > The VTS programme is also a key component of our Community Investment initiatives, promoting youth employment and economic empowerment. As part of Velesto's business strategy, we have expanded VTS placements to Sarawak, extending our educational footprint and creating job opportunities for B40 Malaysians from the region.
- > Additionally, we have launched Offshore Development Programmes such as the Velesto Drilling Engineer ("VDE") and Velesto Electronic Engineer ("VEE"). These structured training programmes focus on cultivating local talent in the oil and gas industry, equipping young graduates with specialised technical expertise and hands-on experience. By providing comprehensive training and exposure, these initiatives prepare participants to excel in their careers while contributing to industry growth.

Sustainable Value Creation

Our Suite of Benefits and Perks

We subscribe to all statutory benefit requirements applicable under Malaysian law and offer additional special benefits designed to enhance employee well-being.

Our special benefits include:

16% EPF contribution by the Company



Group hospitalisation and surgical insurance



Employee Education Assistance Programme



Long Service Award and Recognition



Annual medical check-up for employees aged 40 and above

These benefits support employees' financial security, health, and career development, while promoting overall well-being, workplace satisfaction, and productivity.

Training Programmes

The following key training programmes undertaken in 2024 ensured our employees remain equipped with the technical expertise, analytical skills, and professional competencies to drive operational excellence.



Training Programme	Description
Understanding IMS	Conducted across three sessions, this training enhances participants' understanding of Velesto's processes, ISO standards, QMS frameworks, and implementation status to drive operational excellence.
IMS Awareness	Held in two sessions, this programme educates employees on the integration of ISO 9001, ISO 14001, ISO 45001, and ISO 29001, ensuring alignment with quality and operational management standards.
Introduction to Drilling	Conducted in three sessions, this programme provides fundamental knowledge of drilling operations, covering key oil and gas well drilling processes.
The Art of Influencing Through Interpersonal Skills	Equips participants with skills in effective communication, conversation techniques, overcoming communication barriers, and mastering tone usage to improve workplace interactions.
MS ISO 37001:2016 Anti-Bribery Management System ("ABMS") Internal Auditor	Prepares participants to prevent, detect, and respond to bribery and corruption, ensuring compliance, efficiency, and fostering a culture of integrity and trust.
Analyzing & Visualising with Microsoft Power BI	Empowers employees to transform company data into visually appealing formats, improving data organisation, analysis, and goal achievement.
Drilling for Non-Drillers	Provides a comprehensive introduction to drilling terminology, site conditions, and processes, equipping non-drillers with essential knowledge of oil and gas well drilling operations.



Sustainable Value Creation

Engagement Programmes

In 2024, Velesto conducted various engagement initiatives to foster a connected, informed, and motivated workforce.

These sessions enhanced employee well-being, strengthened workplace culture, and reinforced organisational alignment.

Initiative	Description
Byte Size Insights Sessions	A total of 10 Byte Size Insight sessions were conducted, covering key topics to enhance employee awareness, strengthen compliance, and reinforce best practices across the organisation.
Learning Over Lunch with President	First launched in 2023, we continued this initiative in 2024 with six sessions, fostering direct leadership communication, enhancing employee engagement, and strengthening organisational alignment.
Vel-Being Mental Health Talk	Conducted two virtual sessions focusing on stress management, coping strategies, and self-care techniques to promote a supportive and resilient workplace.
International Women's Day Celebration	Recognised the contributions of women in the workforce by gifting them with succulent plants, symbolising growth, resilience, and appreciation while reinforcing inclusivity and respect.
Bubur Lambuk Distribution	Strengthened community spirit during Ramadan by distributing Bubur Lambuk, promoting unity, inclusivity, and workplace cultural appreciation.
Zakat Counter & Ramadan Talk	Facilitated a Zakat Counter for employees to fulfil their religious obligations, promoting charitable giving, community spirit, and workplace harmony.
Tazkirah Ramadan Sessions	Conducted three sessions in collaboration with YADIM, enhancing spiritual well-being, personal reflection, and workplace bonding.
PNB 118 Merdeka Tower Visit	A special visit organised for 37 employees on Malaysia Day, deepening their understanding of Malaysia's independence journey and fostering national pride.

Shaping the Future of Energy, One Scholarship at a Time

At Velesto, we believe that investing in education is investing in the future.

This belief has driven our partnership with Yayasan Universiti Teknologi PETRONAS ("YUTP") to launch the YUTP-Velesto Scholarship Programme in 2024, an initiative that supports deserving students pursuing higher education in Petroleum, Mechanical, Electrical, or Chemical Engineering at Universiti Teknologi PETRONAS ("UTP").

Recognising the financial barriers that often hinder access to higher education, this scholarship provides comprehensive support for individuals who exhibit outstanding talent, dedication, character, and potential. So far, two students have received scholarships, with a combined sponsorship commitment of RM338,314. By 2025, we aim to sponsor a total of five students, giving them the opportunity to pursue their academic journey without financial constraints.

Scope of the YUTP-Velesto Scholarship Programme

- > Full Tuition and Accommodation Fees
- > Monthly Allowance
- > Computer Allowance
- > Maintenance Allowance (Books & Thesis)
- > Internships Allowance (Additional)
- > Flight (for Sabahan/Sarawakian)
- > Professional Development Course
- > Allowance & Ticket



For these young Malaysians, receiving this scholarship is more than just financial assistance—it is a gateway to opportunities that extend far beyond the classroom. Scholars benefit from internships and industry exposure, connecting them with experts in the energy sector and gaining valuable real-world experience.

But the impact of this programme goes beyond the students themselves. Families experience economic relief, knowing that their children can access a high-quality education without financial strain. At the same time, the initiative strengthens our talent pipeline, ensuring a steady flow of skilled professionals while also supporting national human capital development and helping to close skills gaps in the energy sector.

By providing these scholarships to nurture emerging talent, we underscore our commitment to social responsibility while actively shaping the future workforce of the industry and supporting the long-term sustainability of the offshore energy sector.

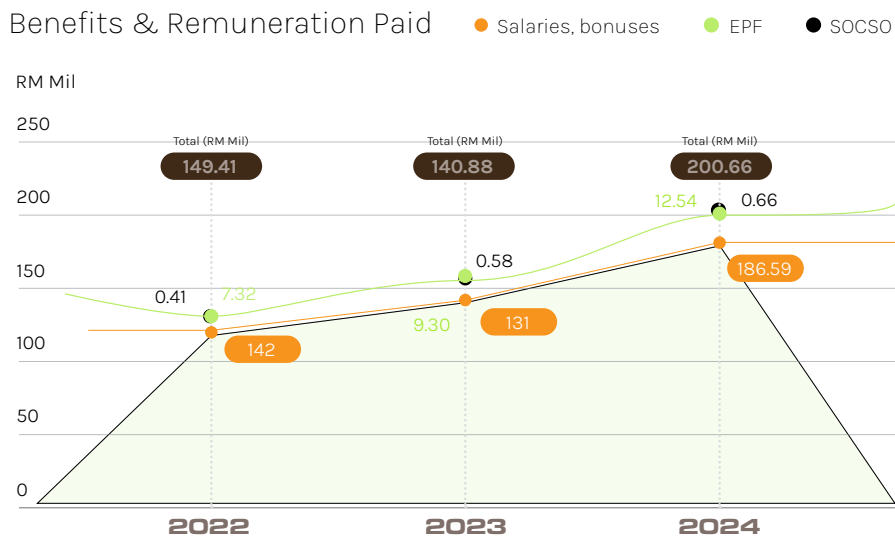
Sustainable Value Creation

OUR PERFORMANCE

Our total contributions to employees grew by 28% to RM187 million in 2024, covering salaries, bonuses, EPF, and SOCSO contributions.

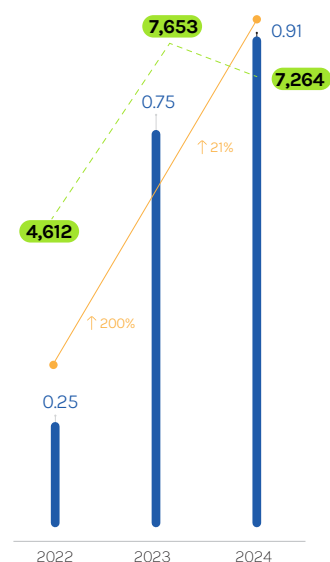
We also reinforced our commitment to employee development, increasing our training investment by 21% to RM0.91 million, with a total of 7,264 training hours delivered throughout the year. We are pleased to have maintained a clean compliance record with relevant labour laws and will continue to expand future efforts to support employees personal and professional development.

Benefits & Remuneration Paid



Total Spend for Training (RM mil) and Total Training Hours

(3-year Data)



Training Hours by Employment Category

	2022	2023	2024
Senior Management	N/A	327.5	280
Managerial	1,321	2,442.5	2,022
Executive	2,310	4,646	4,338
Non-Executive	981	237	624
Total training hours	4,612	7,653	7,264

Local Employees
(Malaysian)

77%

Paid salaries,
bonuses and benefit

28%

increase from 2023

Employee
training spend

21%

increase against 2023



Sustainable Value Creation

Protecting Human Rights

Why it Matters

By protecting human rights and upholding ethical labour practices within our operations and across our supply chain, we ensure regulatory compliance, foster a workplace where employees feel valued and respected, and reinforce stakeholder trust. This commitment is essential for safeguarding business sustainability and maintaining Velesto's reputation as a responsible corporate citizen.



Our Approach

Management Description & Initiatives

Approach

Policies and Commitments



- > The Board oversees our human rights commitments, which are embedded in Group policies aligned with Malaysian labour laws, including the Employment Act 1955 and Minimum Wages Act, as well as other applicable regulations in our operating regions.
- > Alongside our Code of Business Conduct and Ethics ("CoBE") and Policy Statement on Human Rights and Labour Standards, we have implemented a Policy Statement on Recruitment Management System Procedure to enforce due diligence when engaging suppliers and vendors.

Approach

Our Practices and Processes



- > Our key business practices that uphold employee rights include flexible working hours, fatigue management to prevent excessive workloads, fair notice of operational and policy changes, wages above minimum requirements, and formal confidential grievance channels.
- > These efforts are reinforced by policies on non-discrimination, diversity, and equal opportunity (see Diversity and Inclusion on page 93-95). We continuously review our approach to maintain relevance and compliance.

Approach

Supply Chain Due Diligence



- > We stringently uphold human rights across our operations and supply chain, ensuring zero tolerance for violations. Our procurement, contract, and human resources teams work collectively to prevent and monitor human rights risks within the Group.
- > We require all suppliers and vendors, including third-party contractors, to uphold worker dignity and maintain safe working conditions. Compliance with Malaysian laws on human and labour rights, worker welfare, child labour, and human trafficking is mandatory, with non-compliance leading to serious consequences, including termination of services and legal action.
- > Our proactive approach includes ongoing assessments of labour risks and human rights impacts, enabling swift intervention to prevent and address any suspected or identified cases of exploitation or forced labour.

Approach

Employee Engagement and Feedback Channels



- > The Group regularly conducts educational campaigns to promote policy compliance, including initiatives such as anti-sexual harassment roadshows to raise awareness of our Policy on Sexual Harassment.
- > We have established communication channels that empower employees and stakeholders to actively support human rights oversight. Both internal and external stakeholders can report grievances and concerns related to misconduct, harassment, human rights violations, or other non-compliance issues through the feedback mechanisms outlined in our Whistle-Blowing Policy and Grievance Procedures.
- > Concerns can be raised anonymously and without fear of retaliation, either through direct reporting to managers and human resources representatives or via our confidential whistle-blowing channel, accessible through the internal NEST network for employees and the corporate website for external stakeholders. All reports are promptly investigated by management and leadership teams, ensuring timely remediation and action to prevent recurrence.

Sustainable Value Creation

OUR COMMITMENTS

Our labour practices and human rights commitments, as outlined below, ensure that the dignity and well-being of all employees across our operations are protected and upheld.

