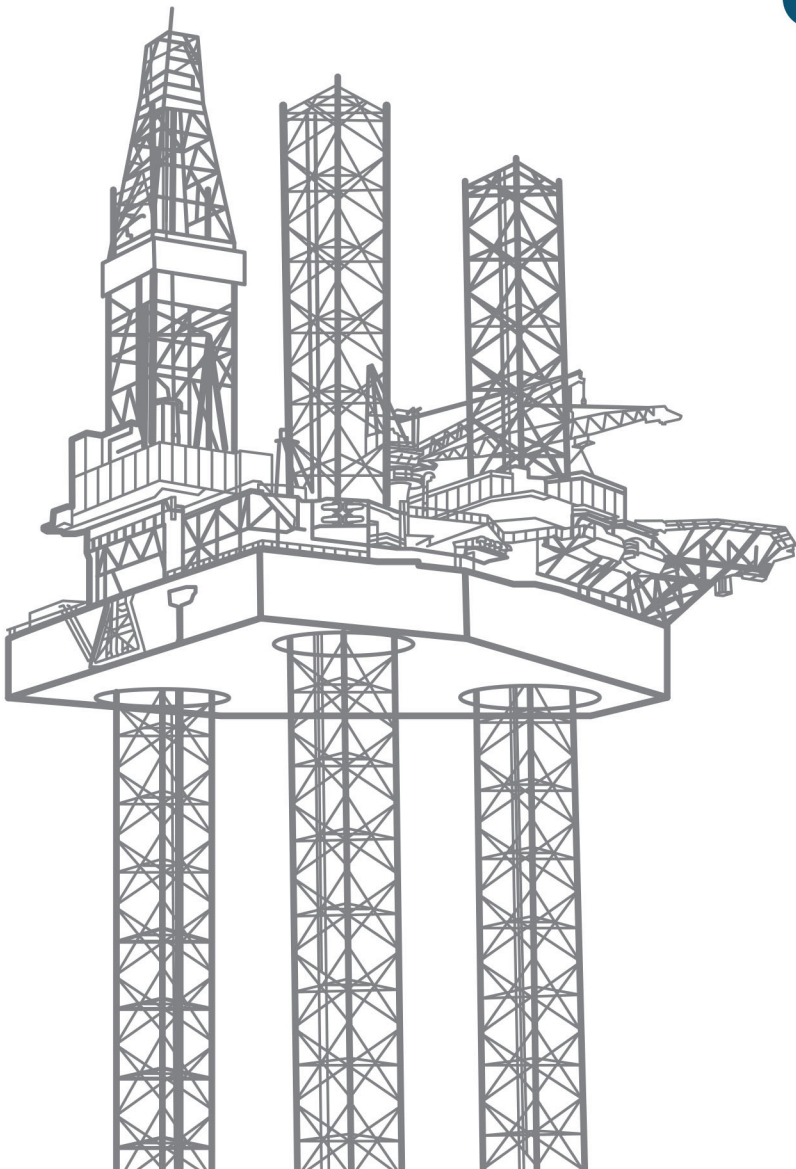


Surging Ahead

VELESTO

energy



Sustainability Report 2018

SUSTAINABILITY REPORT



Sustainability Report

Building a Sustainable Future

MESSAGE FROM THE PRESIDENT

To our esteemed stakeholders, on behalf of Velesto Energy Berhad (**“VELESTO”** or **“the Group”**), I am pleased to share with you the progress we have made on our sustainability journey in 2018.



Our SR2018 marks our third consecutive year of publishing a dedicated report that tracks VELESTO's performance from a triple bottom-line perspective of economic, environmental and social ("EES") indicators. Our approach to sustainability is guided by the following key pillars:

Innovative & High-Performance Culture, Environmental Stewardship and Nurturing the Community.

One of the highlights in SR2018 is our initial efforts to explore the feasibility of mapping our sustainability journey to corresponding United Nations Sustainability Development Goals ("UN SDGs"). Certainly, we see a congruence with several SDGs and VELESTO's business operations and our sustainability pillars. These are SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth) and SDG 14 (Life Below Water).

Going forward, we shall continue these initial efforts to further align ourselves in support of the identified SDGs.

Besides the SDGs, one other new highlight is the Group's disclosure on the impact(s) of climate change on Group operations and inversely, how our operations are potentially contributing to climate change. In January 2019, two (2) of our rigs were affected by tropical storm Pabuk while operating offshore. While it was a one-off event, it serves as a reminder that we must be prepared at all times to secure our people and assets.

In FY2018, on the back of growing industry activity and the on-going recovery of the oil and gas sector, our rig utilisation has also been on the uptrend. With that, there has been an increase in energy and water consumption as well as greenhouse gas ("GHG") emissions. Despite this, we have continued to take measures across the Group to reduce our overall carbon footprint as much as possible. We have also continued with our social engagements towards supporting the community and delivering positive impacts to areas in where we have a business presence.

Our HSE performance remains strong, with zero fatalities though there were two (2) Lost Time Injuries ("LTIs") which meant our LTI clock was reset accordingly. We will continue to view these incidents as learning opportunities to strengthen our performance in this area. During the year, we also received several HSE awards from our clients, PETRONAS, Hess, Murphy and Vestigo. On the whole, VELESTO is well regarded for its exemplary track record and for setting industry benchmarks for Health, Safety & Environment.

As we stand on the verge of achieving business and financial stability, we remain committed to social and environmental sustainability; that our business operates in a manner that satisfies the triple bottom-line. People and planet will remain key to the Group alongside profits and other financial results.

We welcome feedback from you and encourage you to read SR2018 together with our Management Discussion and Analysis section in the VELESTO 2018 Annual Report to obtain a more comprehensive view of our sustainability journey and value creation process during the year in review.

We believe that sustainability is an inclusive journey and therefore, the views and insights from our many stakeholders is important in ensuring that we continue to deliver value as defined and recognised by all stakeholders.

ROHAIZAD DARUS
PRESIDENT

Sustainability Report

About Our Report

SR2018 is produced in line with VELESTO's aspirations to provide transparent, honest disclosure as a leading, sustainable Group of companies within Malaysia's oil and gas industry.

The Group has measured its performance against a comprehensive range of EES topics as given under the best practice and internationally recognised Global Reporting Initiative ("GRI") Standards 2016. The full GRI content index is provided at the end of the SR2018.

In accordance with the GRI Standards 2016, beyond defined EES topics, the Group has also provided disclosure on corporate governance and business ethics, risk management, corporate values and more.



DISTRIBUTION & FEEDBACK

We welcome questions, feedback and suggestions that will spur further improvements in our reporting process.

Please send any comments, insights and queries to :

Strategy & Investor Relations VELESTO ENERGY BERHAD

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Plaza Sentral,
Jalan Stesen Sentral 5,
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velesto.com



BOUNDARY

As in previous years, VELESTO's reporting scope is focused on our drilling and oilfield services operations located in Malaysia. We have not included foreign subsidiaries that are or may potentially be part of the Group's on-going rationalisation. The scope is further streamlined to focus on the most pertinent projects, initiatives and activities of the Group rather than every aspect of operations. We exercise a "local-where-we-operate" practice. Our boundaries are determined based on the prioritisation of our materiality aspects and topics and the GRI's Reporting Principles for defining report content and report quality.

Our scope does not include the oil and gas resources discovered or produced by our assets for our clients and the impact from our supply chain which comprise of third party contractors and suppliers.



REPORTING STANDARDS AND GUIDELINES

- GRI Standards 2016: Core option
- Bursa Malaysia FTSE4Good Index
- Bursa Malaysia Sustainability Reporting Guide – Second Edition



DATA COLLECTION

Data presented in SR2018 has been collated on a best-effort basis via internally conducted surveys, workshops and other forms of assessments. Data is for FY2018 which is from 1 January 2018 to 31 December 2018.

Where possible, data has been presented for three consecutive years to show meaningful comparisons against past performance and to provide the possibility of trend lines. In addition, data has been collected and results measured and calculated using industry standards as well as widely accepted calculation methodologies such as the GHG Protocol. Other standards we have used or comply to are as follows:

- Annex 1 of the International Convention for the Prevention of Pollution from Ships
- Annex VI of MARPOL 73/78
- Fleet Certification by regulatory bodies such as the American Bureau of Shipping and Det Norske Veritas.
- International Carbon Bank & Exchange.