Ensuring equal opportunity and non-discrimination of Race, Religion, Gender, Age, and Marital Status	Upholding employees' right to freedom of association	Recognition of children's rights and prohibition and prevention of child labour	Respecting workers' rights to be treated with dignity at work
Respecting workers' right to undertake collective bargaining	Supporting employees' right to wellness and mental health	Promoting a harassment-free and violence-free workplace	Ensuring compliance with Minimum Wages Order 2022 and laws governing working hours and fair compensation
Prohibiting retaliation or any form of physical and mental disciplinary practice	Respecting people's right to their own culture, to practice their religion and to speak their language	Prohibiting and preventing forced labour, debt bondage, human trafficking, and all forms of modern slavery	Upholding the right to safe working conditions





Sustainable Value Creation

Human Resources Initiatives in 2024

Velesto's Human Resources team continues to play a proactive role in strengthening employee welfare, promoting fair compensation, and supporting work-life balance. The following initiatives are ongoing or were undertaken in 2024:

1. Salary Adjustment

In line with national minimum wage standards, salary adjustments were implemented to ensure fair and competitive compensation. This initiative aims to uplift employees' living income, contributing to improved financial well-being and reinforcing our support for broader societal sustainability.

2. Zakat Wakalah

Through the Zakat Wakalah initiative, zakat contributions are channelled to employees earning below the living wage, as well as those impacted by floods or requiring medical assistance. Following Majlis Agama Islam Wilayah Persekutuan's ("MAIWP") zakat distribution guidelines, this initiative ensures responsible and impactful allocation, strengthening employee support and inclusion.

Purpose of distribution	Total (RM)
Bantuan Banjir	23,000.00
Bantuan Kebajikan	34,000.00
Bantuan Kebakaran	5,000.00
Bantuan Perubatan	15,000.00
Grand Total	77,000.00

3. Transportation Allowance

Employees in job grades below JG-17 receive a transportation allowance to ease commuting costs. This initiative helps reduce the financial burden of daily travel while enhancing employee well-being and supporting economic sustainability. The allowance was increased in recent years from RM100 to RM150 per employee, reflecting our ongoing commitment to meaningful support.

4. Hybrid Work Arrangements

To support work-life integration and environmental sustainability, a hybrid work model has been implemented, allowing employees to alternate between remote work and office-based duties. This model not only promotes flexibility and efficiency but also contributes to reducing commuting frequency and carbon emissions.

These initiatives collectively contribute to employee welfare, workplace satisfaction, and long-term positive social impact—strengthening our position as a responsible and caring employer.

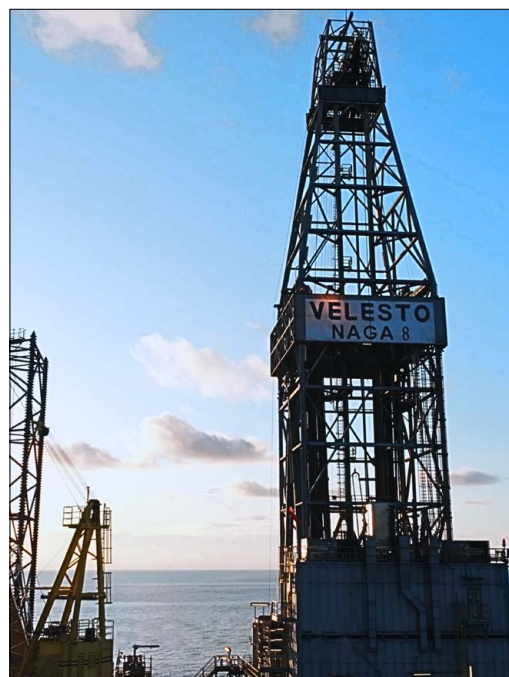
Our Performance

In 2024, we successfully maintained our unblemished record, with no reported cases of non-compliance with labour standards or human rights infringements.

There were no occurrences of child labour, human trafficking, or forced labour, reinforcing our dedication to ethical employment practices. We also take great pride in our history of never being implicated in any violations of indigenous rights.

Complaints received
regarding operational changes
FY2024

ZERO



Sustainable Value Creation

Diversity and Inclusion**Why it Matters**

We recognise that by fostering a diverse and inclusive workplace, we can harness a broad range of expertise, experiences, and perspectives to drive innovation and strengthen decision-making.

By further upholding a culture of merit-based recognition that provides individuals of all backgrounds with equal opportunities, we enhance our ability to attract and retain top talent, ensuring a dynamic and high-performing organisation.

**Our Approach****Management Description & Initiatives****Approach****Guiding Policies and Oversight**

- > The Human Resources Department leads and champions our diversity and inclusion initiatives, guided by established policies such as our Policy Statement on Human Rights and Labour Standards, Gender Equality Policy Statement, Policy on Consequence Management and Disciplinary Procedures.
- > These policies and measures drive responsible practices in alignment with the Group's values and strictly prohibit discrimination based on race, gender, religion, or socio-cultural background.
- > To maintain strong oversight and continuous improvement, diversity and inclusion Key Performance Indicators ("KPIs") are embedded in leadership scorecards, fostering consistency and continual progress across the organisation.

Approach**Upholding a Fair and Inclusive Culture**

- > All employment decisions, including hiring, promotions, and career development, are merit-based, with employees and candidates assessed on qualifications, experience, and professional contributions. The only exception is our preference for hiring local talent.
- > Our workforce reflects a diverse mix of backgrounds, and we encourage employees to freely express their cultural and religious identities without fear of discrimination or harassment. Regular engagement initiatives further reinforce a workplace culture built on respect, shared values, and inclusivity.

Approach**Gender Equality**

- > Through our Gender Equality Policy, we have reinforced our commitment to providing equal opportunities for both male and female employees, ensuring fair access to employment benefits and career progression at all levels. We actively address gender-related barriers, fostering an inclusive environment that encourages women to pursue careers at Velesto, including in traditionally male-dominated technical, offshore, and field-related roles.
- > Our commitment has led to a strong representation of women in executive and leadership positions. As of December 2024, women make up 59% of our executive workforce and 33% of our Board of Directors, exceeding BURSA Malaysia's 30% target for women's representation in public-listed companies.

Approach**Parental Leave Entitlement**

- > We support employees through the transition to parenthood with comprehensive leave benefits. As of 2024, new mothers receive 98 days of leave, while fathers are granted 7 days, in line with regulatory standards.
- > By enabling both parents to share caregiving responsibilities for their newborn, we promote gender equality and cultivate a more inclusive workplace culture.



Sustainable Value Creation

Our Approach

Management Description & Initiatives

Approach Promoting Greater Inclusiveness

- > While meritocracy remains the foundation of our recruitment strategy, we actively create opportunities for underrepresented and vulnerable groups, including persons with disabilities, asylum seekers, refugees, and those facing socioeconomic challenges.
- > To support this, we conduct targeted hiring programmes focused on candidates from the B40 Income Group and have introduced a diversity indicator to track the representation of employees with disabilities across the Group.

Approach Engagement and Advocacy

- > Diversity and inclusion principles are integrated into employee onboarding, reinforced through engagement sessions, and communicated via internal notices. Employees are made aware of the Whistle-Blowing Policy and Grievance Procedures, ensuring clear reporting mechanisms for harassment or discrimination.
- > We also provide manager training on gender equality to enhance awareness of the importance of inclusive practices to our long-term success. Additionally, we leverage employee surveys and focus groups to assess our workplace culture and address any identified gaps.
- > Our leadership actively promotes gender diversity through the Malaysian Chapter of the 30% Club, advocating for increased female representation in corporate leadership. Through ongoing participation in the Club's initiatives, we reaffirm our commitment to fostering diversity and inclusion across Corporate Malaysia and the oil and gas industry.

Our Performance

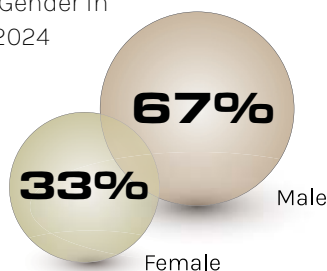
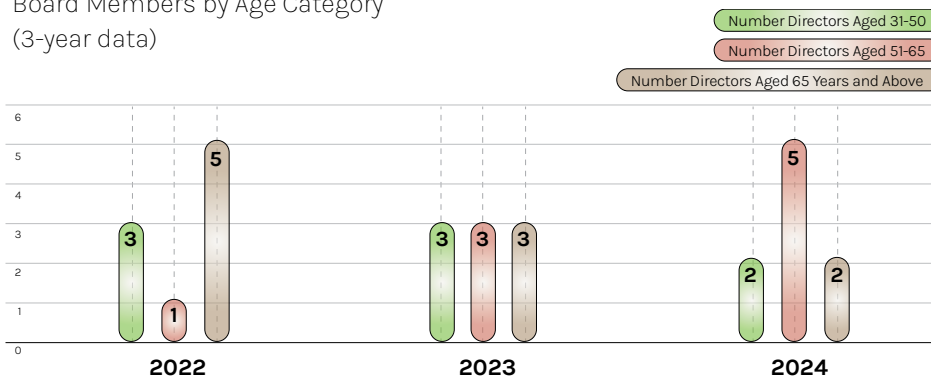
While our operational roles remain male-dominated due to the nature of our business, we have achieved strong gender representation across our Board, executive, and managerial teams. We remain committed to seeking opportunities for enhancing workforce diversity while fostering an inclusive and empowering workplace culture.

Board Composition

100%

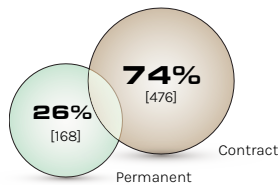
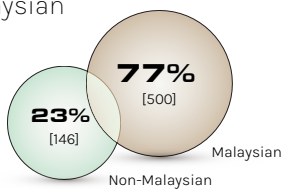
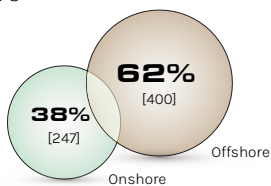
of our Board Members are
Malaysians

	2022	2023	2024
Number of Board of Directors	9	9	9
Number of Independent Directors on the Board	5	5	5
Number of women on the Board	4	4	3

Board Members
by Gender in
FY2024Board Members by Age Category
(3-year data)

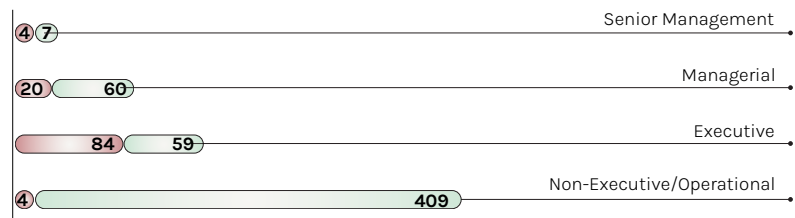
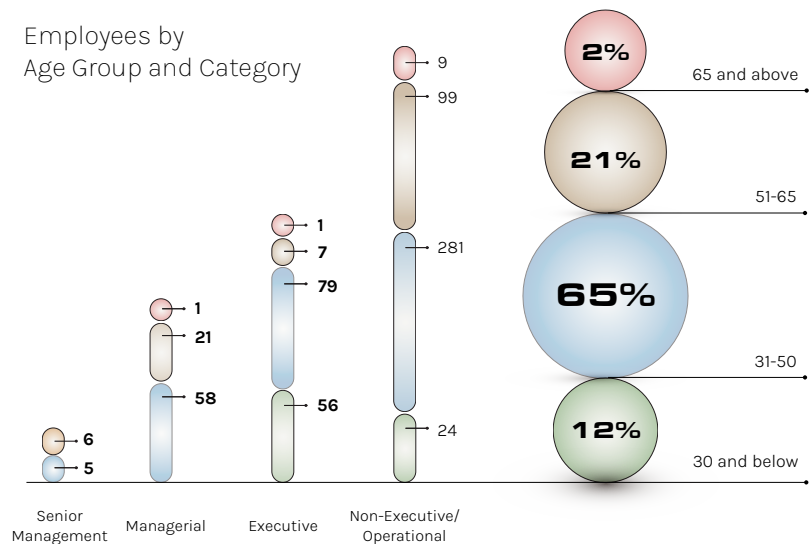
Sustainable Value Creation

WORKFORCE DIVERSITY

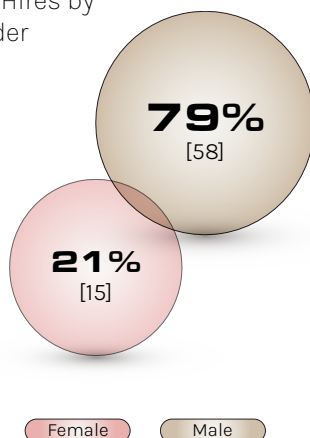
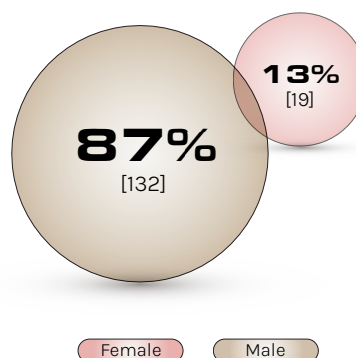
Permanent vs
ContractMalaysian vs
Non-MalaysianOffshore vs
Onshore

Employees by Gender and Category

Female Male

Employees by
Age Group and Category

HIRING AND ATTRITION PERFORMANCE

Total
New Hires by
GenderTotal
Turnover by
Gender**ZERO**Violation cases
and compliance to
labor laws



Sustainable Value Creation

Community
Impact

Why it Matters

We embrace our responsibility to share the value we create with local communities connected with our business, striving to make a lasting positive impact. Through industry-related initiatives, strategic partnerships, and outreach programmes, we support underprivileged individuals, drive socioeconomic progress, and contribute to the advancement of the oil and gas sector.