ASSURANCE

The Group has not undertaken independent auditing and assurance for data presented in this report.

Sustainability Report

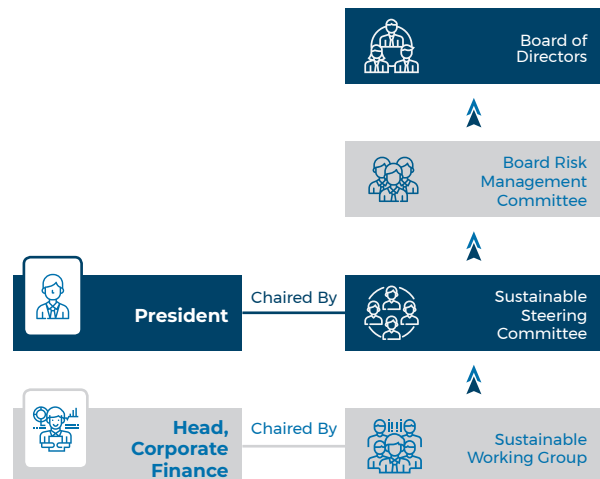
Sustainability Governance

VELESTO's governance of sustainability begins at the top; with the Board of Directors and Senior Management. With the growing importance of sustainability as a business driver, the Board in 2018, has played a more prominent oversight role in charting VELESTO's overall strategy for sustainability, with Senior Management playing an executive role in developing tactical plans for execution. One of the key highlights was the inclusion of Board input into specific sustainability strategies and initiatives. With this, the Board has progressively expanded its oversight and responsibility on EES matters beyond the customary aspects of risk management, audit, finance and corporate strategy.

The SR2018 was reviewed and approved by the Board of Directors on 16 April 2019.

Beyond the Board and Senior Management, VELESTO's sustainability agenda is driven by a multi-tier sustainability governance structure, which has been further enhanced. Going forward, we are including sustainability as a strategic aspect similar to corporate governance or audit and to place sustainability under the purview of the Group's BRMC. With this, the Board will have more comprehensive oversight on sustainability and where sustainability risks and opportunities are seamlessly integrated into the strategic agenda of the organisation.

SUSTAINABILITY GOVERNANCE STRUCTURE



An integral component of our sustainability governance structure is the role of the Group's Sustainability Steering Committee ("SSC") and the Sustainability Working Group ("SWG").

SUSTAINABILITY STEERING COMMITTEE ("SSC")

The composition of the SSC shall comprise of Senior Management of VELESTO:

- President (Chairman)
- Chief Financial Officer (Deputy Chairman)
- Chief Operating Officer
- Chief Commercial Officer
- Head, Human Resource
- Head, Legal & Secretarial
- Head, Health, Safety & Environment
- Head, Corporate Communications

Quorum for the meeting shall be any four (4) members of the SSC provided that either the President or the Chief Financial Officer is in attendance.

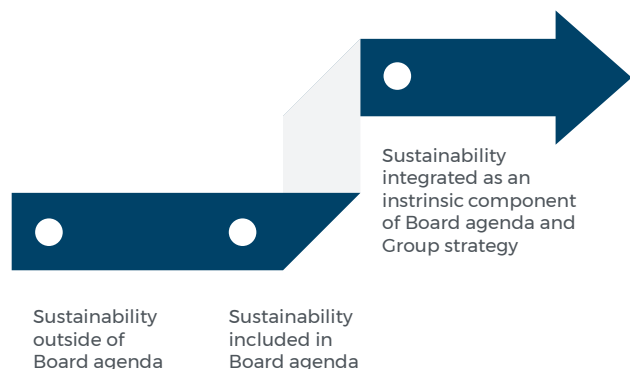
Principal Responsibilities

- Reviews and recommends sustainability statement to the Board;
- Reviews and recommends sustainability strategies, policies and other matters relating to it such as management systems, performance monitoring, policies, commitments and regulations;
- Ensures the sustainability strategy is aligned with the Company's vision and mission; and
- To continuously monitor stakeholders' expectation on Company's sustainability activities through proper communication strategy.