Our Approach

Management Description & Initiatives

Approach Holistically Delivering Community Benefits



- > Our Sustainability and Corporate Communications department leads efforts to create meaningful community impact by organising initiatives that benefit local communities. Our approach is guided by four key pillars: Education, Environment, Community Safety, and Community Uplift.
- > In our operational regions across East and West Malaysia, we prioritise hiring local talent and sourcing from local contractors and vendors to promote vocational training and support regional economic development.
- > Additionally, through initiatives such as the Velesto Drilling Academy (“VDA”) and Velesto Trainee Scheme (“VTS”), we actively contribute to local infrastructure development and support the nurturing of talent within the oil and gas sector.

Approach Community Engagement and Outreach



- > We continue to engage with local communities to deliver targeted programmes in areas surrounding our operations. Employees are encouraged to participate in these initiatives, with volunteerism considered a key driver of employee engagement and community impact.
- > In FY2024, our employees dedicated 494 hours to community engagement and outreach efforts, demonstrating our collective commitment to driving positive impact beyond business operations.

Approach Socioeconomic and Human Capital Development



- > Through the VTS and internship programmes, we provide local graduates and unemployed youth with 12-month placements, offering practical industry exposure to enhance their employability. This initiative supports national efforts to improve job prospects for unemployed graduates in Malaysia.
- > As part of our Velesto's business strategy initiative, we expanded the VTS to Sarawak, creating job opportunities for B40 Malaysians while strengthening our business presence in the region.

Approach Velesto Drilling Academy (“VDA”)



- > The VDA enhances workforce skills by providing training for both internal employees and external students from educational institutions such as Universiti Teknologi PETRONAS (“UTP”) and Institut Teknologi Petroleum PETRONAS (“INSTEP”). This initiative plays a vital role in talent development for the oil and gas drilling sector, aligning with national goals for a highly skilled workforce.
- > VDA collaborates with INSTEP through the Velesto-INSTEP Drilling Academy (“VIDA”), which operates a land rig facility at Batu Rakit, Terengganu, providing hands-on training for industry professionals. We also partner with UTP to offer practical and industrial exposure to its students.
- > Additionally, we have introduced internal Subject Matter Experts to deliver training at VDA, leveraging our expertise to bridge industry gaps and enhance the quality of education for future industry talents.

Sustainable Value Creation

Community engagement and outreach initiatives in 2024



ESTCON 2024 Sponsorship

Velesto sponsored ESTCON 2024 in September 2024 with an investment of RM5,000, supporting knowledge sharing and innovation in the energy sector. This initiative benefited Yayasan UTP students by providing valuable learning opportunities to nurture the next generation of energy leaders.



Coral Restoration Programme

In collaboration with the Alunan Coral Project, Velesto contributed RM79,230 to the rehabilitation of marine ecosystems at Pulau Perhentian, with 50% going directly to coral restoration activities and the remainder into socioeconomic contributions. With the support of 20 volunteers, efforts were dedicated to restoring coral nurseries, degraded reefs, and enhancing marine biodiversity (read more in our Nature and Biodiversity section on Page 77 - 79).



Yayasan UTP (Velesto Scholarship Programme)

During 2024, Velesto invested RM338,344 in this long-term scholarship programme, with the funds supporting two deserving UTP students pursuing degrees in fields related to oil and gas. By providing financial assistance, we contribute to academic excellence and future industry talent development.



Hari Maritim Malaysia

With an investment of RM10,000, Velesto supported this Malaysian Maritime Enforcement Agency ("MMEA") initiative to promote maritime safety and conservation. The programme benefited the Kelantan fishing community near our operational area and strengthened our stakeholder relationships.

Our Performance

The Group significantly increased investment in community programmes over the past year, rising from RM98,218 in 2023 to RM393,057 in 2024.

Moving forward, we remain committed to expanding our initiatives, fostering meaningful community engagement, and creating long-term positive impacts across our operational areas.

Total Community Investment (3-Year data)

	2022	2023	2024
Community investment (RM)	50,000	55,000	353,344
Socioeconomic from coral restoration programme (RM)	30,000	43,218	39,713
Total community investment (RM)	80,000	98,218	393,057

Total community investment in 2024 reached RM393,057, marking a significant 300% increase from RM98,218 in 2023. This surge was primarily driven by the launch of the YUTP-Velesto Sponsorship, which provides financial support for deserving UTP students. In parallel, ongoing initiatives such as our coral restoration programme and continued support for Hari Maritim Malaysia were maintained. Together, these efforts strengthen educational access, promote environmental stewardship, and enhance community well-being.



Sustainable Value Creation

Ethical Business

Economic
Performance

Why it Matters

As a publicly listed company, we are committed to delivering consistent financial returns while ensuring the value we create benefits our diverse stakeholders.

Upholding these commitments strengthens trust and confidence among shareholders, regulators, employees, and business partners, fostering lasting relationships that drive our long-term resilience in a dynamic industry.



Our Approach

Management Description & Initiatives

Approach Embedding Economic Goals in Our Guiding Frameworks



- > Driving economic value is central to our business and sustainability strategy. Through a unified effort across the Group, we are working towards achieving revenue and ROCE growth to create sustainable value to stakeholders.
- > Supported by strong governance and risk management (see Sustainability Governance on pages 54 - 57 for more details), we ensure financial stability while balancing fiduciary obligations, loan repayments, shareholder returns, and reinvestment for long-term growth.

Approach Socio-Economic Contributions



- > Our operations play a direct role in socio-economic development through the taxes we pay, the salaries and benefits we provide, and the returns we generate for shareholders.
- > Beyond this, we actively support local businesses and community initiatives, fostering economic resilience in the regions where we operate. At the same time, our commitment to environmental stewardship helps protect natural resources and sustain local livelihoods.

Approach Driving Quality and Customer Satisfaction



- > Quality and customer satisfaction are fundamental to our long-term success. We have established stringent policies to affirm this commitment, including our Quality Policy, HSE Policy, and Human Rights and Labour Standards Policy, that align with international standards, including ISO9001:2015 and ISO29001:2020.
- > Our integrated approach to quality control combines rigorous compliance monitoring, real-time feedback, and continuous process improvements, leveraging technology to enhance efficiency. Proactive risk management and contingency planning further strengthen our commitment to excellence.
- > To keep our customers at the centre of what we do, we integrate customer satisfaction KPIs into our Operational Division's scorecards and conduct regular surveys to gain valuable insights into our ongoing performance and potential gaps.

Sustainable Value Creation

Our Performance



In a rapidly evolving industry, we have capitalised on our strong operational performance, strategic agility, and efficiency to drive sustainable value creation for our business and stakeholders.

For a detailed overview of our financial performance, refer to the Financial Statements section on page 190 and the ESG Performance Table on page 115 - 124.

To uphold service quality, we conduct regular customer satisfaction surveys, ranging from end-of-project evaluations to monthly assessments. These insights help us stay responsive to customer needs and drive continuous improvement. In 2024, we maintained strong satisfaction scores, reinforcing our consistent track record.

Leadership Commitment Corruption-Free Pledge FY2023

(Witnessed by MACC)

Governance & Ethics

Why it Matters

Strong corporate governance and unwavering ethical standards are fundamental to maintaining stakeholder trust and protecting our business interests.

By upholding transparency, integrity, and accountability at every level, we ensure compliance, mitigate risks and strengthen our appeal to investors and customers, reinforcing the foundation for long-term sustainable growth.



Our Approach

Management Description & Initiatives

Approach

Stringent Board and Management Oversight



- > Our Board and Senior Management lead by example, setting the standard for corporate governance and ethical conduct. To uphold vigilance and proactivity, we have established the Board Whistle-Blowing Committee ("BWBC") and the independent Integrity Governance Unit & Compliance ("IGUC"). The BWBC oversees the IGUC, which manages and reports all anti-corruption, bribery, and ethical concerns.
- > Operating under the President's Office, the IGUC has the authority to report misconduct to the Malaysian Anti-Corruption Commission ("MACC"). To ensure accountability, IGUC members' performance is evaluated against structured KPIs based upon predefined plans and initiatives.
- > The Board continually reviews internal policies to align with evolving regulations and deliberates on whistle-blowing reports reviewed by the BWBC to ensure thorough investigation and resolution.

Approach

Enterprise Risk Management and Business Continuity Management



- > Veleso's ERM Framework provides a structured approach to risk management, integrating global assessment methodologies to identify, evaluate, mitigate, and monitor emerging and inherent risks.
- > Our Business Continuity Management ("BCM") Framework further ensures operational resilience by equipping management with the tools to identify emerging risks and threats, assess their potential impact, and implement proactive mitigation strategies. This safeguards our business interests, stakeholder trust, and brand reputation.

More details are available in the SORMIC section of our Integrated Annual Report on pages 171 - 182.



Sustainable Value Creation

Our Approach

Management Description & Initiatives

Approach Policies and Procedures to Uphold Integrity



- > In reinforcing ethical business conduct, we adhere to our Code of Business Ethics (“CoBE”) and have established an Anti-Bribery and Corruption Policy (“ABC Policy”) aligned with Section 17A of the MACC Act.
- > This policy enforces a zero-tolerance stance against bribery and corruption across all operations, prohibiting improper practices by the Board, management, and employees. Covering aspects such as gifts, political contributions, and undue advantages, the ABC Policy outlines clear punitive measures, including fines, suspensions, and legal action. To enhance transparency and accessibility, the policy is publicly available on our website, ensuring stakeholders have clear insights into our anti-bribery stance.

Approach Assessment of Corruption Risks



- > We conduct quarterly assessments to identify corruption risks across specific departments or units, utilising a risk matrix that categorises risks from low to extreme. Findings are reviewed quarterly by the IGUC and reported to the BWBC.
- > Identified and potential risks are proactively monitored and mitigated through the implementation of Risk Action Plans (“RAPs”) by the IGUC. High-risk areas within our operations are assessed based on their susceptibility to third-party collusion, particularly instances of bribery that could compromise the integrity of the tender process.

Approach Safeguards to Promote Anti-Corruption, Transparency, and Regulatory Compliance



- > In alignment with our ABC Policy and risk frameworks, we have implemented several measures to prevent corruption and strengthen transparency. Our leadership reaffirmed this commitment by signing the Corruption-Free Pledge, witnessed by MACC in FY2023.
- > A Tender Committee has been established with approval limits based on hierarchical authority levels, while our Enterprise Resource Planning (“ERP”) system enhances transparency in procurement. Additionally, our Commercial Division has implemented a Know Your Counterpart (“KYC”) process to enhance due diligence on third-party entities. Anti-corruption clauses are explicitly outlined in our Supplier CoBE and embedded within purchase orders and contracts, reinforced through vendor awareness programmes to ensure compliance and ethical business practices.
- > To uphold ethical conduct, we conduct regular awareness sessions and mandatory ABC training. Employees and third parties can confidentially report non-compliance via our Whistle-Blowing Policy, which is aligned with Section 7(1)(c) of the Whistle Blowers Protection Act 2010. Reports are directly submitted to the Head of IGUC and undergo initial investigation before escalation to the BWBC for further review. If substantiated, appropriate actions range from warnings and dismissals to contract termination or reporting to authorities such as the MACC or police.
- > We uphold regulatory compliance by ensuring timely publication of financial performance, corporate updates, and governance disclosures, meeting listing requirements and enhancing transparency. Committed to fair competition, our policies prohibit collusion, price-fixing, bid coordination, and any anti-competitive practices that limit market access.
- > We also maintain a strict apolitical stance, avoiding endorsements or affiliations with political parties. While we do not donate to political parties, we may participate in government-led events for charitable or nation-building initiatives.