In line with BURSA's Sustainability Reporting Guide, VELESTO's governance of sustainability is at an intermediary phase. Essentially, sustainability issues are included in the Board's agenda and is deliberated upon with the Board's views and findings conveyed to Senior Management for incorporation into corporate and business strategies.

SUSTAINABILITY WORKING GROUP ("SWG")

- The Working Group members consist of representatives from corporate and operations that are responsible for sustainability strategies and projects.
- Tracks the data to ensure that all outlined activities achieved defined targets.



The Group has also established various metrics and key performance indicators across EES topics, aspects and disclosures to chart, measure and assess its sustainability performance in key focus areas.

Sustainability Report

Sustainability Governance (Cont'd.)

CODE OF BUSINESS CONDUCT AND ETHICS

VELESTO's commitment to strong corporate governance is fortified in its Code of Business Conduct and Ethics ("CoBE"), which guides the Company in fulfilling its business obligations with integrity and transparency. To ensure consistent good business practices and governance, the CoBE sets our commitment to work responsibly, with integrity and respect. The objective of the CoBE is to act as a reference guide for conduct and ethics throughout one's employment with the Company.

The CoBE is rolled out to employees through various trainings as well as communication programmes. Each employee undergoes training and is required to read and understand the CoBE. All employees will be required to agree and declare on their understanding of the Company's policy and procedures, and submit their individual "Disclosure of Conflict of Interest".

The CoBE is driven by our core values, keeping in mind the highest standard of business ethics. VELESTO will be continuously transmitting this CoBE for the employee to be aware that the Company is serious in handling any misconduct or any unethical behaviours of any employee. Refresher training will also be conducted periodically to ensure ongoing compliance.

WHISTLE-BLOWING POLICY AND PROCEDURES

The Whistle-Blowing Policy ("WBP") which complements the CoBE, provides a non-discriminatory and fair treatment for all reported incidents. The WBP ensures concerns regarding unethical, unlawful or improper conduct relating to mismanagement, malpractices, corrupt practices, fraud, conflict of interest, abuse of authority or breach of any laws and regulations by any member of its staff and management are investigated internally and if a violation is confirmed, appropriate actions will be taken.

This may involve serious consequences, up to and including dismissal or contract termination. Employees are at will and encouraged to file suspected wrongdoings through the proper mode of communications anonymously to the President, or the Head of Human Resources without facing repercussions. The Board Whistle-Blowing Committee, will then act and dispose of any reported incidents and investigations.

In FY2018, no whistle-blowing reports were made.

RISK MITIGATION

The inherent nature of VELESTO's business operations dictate that the Group faces various business, financial, operational and other forms of risk. Risk is defined in terms of the probability of a particular negative incident from occurring, and the extent of the loss or damage arising from this incident.

The Group's overall management approach to risk management and mitigation is based on the internationally recognised ISO 31000 Risk Management Principles and Guidelines. Beyond the ISO 31000, our Enterprise Risk Management ("ERM") framework is augmented by our risk matrix (to measure the severity and probability of its risk factors) and a regularly updated Risk Register. The Group also employs a triple line of defence system, appropriate internal controls for monitoring risk as well as setting limits for authority. In event of disasters or business disrupting incidents, the Group has developed a comprehensive Business Continuity Plan ("BCP") which is regularly tested via simulation exercises that are implemented during the financial year.

While VELESTO has adopted a proactive and vigilant stance towards risk, risks by nature can only be reduced or managed and not fully eliminated. Many risk factors are beyond the Group's control as a business entity. These include the price of crude oil, global developments or policies by countries that could influence demand and supply of crude, changing weather patterns and natural disasters and more.

Risk is very dynamic in nature and what is deemed as significant Group risk may change from time to time based on internal and external developments. Risk ratings are also subject to change from appropriate treatment strategies imposed by the Risk Owner i.e. implementation of Key Controls and Risk Action Plans.

Specific details on the Group's approach to risk management and mitigation including its ERM framework are given in the SORMIC of this Annual Report. In FY2018, via a likelihood and impact matrix, the following top five (5) risks pertaining to VELESTO were identified.

NO.	RISK EVENT	RISK RATING
1	Dependency on local market	EXTREME Likelihood: Almost Certain Impact: Major
2	Adverse changes in government policies	EXTREME Likelihood: Almost Certain Impact: Major
3	Low daily charter rate	EXTREME Likelihood: Almost Certain Impact: Major
4	Dependency on limited number of client	HIGH Likelihood: Possible Impact: Catastrophic
5	Cyclicality in offshore drilling and oilfield services sectors	HIGH Likelihood: Likely Impact: Major

Sustainability Report

Stakeholder Engagement

The Group has continued to engage both its internal and external stakeholders in eliciting their views towards guiding our determination and prioritisation of material topics, aspects and matters.

The views of stakeholders are essential in ensuring that VELESTO does not develop an insular view of its sustainability journey; and that perspectives and insights beyond our own form a key part of our concept of sustainability. This is to ensure that we have truly considered and addressed the concerns and aspirations of those whom we impact or may potentially impact through our business strategies, operations and activities.

We defined stakeholders as individuals or groups that are impacted or may be potentially impacted by the Group's business presence and activities, or have the potential to impact or influence the Group's operational and / or financial performance as well as overall corporate reputation and perception. Stakeholders are engaged in a diverse range of communication channels and mediums.

Given that the nature of VELESTO's business operations as a drilling services and oilfield services provider has remain unchanged, our stakeholders largely remain the same as per the previous financial year. Following is a restatement of our stakeholders and the engagement processes and outcomes achieved in FY2018.

STAKEHOLDER GROUPS	METHODS OF ENGAGEMENT	MATTERS DISCUSSED	GROUP RESPONSES / OUTCOMES
Shareholders and Investors	<ul style="list-style-type: none"> Analyst briefings Annual General Meeting ("AGM") Annual Report Investor briefings Announcements of corporate developments to BURSA Quarterly announcements of financial results to BURSA One-on-one meetings Investor information and update on the Company on VELESTO's Investor Relations webpage Press releases Press conferences 	<ul style="list-style-type: none"> Quarterly updates by the President on the position and status of the Company to analysts from various financial / research houses. A yearly update to shareholders on the strength and position of the Company, while also sharing the current health of their investment in the Company Regulatory matters Ad hoc (as/and when required) briefings to investors on the strength and position of the Company Quarterly announcements / discussions on the financial results Ad hoc (as/and when required) updates to analysts and fund managers Ad hoc (as/and when required) updates via press release distributed to the media 	<ul style="list-style-type: none"> More positive coverage by analysts Maintained share price performance Compliance with listing requirements
Board of Directors	<ul style="list-style-type: none"> Annual Report Annual General Meeting Board meetings 	<ul style="list-style-type: none"> Regulatory matters Company's operational and financial performance by month and year-to-date Key performance indicators ("KPI") year-do-date against target Market challenges and opportunities Monthly HSE issues and achievements 	<ul style="list-style-type: none"> Approved AGM agenda Business decision making Improved KPIs

Stakeholder Engagement

(Cont'd.)