CODES AND PROCEDURES TO DRIVE RESPONSIBLE BUSINESS PRACTICES

Code of Business Conduct and Ethics	Whistle-Blowing Policy	Whistle-Blowing Procedure	Anti-Bribery Management System Manual (“ABMS”)
Anti-Bribery & Corruption Policy	Supplier Code of Business Conduct and Ethics	Corporate Gifts, Gifts, Entertainment & Hospitality Procedure	Compliance Administration

Sustainable Value Creation

Anti-Corruption Engagement Activities

To reinforce responsible business practices and strengthen ethical conduct, we conducted a series of educational and compliance activities throughout the year.

These initiatives were conducted via various channels, including physical events, digital communication, virtual town halls and newsletters, and fall into three themes as detailed below.

Increasing Understanding & Knowledge	Enhancing Compliance & Creating Awareness	Strengthening Integrity
We conducted training sessions, knowledge-sharing forums, and awareness initiatives to enhance employees' and stakeholders' understanding of anti-bribery policies and whistleblowing mechanisms.	These activities focused on reinforcing compliance measures, ensuring alignment with anti-bribery laws, and improving adherence to corporate policies.	We collaborated with industry players, engaged vendors, and hosted discussions to promote transparency and ethical decision-making across our business and supply chain.
Engagement Activities		
<ul style="list-style-type: none"> > Knowledge Sharing with JIAG, PNSB (February) > Byte-Size: Why Whistleblowing? (February) > Awareness Video on Whistleblowing (March) > Townhall - Integrity Sharing (March) > Newsletter Q1, 2024 - Understanding on ABMS (March) > Talk Session on Section 17A & Adequate Procedures for Finance Department (April) > Knowledge Sharing with PNB (July) > ABAC Awareness (BOD) (September) > Communication Video: ABMS Awareness (October) 	<ul style="list-style-type: none"> > 2024 Declaration Fit & Proper and Conflict of Interest (February) > 2024 Integrity Assessment (October) 	<ul style="list-style-type: none"> > Talk Session on Section 17A by MACC W.P (March) > Collaboration with PPZ WPKL - Awareness on Integrity (March) > 2024 Vendor Engagement Day (KL) (July) > Velesto Business Partner Integrity Day 2024 (September) > 2024 Vendor Engagement Day (Labuan) (October)

Regulatory Compliance and Political Disassociation

We recognise the critical importance of regulatory compliance to the sustainability of our operations, understanding that adherence to regulations is fundamental to maintaining our license to operate.

Compliance issues, including corruption, pollution, modern slavery, and data privacy, among others, could jeopardise our ability to operate sustainably. As part of our commitment, we ensure timely publication of our financial performance, corporate announcements, and governance-related disclosures on our website, meeting listing requirements and fostering transparency. Moreover, we uphold principles of fair competition and refrain from engaging in any anti-competitive practices or abusing our market position. Our strict policies prohibit collusion, price-fixing, bid coordination, or any actions that restrict market access. Continuously monitoring changes in the regulatory landscape forms part of our Enterprise Risk Management and Internal Control framework, ensuring ongoing compliance with applicable laws and industry regulation. We have also consistently maintained a strict apolitical stance, barring any association with or endorsement for any political parties or organisations. Our firm policy prohibits making donations to political parties. However, we may engage in events organised by the government or its agencies as part of charitable initiatives or nation-building efforts.



Sustainable Value Creation

Our Performance

Compliance Performance

	2022	2023	2024
Total incident of corporate/governance non-compliance	5	0	0
Total monetary value of paid fines for corporate/governance non-compliance (RM'000)	24	0	0

Anti-corruption Performance

	2022	2023	2024
Confirmed incidents of corruption ⁽¹⁾⁽²⁾⁽³⁾	0	1	0
Action taken for confirmed corruption incidents	NIL	Domestic inquiry and reported to MACC	NIL
Cost of fines, penalties or settlements in relation to corruption (RM)	0	0	0

⁽¹⁾ Velesto defines corruption case as per the definition by the Malaysian Anti-Corruption Act 2009 (MACC Act 2009) (Act 694) including other major offences stated in the Act.

⁽²⁾ Reportable corruption cases refer to confirmed case investigated and reported to MACC.

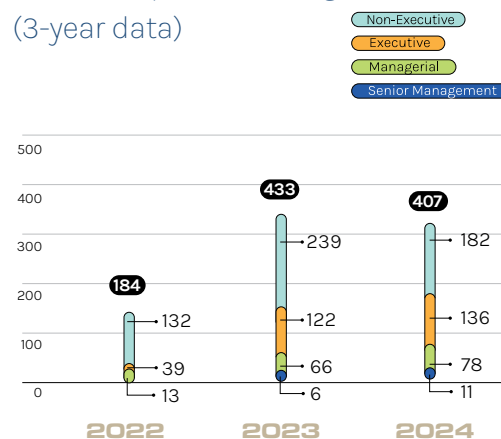
⁽³⁾ Reportable case happened in 2022 involved falsification of claims with domestic inquiry completed in 2023. The case subsequently has been reported to MACC in 2023.

Communication and Assessments

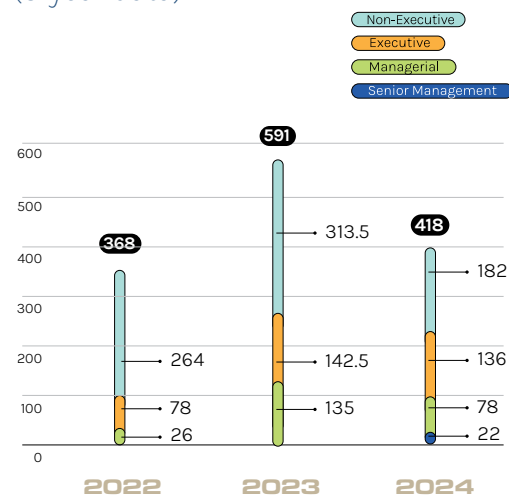
	2022	2023	2024
Percentage of business partners to whom the organisation's anti-corruption policies and procedure have been communicated	20%	100%	100%
Percentage of operations assessed for corruption-related risks	100%	86%	100%

Anti-corruption Training Performance

Number of Staff That Received Anti-Corruption Training (3-year data)



Total Hours of Employee Anti-Corruption Training (3-year data)



Sustainable Value Creation

Supply Chain

Why it Matters

A resilient and responsible supply chain is vital to sustaining our operations and upholding our values. By embedding ethical and sustainable practices across our network, prioritising local suppliers, and actively engaging our value chain, we safeguard business stability, prevent irresponsible practices, and drive sustainable value creation.



Our Approach

Management Description & Initiatives

Approach Ensuring Compliance and Enhancing Oversight



- > We prioritise adherence to policies across our supply chain, embedding compliance requirements into tender and contract documents. Vendors must align with our Supplier CoBE, ABC Policy, and other relevant policies covering environmental and social practices, and are required to take a Vendor Integrity Pledge ("VIP"). In 2024, 92% of all active vendors⁽¹⁾ undertook the VIP.
- > Suppliers falling short of required quality scores are given time to address deficiencies, but failure to comply may lead to service termination, removal from our vendor list and potential reports filed with regulators. In FY2024, no suppliers were terminated due to non-compliance.
- > To enhance oversight, we conduct regular vendor assessments covering corruption, health and safety, human rights, environmental performance, and labour rights. In 2024, 35 companies were identified for the Critical Supplier Audit exercise, with 30 non-compliance identified raised and subsequently resolved.
- > Additionally, our Velesto Assurance Review ("VAR") strengthens internal supply management by ensuring compliance across divisions and departments.

Approach Responsible Procurement



- > Our procurement practices emphasise transparency and fair competition through vendor guidelines and ERP systems. We award contracts based on merit, considering cost, quality, compliance, and OSH track records.
- > Aligned with our Local First policy, we prioritise available local suppliers unless they do not meet our requirements for price, functionality or quality. As an anchor partner of the PETRONAS Vendor Development Programme ("VDPx"), we support the development of local suppliers in key areas, including Topside Medic Support Services, Logistics & Forwarding, Offshore Catering, and Offshore Manpower Services, ensuring alignment with our business needs while strengthening local supply chains.

Approach Promoting Sustainability Across Our Value Chain



- > We are committed to extending our sustainability principles across the supply chain to maximise positive environmental and social impact. Our screening process ensures that suppliers meet defined criteria before qualifying for contract bidding with Velesto. These conditions are described below in greater detail.

Approach Supply Chain Engagement



- > To reinforce supplier relationships and drive meaningful collaboration, we engage in regular initiatives with our vendor network. These events provide a platform for policy updates, addressing concerns, and aligning expectations with our partners.

⁽¹⁾ Excluded non-PO transaction vendors, one-off transaction vendors and blocked vendors.



Sustainable Value Creation

Our Procurement Practices and Processes

We uphold a robust and transparent procurement framework to ensure fairness, compliance, and efficiency across our supply chain. Our approach includes:

Clear Policies & Procedures	Rigorous Due Diligence	Strict Tendering Process	Ongoing Supplier Monitoring
Well-defined procurement and subcontracting guidelines to ensure consistency and regulatory compliance.	Thorough screening and assessment of vendors during selection and appointment.	Adoption of structured evaluation criteria, multiple quotations, and competitive bidding to uphold fairness and quality.	Continuous oversight of supplier relationships and management processes to ensure sustained compliance and performance.

Promoting Sustainability Across Our Value Chain

To qualify for contract bidding with Velesto, suppliers must adhere to key sustainability principles:

Respect for Laws and Human Rights	Suppliers must comply with all laws and regulations. Any involvement in forced or child labour, harassment, threats, or coercion will result in disqualification from future procurement.
Respect for Freedom of Association & Collective Bargaining	Suppliers must, at all times, allow workers to bargain collectively for their rights and compensation.
Respect for Diversity	Suppliers must adopt inclusive, non-discriminatory practices, ensuring fair treatment regardless of age, gender, language, marital status, religion, union affiliation, race, ethnicity, family status, disability, or other distinguishing factors.
Respect for Health and Safety	Suppliers must provide safe working conditions, implement recognised HSE systems, and ensure workers receive necessary training, equipment, and safeguards to protect health, mitigate risks, and prevent injuries or loss of life.
Respect for the Environment	Suppliers must demonstrate a commitment to environmental protection and pollution prevention.

FY2024 Supply Chain Management Engagements

To uphold our rigorous supply management standards, we actively engage with our vendors through various initiatives aimed at strengthening relationships and fostering collaboration.

These engagements serve as a platform for policy updates, sharing best practices, and providing clarity on our operational and sustainability expectations.

- Vendor Engagement Day 2024 (Kuala Lumpur)**
Held at Aloft Kuala Lumpur Sentral, this one-day event, themed “Navigating Sustainable Supply Chain,” gathered 61 vendor representatives from the KL/Selangor region alongside Velesto’s management team and industry experts. Officers from the Malaysian Anti-Corruption Commission (“MACC”) and the Malaysia Petroleum Resource Corporation (“MPRC”) shared insights on e-invoicing, transparency, integrity in business operations, sustainability, and HSE.
- Vendor Engagement Day 2024 (Labuan)**
Hosted at Lazenda Hotel, Labuan, this engagement brought together 36 vendor representatives, Velesto’s management team, and an officer from MACC Labuan. The session focused on promoting anti-bribery and corruption awareness among Labuan vendors, reinforcing compliance and ethical business conduct within the supply chain.

Sustainable Value Creation

Our Performance

In our commitment to upholding robust supply chain management practices, we audited a total of 35 vendors in 2024, identifying and resolving a total of 30 instances of non-compliance.

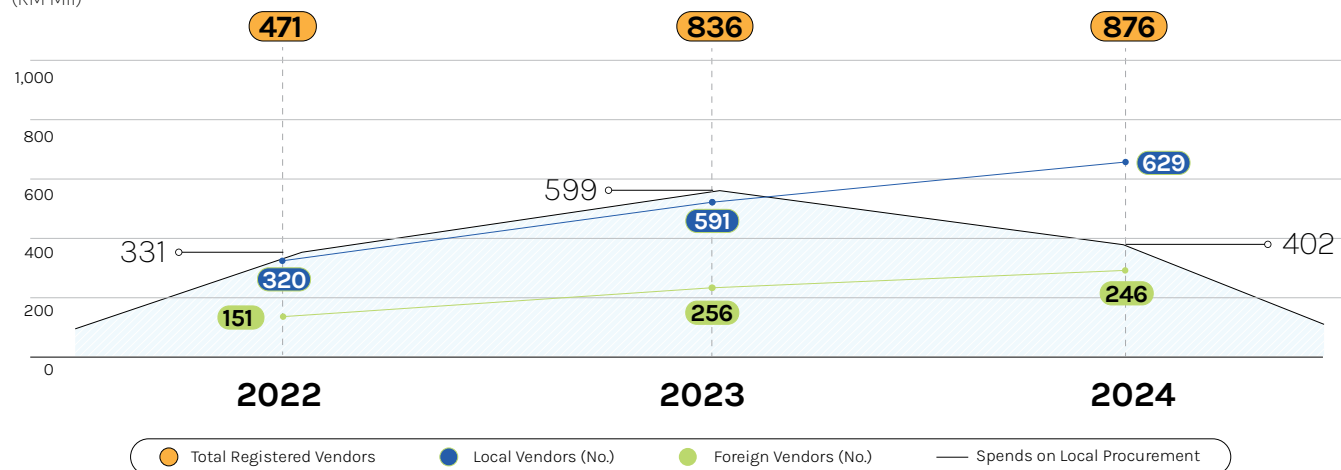
We have also continued to support local vendors meaningfully, increasing our proportion of local vendors to 72% and contributing 62% of our total procurement spend of RM648 million towards locally sourced suppliers. While committed to enhancing our performance, we remain aware of the need for increased availability of local suppliers that meet necessary standards for the oil and gas sector.

Total Registered Vendors and Total Spend

	2022			2023			2024		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Total Registered Vendor	320	151	471	591	245	836	629	247	876
Total Vendors %	68%	32%		71%	29%		72%	28%	
Total Spend (RM mil)	331	262	593	599	256	855	402	246	648
Total Spend %	56%	44%		70%	30%		62%	38%	

Total No. Registered Vendors & Spends

(RM Mil)



37%
recorded zero non-compliance
findings in physical
AUDIT ASSESSMENTS



Vendor Audit Result

35
Number of
vendors audited

30
Number of
non-compliance
issues and fully
resolved

92%
of active vendors endorsed the
Velesto Integrity Pledge



Note: Vendor audits were conducted using two methods: document review and physical site audits.
Out of a total of 35 vendors, 19 underwent physical audits, while the remaining were assessed through document reviews.



Sustainable Value Creation

Data Privacy
& Security

Why it Matters

As our reliance on advanced technologies grows, safeguarding our digital infrastructure and sensitive data against cyber threats is crucial to business stability. By proactively strengthening cybersecurity and data privacy measures, we ensure compliance with evolving regulations while safeguarding stakeholder trust—two essential drivers of our long-term sustainability.



Our Approach

Management Description & Initiatives

Approach Governance, Compliance and Access Controls



- > Our IT Operations department oversees data privacy and security, ensuring full compliance with relevant regulations, particularly the Personal Data Protection Act ("PDPA"). We also remain cognisant of new evolving regulations, such as the new Cybersecurity Act 2024 coming into effect on 26 August 2024, and are taking steps to assess our readiness and compliance.
- > The Board of Directors also plays a crucial role in overseeing cybersecurity risks and strategies to ensure resilience against evolving cyber threats. Within the independent Integrity Governance Unit & Compliance ("IGUC") that reports to the Board, we have appointed a dedicated data protection officer to enforce best practices for secure data handling.
- > Additionally, we employ robust ICT-based security systems, including firewalls and encryption measures, to safeguard data integrity and confidentiality. Data access is tightly controlled through restricted permission levels, while all file transfers are encrypted to ensure maximum security.

Approach Risk Mitigation and Response Plans



- > To safeguard our information systems, data, and operations, cybersecurity risk assessments are embedded within our Business Continuity Plan and Disaster Recovery Plan to identify, evaluate, and mitigate potential threats.
- > Our multi-layered cybersecurity risk management approach integrates technology adoption, employee education, and incident response planning. Through strict policy enforcement, phishing simulations, cybersecurity training, and comprehensive incident response plans, we enhance protection, preparedness, and resilience against evolving threats.
- > We conduct annual security audits to assess the effectiveness of our cybersecurity systems. As of 2024, 98% of our 716 digital systems are protected by cybersecurity measures, with both internal and external security audits conducted during the year to ensure ongoing resilience and compliance.

Approach Enhancing Email Security



- > In 2023, we strengthened our cybersecurity posture by deploying a new email security gateway, effectively filtering incoming data to prevent malicious threats.
- > A comprehensive analysis of security vulnerabilities led to enhancements in spam prevention, phishing detection, malware defence, and protection against malicious URLs and attachments. Insights from this assessment will continue to guide future initiatives aimed at further refining security protocols and strengthening email security practices.

Approach Upskilling Employee Competencies



- > Key personnel are selected for comprehensive training programmes to ensure we maintain a competent workforce to manage and oversee critical systems.
- > In 2024, six employees completed 45 hours of training each across three key courses—CompTIA Security+, CompTIA A+, and Microsoft 365 Administrator—resulting in a total of 270 cybersecurity training hours logged for the year.

Sustainable Value Creation

Our Performance

In 2024, we recorded zero substantiated complaints regarding customer privacy breaches or data loss. However, a security anomaly was detected during our security audit, where a user account was accessed from multiple geographic locations within a short timeframe, raising concerns of unauthorised access or credential compromise.

Following a thorough investigation with the user, the account was promptly disabled to prevent potential risks. Moving forward, we remain committed to enhancing our digital security measures, exploring innovative solutions to strengthen system protection and ensure the confidentiality of sensitive data.

270 Hours
of cybersecurity training conducted in 2024

ZERO
substantiated complaints
regarding customer privacy
breaches or data loss

Innovation & Technology

Why it Matters

In a rapidly evolving digital landscape, we recognise the critical role of innovation and advanced technology in sustaining operational excellence and future resilience. By continuously integrating cutting-edge digital tools to enhance monitoring, communication, and operational performance, we drive efficiency, strengthen competitiveness, and reinforce our reputation as a progressive player in the oil and gas sector.



Our Approach

Management Description & Initiatives

Approach

Embracing Technology to Unlock Efficiencies



- > As part of our business strategy, under which 'Technology & Capabilities' has been identified as one of six core pillars, we are committed to leveraging advanced digital tools and innovative work methodologies to enhance operational speed and efficiency.
- > Key initiatives include the digitalisation of vendor registration, streamlining application processes via our website while eliminating manual forms to enhance transparency and efficiency.
- > Additionally, we have adopted NEST, an internal knowledge-sharing platform that consolidates communication and facilitates seamless hybrid work models. This transition supports our sustainability goals, with remote work and flexible scheduling serving to reduce commuting time, fuel consumption, and emissions.

Approach

Greater Adoption of Digital Management Tools



- > Digitalisation has been instrumental in achieving 99% uptime and zero Loss Time Injury ("LTI") in 2024, reinforcing our commitment to operational excellence, safety, and service quality. By integrating autonomous drilling and predictive maintenance on select rigs, we optimise operations, minimise downtime, and consistently exceed client expectations.
- > Beyond operational systems, we have enhanced HR, data analytics, asset management, and reporting processes, driving continuous innovation across our organisation.



Sustainable Value Creation

Key Digitalisation Initiatives in 2024

Velesto Drilling Automation System

Our deployment of autonomous drilling technology on NAGA 4 has significantly enhanced operational performance, optimising precision and efficiency. Looking ahead, the planned introduction of a robotic arm in Q1 2025 will further streamline critical processes, driving greater automation and operational excellence.

AssetCare

With the integration of AssetCare on NAGA 4, we have strengthened operational reliability through real-time monitoring and predictive maintenance, minimising unscheduled downtime. Additionally, AssetCare's process analytics provide real-time insights into our operational emissions profile, enabling targeted interventions to further reduce our environmental footprint.

Red Zone Management

Safety is at the core of our operations. The implementation of Red Zone Management on NAGA 4 has minimised human exposure to high-risk areas, reinforcing a safer working environment. These proactive measures contributed to our outstanding HSE performance in 2024, including zero LTI and zero major spills throughout the year.

OUR PERFORMANCE

Over the past year, we have made significant strides in deploying digital tools and AI-driven solutions across our operations, particularly in drilling and rig management. These advancements enhance efficiency, safety, and precision, reinforcing Velesto's position as a modern and technologically advanced oil and gas player.

Looking ahead, we will leverage our core drilling expertise to support carbon capture initiatives, accelerating progress toward our emission reduction goals and strengthening our role in advancing the energy transition.



TCFD - Aligned Disclosure

As global expectations intensify around climate action, Velesto is committed to advancing our climate response. We have aligned our approach with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), ensuring that our strategies are purposeful and impactful in managing climate-related risks and opportunities.

Over the years, Velesto has progressively embedded climate considerations into our business decision-making processes under the oversight of our Board and Senior Management. In 2023, we began qualitative assessments of climate-related risks and opportunities. In 2024, this evolved into scenario analysis to better understand the potential impacts of climate change on our business and to support the development of our Net Zero 2050 roadmap.

We are committed to continuing our efforts to manage climate risks and to reduce our exposure to climate-related disruptions. Moving forward, scenarios analysis will be conducted periodically, reflecting changes in policy, technology, and market dynamics. Progress will be transparently disclosed through our annual Sustainability Report. Our TCFD-aligned disclosures are structured around the four core pillars: Governance, Strategy, Risk Management, and Metrics & Targets.

CLIMATE GOVERNANCE

Velesto maintains a sound governance framework to manage climate-related risks and guide our sustainability efforts. Climate oversight is integrated within our broader corporate governance through the Board Governance and Risk Committees (“BGRC”), which are supported by the Sustainability Management Committee (“SMC”). The SMC provides day-to-day strategy guidance on climate and sustainability matters.

In 2024, key topics discussed include:

- Emerging climate disclosure requirements and stakeholder expectations;
- Group performance on ESG metrics including emissions, energy and water use, and waste generation; and
- Assessments of decarbonisation viability and progress on the Net Zero 2050 roadmap.

For more details on our sustainability governance structure and approach, please refer to the Our Approach to Sustainability section on pages 52-57.

CLIMATE STRATEGY

Our Commitment to a Sustainable Future

As a leading oil and gas service provider, we are focused on reducing the environmental impacts of our operations. Our strategy centres on lowering emissions from diesel engines powering our rigs (Scope 1), reducing indirect emissions from electricity consumption (Scope 2), and progressively identifying Scope 3 emissions across our value chain.

To accelerate our decarbonisation journey, we commissioned a study in FY2024 to support our Net Zero 2050 roadmap. This includes evaluating climate-related risks and opportunities, decarbonisation strategies, and business model adaptation. The roadmap development is a crucial step in shaping our long-term response to climate change. Our progress will be monitored and disclosed transparently in our annual Sustainability Statement.

Understanding Our Climate-Related Risks and Opportunities

We are currently in the early stages of developing a comprehensive climate risk assessment methodology. In 2024, our internal sustainability team undertook initial assessments of climate-related risks and opportunities, providing insights and recommendations for future enhancements. These assessments form part of the Group's broader enterprise risk management framework, supporting our overall ESG strategy and laying the groundwork for alignment with the IFRS S2 disclosure requirements by 2025.

As part of our continuous improvement efforts, we will be conducting scenario analyses that consider both transition risks and physical climate risks across different time horizons. These analyses will adopt globally recognised frameworks, including scenarios from the International Energy Agency (“IEA”) and the Sixth Assessment Report (“AR6”) of the Intergovernmental Panel on Climate Change (“IPCC”).



TCFD - Aligned Disclosure

The following tables details our scenario considerations of climate risks and opportunities:

Table 1: Time horizons considered for scenario analysis

	Period	Rationale
Short	Up to 5 or 6 years	Aligns with our existing business strategy planning and client's activity outlook, while incorporating near-term policy implementation.
Medium	Between 2030 and 2040	Considerations to reflect changes driven by the energy transition and acute physical climate events.
Long	Beyond 2040	Considerations to reflect impacts driven by chronic physical climate events.

Table 2: Scenarios selected for Velesto's Scenario Analysis

	International Energy Agency (“IEA”)	Intergovernmental Panel on Climate Change (“IPCC”)	
Scenarios	Stated Policies Scenario (“STEPS”)	Sustainable Development Scenarios (“SDS”)	Representative Concentration Pathways (“RCP”)
Descriptions	Defines a future based on existing policies that are employed worldwide towards lowering GHG emissions: <ul style="list-style-type: none">• Fossil fuel remains as a major energy source.• Unable to achieve Paris Agreement goal to limit global warming to well below 2°C by 2050 (delayed decarbonisation efforts).	Defines a future where ambitious climate policies and targets are embraced by all countries, with corresponding changes in the energy system: <ul style="list-style-type: none">• Most advanced economies to meet Net Zero 2050 target.• Global carbon emissions on course to meet Net Zero after 2050.	Defines physical risk impacts with the assumption that emissions continue to rise or with mitigation efforts in place to limit emissions in alignment with the Paris Agreement target.
Use Case	Transition risks		Physical risks

For more details on Velesto sustainability risk management approach and the Group's Enterprise Risk Management framework, please refer to the Sustainability Governance section on page 54 - 57 and Statement on Risk Management & Internal Control on page 171 - 182, respectively.

Operationalising Emission Management

In addressing climate-related risks and seizing emerging opportunities, Velesto has taken concrete steps to operationalise emission management through targeted reduction initiatives. These efforts are driven by the adoption of innovative technologies, improvements in process efficiency, and ongoing awareness and capability-building among our workforce.

For more details on Velesto's management approach for climate-related matters, including energy and emission management, please refer to the Respecting the Environment - Climate Change, Energy and Emission Management section on page 70 - 74.

Track and Monitor Our Performance Indicators

Each year, Velesto benchmarks its ESG performance internally using key metrics related to climate change, including emission intensity, water consumption, and waste generation. These indicators are reviewed quarterly by the Board Governance and Risk Committee ("BGRC") and the Sustainability Management Committee ("SMC") and are disclosed annually to the public.

The performance metrics are further discussed in the subsequent subsections of this TCFD-aligned summary.

As we move forward, Velesto remains committed to reviewing and strengthening our climate strategy annually, taking into account changes in policy, technological advancements, and market dynamics.

For more details on Velesto's performance on climate-related metrics, please refer to the Respecting the Environment - Climate Change, Energy and Emission Management section on page 70 - 74 and our ESG Performance Table on page 115 -124.

TCFD - Aligned Disclosure

CLIMATE RISK MANAGEMENT

The Board, through the Board Governance and Risk Committee ("BGRC"), maintains active oversight of climate-related risks as part of the Group's broader sustainability risk management framework. ESG risks are assessed using Velesto's internal risk identification matrix (Risk Register), with findings presented to the BGRC on a quarterly basis.

These risk considerations are integrated into our strategic planning processes, particularly in relation to future capital expenditures and investments in new businesses, technologies, and systems.

Velesto will continue to update stakeholders on the outcomes of its scenario analysis reviews in upcoming reporting cycles, where applicable. In principle, the following climate-related risk categories are reviewed and refined based on our existing ESG Risk Register:

Risk Category	Velesto Context	Assessment Conclusion
Policy Risks	<p>The risk assessment considers the potential implementation of policies related to:</p> <ul style="list-style-type: none"> > Mitigation actions for climate change > Promotion of adaptation efforts <p>Examples include carbon pricing mechanisms, renewable energy incentives, adoption of green technologies, and other regulatory measures that could affect operations and competitiveness.</p>	Risk and Opportunity
Legal Risks	<p>Refers to litigation risks arising from inadequate response to or mismanagement of climate-related matters such as:</p> <ul style="list-style-type: none"> > Insufficient disclosure and lack of performance monitoring > Failure to implement effective mitigation measures <p>These risks may also be linked to loss and damage resulting from climate change.</p>	Risk
Technology Risks	<p>Technology presents both risks and opportunities that may impact market competitiveness, cost management, and operational efficiency. Influencing factors include:</p> <ul style="list-style-type: none"> > Availability and maturity of emerging technologies such as CCUS, energy storage, and renewables > Cost of implementation > Market adoption potential 	Risk and Opportunity
Market Risks	<p>The Group may be significantly impacted by the global shift in demand and supply away from fossil fuels, as both consumers and clients increasingly transition towards new energy markets.</p> <p>While this presents risks to our traditional operations, it also opens up opportunities which may be integrated into our long-term business strategy.</p>	Risk and Opportunity
Reputation Risks	<p>Increasing public scrutiny and stakeholder expectations around the oil and gas sector's environmental impact may affect the Group's reputation. It is critical to communicate our efforts toward low-carbon operations and sustainable practices to build trust and maintain our licence to operate.</p>	Risk and Opportunity
Physical Risks	<p>Physical climate risks may result in asset damage or supply chain disruptions. These include:</p> <ul style="list-style-type: none"> > Acute risks: Event-driven occurrences such as extreme weather (e.g., cyclones, hurricanes, floods) > Chronic risks: Long-term shifts in climate patterns that may lead to rising sea levels or prolonged heatwaves 	Risk

For more details on Velesto's sustainability risk management approach and the Group's Enterprise Risk Management framework, please refer to the Sustainability Governance section on page 54 - 57 and Statement on Risk Management & Internal Control on page 171 - 182, respectively.



TCFD - Aligned Disclosure

CLIMATE METRICS AND TARGETS

We track a suite of climate-related metrics and have set key emission reduction targets:

Metric	Target
GHG Absolute Emissions Reduction	<div>> 15% absolute emission reduction by 2030</div> <div>> Net Zero emission by 2050</div>
GHG Emissions Intensity	<div>> 10% emission intensity reduction per operating days by 2030</div> <div>> 30% emission intensity reduction per revenue by 2030</div>

Other Climate-Related Metrics Tracked
<div>> Total GHG emissions (Scope 1, 2 and limited Scope 3)</div> <div>> Electricity consumption</div> <div>> Water consumption and intensity per operating days</div> <div>> Waste generation</div>

Looking ahead, we are committed to continuously evaluating and improving our climate performance, setting new targets where relevant and disclosing our progress transparently.

For more details on how Velesto measures and monitors its climate metrics performance, please refer to the Respecting the Environment - Climate Change, Energy and Emission Management section on page 70 - 74 and Our ESG Scorecard on page 67.

Bursa Malaysia Common Material Matters Disclosures

Indicator	Measurement Unit	2023	2024
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	231,904.08	236,767.63
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	63,469.00	62,264.39
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	477.00	609.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	67.00	1,121.00
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	1,118.73
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	812.27
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	306.46
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	0.101295	97.218900
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	401	25
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	2,443	2,022
Executive	Hours	4,646	4,338
Non-executive/Technical Staff	Hours	237	624
Senior Management	Hours	328	280
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	77.00	74.00
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	30	17
Executive	Number	27	30
Non-executive/Technical Staff	Number	51	104
Senior Management	Number	0	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management 30 and below	Percentage	0.00	0.00
Management 31-50	Percentage	70.00	72.50
Management 51-65	Percentage	29.00	26.25
Management 65 and above	Percentage	1.00	1.25
Executive 30 and below	Percentage	43.00	39.16
Executive 31-50	Percentage	53.00	55.24
Executive 51-65	Percentage	3.00	4.90
Executive 65 and above	Percentage	1.00	0.70
Non-executive/Technical Staff 30 and below	Percentage	8.00	5.81
Non-executive/Technical Staff 31-50	Percentage	63.00	68.04
Non-executive/Technical Staff 51-65	Percentage	26.00	23.97
Non-executive/Technical Staff 65 and above	Percentage	3.00	2.18
Senior Management 30 and below	Percentage	0.00	0.00
Senior Management 31-50	Percentage	55.00	45.45

Internal assurance

External assurance

No assurance

(*)Restated



Bursa Malaysia Common Material Matters Disclosures

Indicator	Measurement Unit	2023	2024
Senior Management 51-65	Percentage	45.00	54.55
Senior Management 65 and above	Percentage	0.00	0.00
Gender Group by Employee Category			
Management Male	Percentage	74.00	75.00
Management Female	Percentage	26.00	25.00
Executive Male	Percentage	49.00	41.26
Executive Female	Percentage	51.00	58.74
Non-executive/Technical Staff	Percentage	99.00	99.03
Male			
Non-executive/Technical Staff	Percentage	1.00	0.97
Female			
Senior Management Male	Percentage	64.00	63.64
Senior Management Female	Percentage	36.00	36.36
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	56.00	66.67
Female	Percentage	44.00	33.33
30 and below	Percentage	0.00	0.00
31-50	Percentage	33.33	22.22
51-65	Percentage	33.33	55.56
65 and above	Percentage	33.33	22.22
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	55,000.00	432,574.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3	4
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	88.00	97.50
Executive	Percentage	83.00	95.10
Non-executive/Technical Staff	Percentage	51.00	44.07
Senior Management	Percentage	60.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	86.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	1 *	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	70.00	62.04
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0

ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Energy					
Total fuel consumption (diesel, petrol, etc.)	GJ	738,952	832,358	849,573	
Total electricity consumption	GJ	2,359	2490	2709	
Total energy consumption	GJ	741,311	834,848	852,363	
GHG Emissions					
Total Scope 1 Emission (from fuel)	tonnes of CO2e	54,936	63,469	62,264	
Total Scope 2 Emissions (from electricity)	tonnes of CO2e	452	477	609	
Scope 3 Emissions for business travel	tonnes of CO2e	33	67	1,121	
Total Scope 1 & 2 Emission intensity/Operating Days	Ratio	41	34	32	
Total Scope 1 & 2 Emission intensity/Revenue	Ratio	95	53	46	
Variance Scope 1 & 2 Emission intensity/Operating Days (compared to basis year)	%	-15	-28	-34%	10%
Variance Scope 1 & 2 Emission intensity/Revenue (compared to basis year)	%	-32	-63	-67%	30%
Air Quality					
CO emissions	tCO2e	52,911	62,357	58,875	
NO ^x emissions	CO2e	113.53	132.34	126.33	
NH ₃ emissions	CO2e	59.98	69.92	66.74	
Water Consumption					
Total Volume of Water Use	m ³	75,556.40	101,294.10	97,218.90	
Water intensity /Operating Days	Ratio	55.8	54.58	49.17	
Water intensity/ Revenue (RM mil)	Ratio	130.05	83.37	71.48	
Waste and effluent					
Total Waste Generated ⁽³⁾	tonnes	137.78	223.72	1118.73	
- Hazardous Waste	tonnes	N/A	N/A	207.32	
- Non-Hazardous Waste / Non-Scheduled Waste	tonnes	N/A	N/A	911.41	
Waste Diverted from Disposal (recycled/reused)	tonnes	N/A	N/A	812.27	
- Re-used waste	tonnes	N/A	N/A	N/A	
- Recycled waste	tonnes	N/A	N/A	N/A	
- Percentage of recycled wastes	%	N/A	N/A	72	
Waste Directed to Disposal	tonnes	N/A	N/A	306.46	
- Incineration	tonnes	N/A	N/A	N/A	
- Landfill	tonnes	N/A	N/A	306.46	
- Other Methods of Disposal	tonnes	N/A	N/A	N/A	
No. of minor environmental spills	Number	0	1	2	



ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Waste and effluent (cont'd.)					
No. of major environmental spills	Number	0	0	0	
Total volume of environmental spills	litres	0	0	830-850	
Biodiversity					
Number of biodiversity audits undertaken on existing sites	Number	0	0	0	
Percentage of existing operations or projects assessed for biodiversity risks	%	N/A	clients to conduct thorough Environmental Impact Assessments (EIAs) 100%	0	
Number of Operations within or adjacent to sites deemed rich in biodiversity (Based on RAMSAR, IUCN, etc.)	Number	0	0	0	
Budget spent on Biodiversity and conservation efforts / programmes / initiatives*	RM	15,000	20,140	39,517	
Size and location of all habitat areas protected or restored	Acres / sqft (Location)	N/A	Coral reef/ planting at Pulau Perhentian, Terengganu ~290 sqft of area size	Coral reef/ planting at Pulau Perhentian, Terengganu ~in total 1420 sqft of area size	
Total number of International Union for Conservation of Nature ("IUCN") Red List of Threatened Species and national conservation list species with habitats in areas affected by the operations of the company	Number	0	0	0	
Supply Chain Management					
Total procurement spend	RM mil	593.27	855	648.00	
Total procurement spend on local suppliers	RM mil	331.02	599.00	402.00	
Total procurement spend on foreign suppliers	RM mil	262.25	256	246.00	
Proportion of spending on local suppliers	%	56%	70%	62%	
Total number of registered vendors	Number	471	836	876	
Number of registered local vendors	Number	320	591	629	
Percentage of registered local vendors	%	68%	71%	72%	
Number of suppliers removed from procurement list or cautioned for poor ESG performance	Number	0	0	0	

ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Supply Chain Management (cont'd.)					
No. of suppliers endorsed anti-bribery anti-corruption policies/VIP Pledge	Number	464	541	531	
Percentage of suppliers endorsed anti-bribery anti-corruption policies	%	99%	59%	92%	
Workforce Diversity					
Total workforce	Number	722	732	647	
Malaysian employees	%	73%	75%	77%	
Non-Malaysian employees	%	27%	25%	23%	
Permanent employees	%	28%	23%	26%	
Employees that are contractors or temporary staff	%	72%	77%	74%	
Total number Senior Management Employees	Number	N/A	N/A	11	
Total number Managerial Employees	Number	N/A	N/A	80	
Total number Executive Employees	Number	N/A	N/A	143	
Total number Non-Executive Employees	Number	N/A	N/A	413	
Male Managerial Staff	%	71%	74%	75%	
Female Managerial Staff	%	29%	26%	25%	
Male Executive Employees	%	49%	49%	41%	
Female Executive Employees	%	51%	51%	59%	
Male Non-Executive Employees	%	98%	99%	99%	
Female Non-Executive Employee	%	2%	1%	1%	
Senior Management Staff aged 30 and below	%	N/A	0%	0%	
Senior Management Staff aged 31-50	%	N/A	55%	45%	
Senior Management Staff aged 51-65	%	N/A	45%	55%	
Senior Management Staff aged 65 and above	%	N/A	0%	0%	
Managerial Staff aged 30 and below	%	1%	0%	0%	
Managerial Staff aged 31-50	%	71%	70%	73%	
Managerial Staff aged 51-65	%	27%	29%	26%	
Managerial Staff aged 65 Years and above	%	1%	1%	1%	
Executive Employees aged 30 and below	%	45%	43%	39%	
Executive Employees aged 31-50	%	52%	53%	55%	
Executive Employees aged 51-65	%	2%	3%	5%	
Executive Employees aged 65 Years and above	%	1%	1%	1%	
Non-Executives aged 30 and below	%	10%	8%	6%	



ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Workforce Diversity (cont'd.)					
Non-Executives aged 31-50	%	64%	63%	68%	
Non-Executives aged 51-65	%	25%	26%	24%	
Non-Executives aged 65 Years and above	%	1%	3%	2%	
Senior Management staff with Malay ethnicity	%	N/A	82%	82%	
Senior Management staff with Chinese ethnicity	%	N/A	9%	9%	
Senior Management staff with Indian ethnicity	%	N/A	0%	0%	
Senior Management staff with Others ethnicity	%	N/A	9%	9%	
Malay Managerial Staff	%	64%	62%	65%	
Chinese Managerial Staff	%	18%	14%	14%	
Indian Managerial Staff	%	9%	11%	9%	
Managerial Staff of Other Ethnicities	%	10%	14%	13%	
Malay Executive Staff	%	86%	86%	85%	
Chinese Executive Staff	%	5%	3%	3%	
Indian Executive Staff	%	3%	2%	1%	
Executive Staff of Other Ethnicities	%	7%	9%	10%	
Malay Non-Executive Staff	%	35%	34%	36%	
Chinese Non-Executive Staff	%	9%	3%	4%	
Indian Non-Executive Staff	%	6%	7%	8%	
Non-Executive Staff of Other Ethnicities	%	50%	55%	52%	
Total number of Staff with Disabilities	Number	0	0	0	
Disabled Senior Management Staff	%	N/A	N/A	0%	
Disabled Managerial Staff	%	0%	0%	0%	
Disabled Executive Staff	%	0%	0%	0%	
Disabled Non-Executive Staff	%	0%	0%	0%	
Total Number / Percentage of Staff with Disabilities	%	0%	0%	0%	
Hiring and Attrition					
Total New Hires	Number	216	164	73	
New Hires (Male)	%	85%	81%	79%	
New Hires (Female)	%	15%	19%	21%	
New Hires aged 30 and below	Number	23	34	20	
New Hires aged 31-50	Number	66	107	45	
New Hires aged 51-65	Number	11	22	8	
New Hires aged 65 and above	Number	0	1	0	

ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Hiring and Attrition (cont'd.)					
New Hires with disabilities, or from underprivileged groups	%	0%	0%	0%	
Total Turnover(including resignation, termination, death or retirement)	Number	N/A	108	151	
Turnover of Managerial Staff	%	N/A	28%	11%	
Turnover of Executives	%	N/A	25%	20%	
Turnover of Non-Executives	%	N/A	47%	69%	
Full-Time Staff Voluntary Turnover Rate (%)	%	N/A	0%	0%	
Turnover (Male)	Number	N/A	80	132	
Turnover (Female)	Number	N/A	28	19	
Turnover aged 30 and below	Number	N/A	21	31	
Turnover aged 31-50	Number	N/A	69	84	
Turnover aged 51-65	Number	N/A	17	33	
Turnover aged 65 and above	Number	N/A	1	3	
Turnover of staff with disabilities, or from underprivileged groups	%	N/A	0%	0%	
Number of substantiated complaints concerning human rights violations	Number	0	0	0	
Employee Benefit and Remuneration					
Percentage of staff receiving a performance appraisal	%	68.13%	54.00%	73.36%	
Total payments made to employees in terms of salaries, bonuses and benefits	RM Mil	142	131	187	
Total statutory payments made for employees' retirement benefits, Employee Provident Fund (EPF)	RM Mil	7	9.3	13	
Total payments to SOCSO for employees' medical insurance	RM Mil	0.41	0.58	0.66	
No. of Employees Entitled for Maternity and Paternity Leave	Number	95	179	183	
No. of Employees Who Took Paternity Leave	Number	0	4	3	
No. of Employees Who Took Maternity Leave	Number	5	8	10	
Male Employees Return to Work Rates (return to work after parental leave period)	%	100%	100%	100%	
Female Employees Return to Work Rates (return to work after parental leave period)	%	100%	88%	100%	
Male Employees Retention Rates (remain with the organisation for 12 months or more post parental leave)	%	100%	100%	67%	
Female Employees Retention Rates (remain with the organisation for 12 months or more post parental leave)	%	100%	88%	90%	



ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Staff Training					
Total training spend as a company	RM	245,930	752,481	910,474	
Total training hours as a company	Number	4,612	7,653	7264	
Total training hours Senior Management	Number	N/A	327.5	280	
Total training hours for Managerial Staff	Number	1321	2,442.5	2022	
Total training hours for Executive Staff	Number	2310	4,646.0	4338	
Total training hours for Non-Executive Staff	Number	981	237.0	624	
Average training hours senior management	Number	N/A	9.63	8.75	
Average Training Hours Per Employee (Management Staff)	Number	9.57	14.63	13.76	
Average Training Hours Per Employee (Executives)	Number	11.27	13.87	1.00	
Average Training Hours Per Employee (Non-Executives)	Number	7.32	6.58	13.87	
Total male employees attended training	Number	264	300	292	
Total female employees attended training	Number	287	272	274	
Average Training Hours Per Employee (Male)	Hours	17.47	25.51	13.44	
Average Training Hours Per Employee (Female)	Hours	16.07	28.13	12.48	
Employee Engagement					
Total spend on Employee Engagement activities	RM	N/A	3,061.60	9,427.96	
Number of Employee Engagement Activities	Number	N/A	17	19	
Employee Satisfaction Level	%	ESS done biennially	ESS is not done in 2023	ESS is not done in 2024	
Community Engagement					
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM'000	80.0	98.2	393.1	
Total number of beneficiaries of the investment in communities	Number	4 secondray school,3 primary schoool, 89 teachers	2 secondary schools- Less student category & few communities in Kelantan	UTP students, pulau perhentian community, 2 UTP students under YUTP, Kelantan community	
Number of Community Engagement Activities	Number	2	2	4	
Total number of employee volunteer hours	Number	60	256	494	

ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
HSE Performance					
Total manhours worked	Hours	2,002,687	2,556,556	2,267,581	
Number of work-related fatalities	Number	0	0	0	0
Number of work-related fatalities: Employees	Number	0	0	0	
Number of work-related fatalities: Contractors	Number	0	0	0	
Fatality Rate	Rate	0	0	0	
No. of recordable work-related injuries	Number	1	4	1	
Injury Rate (including fatalities)	Rate	0.5	1.56	0.71	
Total no. of lost days / LTIs	Number	7	0	0	
Lost Day Rate	Rate	1.92	0	0	
No. of LTIs	Number	1	0	0	0
Lost time incident rate	Rate	0.5	0	0	
No. of Unsafe Act Unsafe Condition ("UAUC")	Number	40,773	63,100	61,054	
Occupational diseases rate	Rate	0	0	0	
Absenteeism Rate - Days	Rate	0.05	0	0	
Absenteeism Rate - Haedcount	Rate	0.1	0	0	
Number of employees trained on health and safety standards	Number	401		25	
Corporate Governance					
Number of Board of Directors	Number	9	9	9	
Number of Independent Directors on the Board	Number	5	5	5	
Number of women on the Board	Number	4	4	3	
AGM Notice Filing Date	DD-MM-YYYY	28-Apr	30-Apr	29-Apr	
AGM Date	DD-MM-YYYY	29-May	30-May	28-May	
Number of days between the date of notice and date of meeting	Number	More than 28 days	More than 28 days	More than 28 days	
Malay Directors	%	67%	67%	78%	
Chinese Directors	%	22%	22%	11%	
Indian Directors	%	11%	11%	11%	
Directors of Other Ethnicities	%	0%	0%	0%	
Malaysia Directors	%	100%	100%	100%	
Non-Malaysian Directors	%	0%	0%	0%	
Number /Percentage of Directors with Disabilities	%	0%	0%	0%	
Male Directors	%	56%	56%	67%	
Female Directors	%	44%	44%	33%	



ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Corporate Governance (cont'd.)					
Directors Aged 30 and below	%	0%	0%	0%	
Directors Aged 31-50	%	33%	33%	22%	
Directors Aged 51-65	%	11%	33%	56%	
Directors Aged 65 Years and Above	%	56%	33%	22%	
Risk Management & Regulatory Compliance					
Has the company and / or subsidiaries been fined or censured for any environmental non-compliance?	Y/N	No	No	No	
Cost of fines for environmental non-compliance	RM	0	0	0	
Has the company and / or subsidiaries been fined or censured for any socioeconomic non-compliance?	Y/N	No	No	No	
Incident of Environmental Regulatory Non-Compliance	Y/N	No	No	No	
Incident of Social Regulatory Non-Compliance	Y/N	No	No	No	
Cost of fines for socioeconomic Non-Compliance	RM	N/A	0	0	
Incident of Corporate/ Governance Non-Compliance	Y/N	Yes	No	No	
Total incident of Corporate/ Governance Non-Compliance	Number	5	0	0	
Incidents of non-compliance with regulations resulting in a fine or penalty	Number	N/A	0	0	
Incidents of non-compliance with regulations resulting in a warning	Number	N/A	0	0	
Incidents of non-compliance with voluntary codes	Number	N/A	0	0	
Total monetary value of paid fines for corporate / governance non-compliance	RM'000	24	0	0	
Total number of non-monetary sanctions	Number	N/A	0	0	
Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant	Number	0	0	0	
Cases brought through dispute resolution mechanisms	Number	0	0	0	
Cases of corporate misconduct reported through the Whistleblowing channel	Number	0	0	0	

ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Anti-Corruption					
Number of training hours relating to anti-corruption Directors	Number	N/A	0	9	
Number of training hours relating to anti-corruption Senior Management	Number	N/A	N/A	22	
Number of training hours relating to anti-corruption Managerial Staff	Number	26	135	78	
Number of training hours relating to anti-corruption Executives	Number	78	143	136	
Number of training hours relating to anti-corruption Non Executives	Number	264	314	182	
Number of training hours relating to anti-corruption Total	Number	368	591	418	
Percentage of business partner that the organisation's anti corruption policies and procedure have been communicated to	%	20%	100%	100%	
- Nature of confirmed incidents of corruption	Qualitative	N/A	Reportable case happened in 2022 involved falsification of claims with domestic inquiry completed in 2023. The case subsequently has been reported to MACC in 2023.	No case reported	
- Cost of fines, penalties or settlements in relation to corruption	RM	0	0	0	
Number of employees who have received training on anti-corruption by employee category: Directors	Number	N/A	N/A	9	
Number of employees who have received training on anti-corruption by employee category: Senior Management	Number	N/A	6	11	
Number of employees who have received training on anti-corruption by employee category: Managerial Staff	Number	13	66	78	
Number of employees who have received training on anti-corruption by employee category: Executives	Number	39	122	136	
Number of employees who have received training on anti-corruption by employee category: Non-Executives / operational	Number	132	239	182	



ESG Performance Data

Disclosures	Unit of Measurement	FY2022	FY2023	FY2024	Target
Anti-Corruption (cont'd.)					
Number of employees who have received training on anti-corruption by employee category: Total	Number	184	433	407	
Percentage of operations assessed for corruption-related risks	%	100%	86%	100%	
Confirmed incidents of corruption	Number	0	1	0	0
- Action taken	Qualitative	N/A	Domestic Inquiry and Report to MACC	No case reported	
Data Privacy and Security					
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	

Bursa Malaysia Content Index

COMMON INDICATORS

No.	Common Sustainability Matters	Code	Indicators	Pages
1.	Anti-corruption	C1 (a)	Percentage of employees who have received training on anti-corruption by employee category	102
		C1 (b)	Percentage of operations assessed for corruption-related risks	
		C1 (c)	Confirmed incidents of corruption and action taken	
2.	Community/ Society	C2 (a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	97
		C2 (b)	Total number of beneficiaries of the investment in communities	96, 121
3.	Diversity	C3 (a)	Percentage of employees by gender and age group, for each employee category	94 - 95
		C3 (b)	Percentage of directors by gender and age group	
4.	Energy management	C4 (a)	Total energy consumption	115
5.	Health and safety	C5 (a)	Number of work-related fatalities	84
		C5 (b)	Lost time incident rate	
		C5 (c)	Number of employees trained on health and safety standards	
6.	Labour practices and standards	C6 (a)	Total hours of training by employee category	89
		C6 (b)	Percentage of employees that are contractors or temporary staff	117
		C6 (c)	Total number of employee turnover by employee category	95
		C6 (d)	Number of substantiated complaints concerning human rights violations	92
7.	Supply chain management	C7 (a)	Proportion of spending on local suppliers	105
8.	Data privacy and security	C8 (a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	107
9.	Water	C9 (a)	Total volume of water used	76
10.	Waste management	C10 (a)	Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	76
11.	Emissions management	C11 (a)	Scope 1 emissions in tonnes of CO ₂ e	73
		C11 (b)	Scope 2 emissions in tonnes of CO ₂ e	
		C11 (c)	Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	

SECTOR-SPECIFIC INDICATORS: ENERGY

Common Sustainability Matters	Code	Indicators	Page
Biodiversity	S1 (a)	Percentage of existing operations or projects assessed for biodiversity risks	116
	S1 (b)	Size and location of all habitat areas protected or restored	
	S1 (c)	Total number of International Union for Conservation of Nature ("IUCN") Red List of Threatened Species and national conservation list species with habitats in areas affected by the operations of the company	
Emissions - Air Quality/Pollution	S4 (a)	Amount of air emissions of pollutants and particulate matter	115
Materials	S5 (a)	Total weight or volume of materials that are used to produce and package products and services	N/A
Effluents	S8 (a)	Total volume of water (effluent) discharge over the reporting period	N/A



GRI Content Index

GRI Standard	Code	Disclosure	Location	Page
GRI 2: General Disclosures 2021	2-1	Organisational details	Corporate Information	12
	2-2	Entities included in the organisation's sustainability reporting	Corporate Structure	43
	2-3	Reporting period, frequency and contact point	Scope, Boundary and Exclusions	43
	2-4	Restatements of information	About This Report	N/A
	2-5	External assurance	Assurance	44
	2-6	Activities, value chain and other business relationships	Our Value Chain	28
	2-7	Employees	Workforce diversity data	117
	2-8	Workers who are not employees	Workforce Diversity Data	117
	2-9	Governance structure and composition	Corporate Governance Overview Statement	150
	2-10	Nomination and selection of the highest governance body		
	2-11	Chair of the highest governance body		
	2-12	Role of the highest governance body in overseeing the management of impacts		
	2-13	Delegation of responsibility for managing impacts		
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance at Velesto Governing Sustainability	55
	2-15	Conflicts of interest	Assessment of Independence Additional Compliance Information Statistics on Shareholding	161
	2-16	Communication of critical concerns	Grievance Mechanism	90
	2-17	Collective knowledge of the highest governance body	Board Skills Matrix	
	2-18	Evaluation of the performance of the highest governance body	Board Effectiveness Evaluation	134 - 143, 159
	2-19	Remuneration policies	Remuneration Policy and Procedures & TOR BNRC at www.velesto.com	
	2-20	Process to determine remuneration		
	2-21	Annual total compensation ratio	Directors' Benefits	191
	2-22	Statement on sustainable development strategy	SS2024 Message from the Group President	45 - 47
	2-23	Policy commitments	Diverse Policies for Good Governance	56
	2-24	Embedding policy commitments		
	2-25	Processes to remediate negative impacts	Grievance Mechanism	90
	2-26	Mechanisms for seeking advice and raising concerns	Feedback Channel	90
	2-27	Compliance with laws and regulations	Regulatory Compliance	100
	2-28	Membership associations	Industry Association Membership and External Initiatives	62
	2-29	Approach to stakeholder engagement	Our Stakeholder Universe	58 - 61
	2-30	Collective bargaining agreements	Labour Practices and Human Rights Supply Chain Management	91, 104
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Determining Materiality	63 - 66
	3-2	List of material topics		
	3-3	Management of material topics	Throughout the Report	

GRI Content Index

GRI Standard	Code	Disclosure	Location	Page
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Local Community Impact	89, 97
	201-2	Financial implications and other risks and opportunities due to climate change	TCFD- Aligned Disclosure	109 - 111
	201-3	Defined benefit plan obligations and other retirement plans	Competitive Remuneration and Benefits	87 - 89
	201-4	Financial assistance received from government	N/A	N/A
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed	
	202-2	Proportion of Senior Management hired from the local community	Our Leaders	146
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Local Community Impact	96 - 97
	203-2	Significant indirect economic impacts		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Prioritising Local Procurement Supply Chain Management Data	105
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Corporate Governance & Anti-Corruption Anti-Corruption Performance Data	102
	205-2	Communication and training about anti-corruption policies and procedures		
	205-3	Confirmed incidents of corruption and actions taken		
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy Consumption and Emissions	71, 115
	302-2	Energy consumption outside of the organisation		
	302-3	Energy intensity	Energy and GHG Emissions Data	
	302-4	Reduction of energy consumption		
	302-5	Reductions in energy requirements of products and services		
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Pollution and Waste Management	74 - 76, 115 - 116
	303-2	Management of water discharge-related impacts		
	303-3	Water withdrawal	Water Consumption and Waste and Effluent Data	
	303-4	Water discharge		
	303-5	Water consumption		
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Marine Biodiversity Biodiversity Data	77 - 79, 116
	304-2	Significant impacts of activities, products and services on biodiversity		
	304-3	Habitats protected or restored		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy Consumption and Emissions	71 - 74, 115
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-3	Other indirect (Scope 3) GHG emissions		
	305-4	GHG emissions intensity	Energy, GHG Emissions and Air Quality Data	
	305-5	Reduction of GHG emissions		
	305-6	Emissions of ozone-depleting substances (ODS)		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		



GRI Content Index

GRI Standard	Code	Disclosure	Location	Page
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Pollution and Waste Management	75 - 76, 115
	306-2	Management of significant waste-related impacts		
	306-3	Waste generated	Waste and Effluent Data	75 - 76, 115
	306-4	Waste diverted from disposal		
	306-5	Waste directed to disposal		
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	103 - 105
	308-2	Negative environmental impacts in the supply chain and actions taken		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Talent Retention and Development Hiring and Attrition and Employee Benefits and Remuneration Data	87, 95, 118 - 120
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
	401-3	Parental leave		
GRI 402: Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Minimum Notice Period	90 - 92
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Safety and Health HSE Performance Data	80 - 84, 121
	403-2	Hazard identification, risk assessment, and incident investigation		
	403-3	Occupational health services		
	403-4	Worker participation, consultation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8	Workers covered by an occupational health and safety management system		
	403-9	Work-related injuries		
	403-10	Work-related ill health		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Talent Retention and Development Staff Training Data	85 - 89, 120
	404-2	Programmes for upgrading employee skills and transition assistance programmes		
	404-3	Percentage of employees receiving regular performance and career development reviews		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Commitment to Diversity and Equal Opportunity	94 - 95
	405-2	Ratio of basic salary and remuneration of women to men	Governance Body Composition and Workforce Diversity Data	94 - 95
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Labour Practices and Human Rights	90 - 92
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply Chain Management	103 - 105
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Supply Chain Management	103 - 105

GRI Content Index

GRI Standard	Code	Disclosure	Location	Page
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Supply Chain Management	103 - 105
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Local Community Impact	96 - 97, 116 - 117
	413-2	Operations with significant actual and potential negative impacts on local communities	Community Engagement Data	96 - 97, 116 - 117
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Labour Practices and Human Rights Supply Chain Management Data	103 - 105, 116 - 117
	414-2	Negative social impacts in the supply chain and actions taken		
GRI 415: Public Policy 2016	415-1	Political contributions	Political Views and Contributions	100
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Data Privacy and Security	107



Statement of Assurance

In strengthening the credibility of our reporting, selected parts of this Sustainability Statement have been subjected to an internal review by the company's internal auditors and approved by the Company's Board Audit Committee.

The internal review covers the company's operations in Malaysia, with the exception of Energy and Emission, which includes Velesto Oilfield Services in Tianjin.

Type of Assurance	Material Matters	Subject Matter	Scope
Internal Review	Energy management	Total energy consumption	Operation assessed: Malaysia & Tianjin
	Emissions management	Scope 1 emission in tonnes CO2e (Diesel)	
		Scope 2 emission in tonnes CO2e (Electricity)	
	Health and safety	Number of work-related fatalities	Operation assessed: Malaysia
		Lost time incident rate	
		Number of employees trained on health and safety standards	
	Employment Practice	Total hours of training by employee category	
		Percentage of employees that are contractors or temporary staff	
		Total number of employee turnover by employee category	
		Number of substantiated complaints concerning human rights violations	
	Governance & Ethics	Percentage of employees who have received training on anti-corruption by employee category	
		Percentage of operations assessed for corruption-related risk	
		Confirmed incidents of corruption and action taken	
	Supply chain management	Proportion of spending on local suppliers	

We will continue to improve on our data accuracy and quality to strengthen our disclosures moving forward with plan for independent assurance in the future.

TCFD Content Index

TCFD Pillars & Thematic Areas	TCFD Recommended Disclosures	Page Reference
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate related risks and opportunities.	Sustainability Governance, page 54 - 57 Climate Change, page 71 TCFD - Aligned Disclosure, page 109
	b) Describe management's role in assessing and managing climate related risks and opportunities.	Sustainability Governance, page 54 - 57 TCFD - Aligned Disclosure, page 109 - 111
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	Climate Change, page 72 TCFD - Aligned Disclosure, page 111
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate Change, page 72 TCFD - Aligned Disclosure, page 109 - 111
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD - Aligned Disclosure, page 109 - 111
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate related risk.	TCFD - Aligned Disclosure, page 109 - 111
	b) Describe the organisation's processes for managing climate related risks.	Climate Change, page 70 - 72 TCFD - Aligned Disclosure, page 109 - 112
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.	a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	Climate Change, page 72 TCFD - Aligned Disclosure, page 109 - 112
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Energy and Emissions Management, page 73 TCFD - Aligned Disclosure, page 110 - 111
	c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.	TCFD - Aligned Disclosure, page 112



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