STAKEHOLDER GROUPS	METHODS OF ENGAGEMENT	MATTERS DISCUSSED	GROUP RESPONSES / OUTCOMES
Customers	<ul style="list-style-type: none"> Management engagement Customer feedback exercises Customers visits Formal meetings Email queries Trade shows and exhibitions Frequent rig / office visits 	<ul style="list-style-type: none"> Operational and safety issues Rig / office visits by existing and potential clients Quarterly management engagement and frequent operational meetings to discuss on technical clarifications / operational and commercial matters Continuous effort in promoting the Company Various emails with regards to commercial and technical clarifications from clients Various marketing emails to existing and potential clients Abu Dhabi International Petroleum Exhibition and Conference ("ADIPEC"), Malaysian Oil & Gas Services Council ("MOGSC"), Malaysia External Trade Development Corporation ("MATRADE") and etc Rig operating schedules 	<ul style="list-style-type: none"> Ensure all clarifications responded and appropriate actions had been undertaken Managing issues continuously by VELESTO Operations and HSE team Visits jointly organised by Business Development and Operations team Frequent engagements with clients and authorities on the respective matters Frequent marketing meetings held between VELESTO and new / existing clients Frequent communication via emails to clients to ensure all clarifications responded and action taken Frequent emails marketing to promote company to existing / potential clients in introducing our Company's capability and rig schedules Participated in various tradeshow and exhibitions when deemed necessary local and overseas for marketing and branding purposes
Government / Regulators / Agencies	<ul style="list-style-type: none"> Annual / periodical compliance as per relevant laws and regulations Management engagement Formal and informal meetings Written and email communications 	<ul style="list-style-type: none"> Compliance to regulatory requirements Feedback on impact of policies Explore areas of mutual support from government initiatives 	<ul style="list-style-type: none"> Mutual understanding on compliance requirements and adherence Participation in initiatives / programmes Clarification on regulations Appeal or concession, if required
Employees	<ul style="list-style-type: none"> Townhall sessions Festive celebrations get-together Internal communications mailers Employee excursions / events Management HSE walkabouts 	<ul style="list-style-type: none"> Quarterly updates by the President on the position and status of the Company to VELESTO staff in townhall sessions Providing updates on the latest happenings at the Company; events, etc. Some mailers also discuss topics related to work / life balance Hazard Observation Card ("HOC") winner 	<ul style="list-style-type: none"> Updated awareness on the Company Internal communications help to ensure that all members of the organisation are kept up-to-date on the on-goings at the Company and also serve as a needed break from work Promote safety awareness at workplace
Banks	<ul style="list-style-type: none"> Annual Report Periodic update meetings 	<ul style="list-style-type: none"> Corporate treasury and cash management services Investment management Financial risk management (interest and foreign exchange) Regulatory compliance and compliance to debt covenants 	<ul style="list-style-type: none"> Frequent assessment on needs and matters to prioritise actions that are crucial / relevant and to define action plan for implementation improvement
Communities	<ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") events 	<ul style="list-style-type: none"> Implementation of VELESTO's three (3) main CSR pillars (safety, education and environment) at selected schools / communities with selected partners 	<ul style="list-style-type: none"> Improvement / betterment of the participating parties' understanding on safety, improved education experience, results and improved / better understanding of the environment

Assessing Materiality & Materiality Matrix

Equipped with the external insights from our various stakeholder engagements in FY2018, VELESTO via its SSC then initiated a materiality assessment exercise across the Group.

Key components in the materiality assessment process were the development of questionnaires (based on the GRI Standards 2016 content index) and the holding of internal workshops. Importantly, experience, expertise and views of Heads of Departments and Senior Management were tapped to develop a preliminary materiality prioritisation matrix.

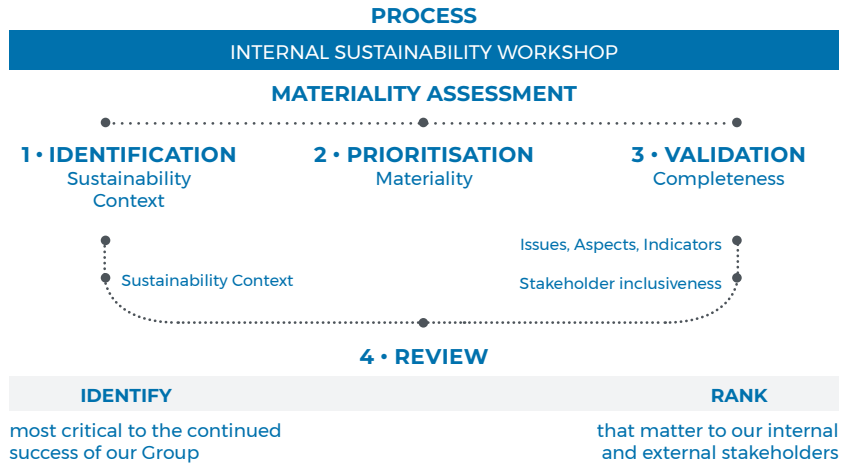
The process was cascaded across the Group to ensure a more thorough assessment of materiality revolving around three (3) key pillars: materiality identification, prioritisation and validation. In FY2018, the assessment process was more focused on the second and third pillars.

Our key criteria for materiality prioritisation is based on a two-dimensional approach which takes into account the impact or importance of a particular materiality matter to the Group and the same for stakeholders.

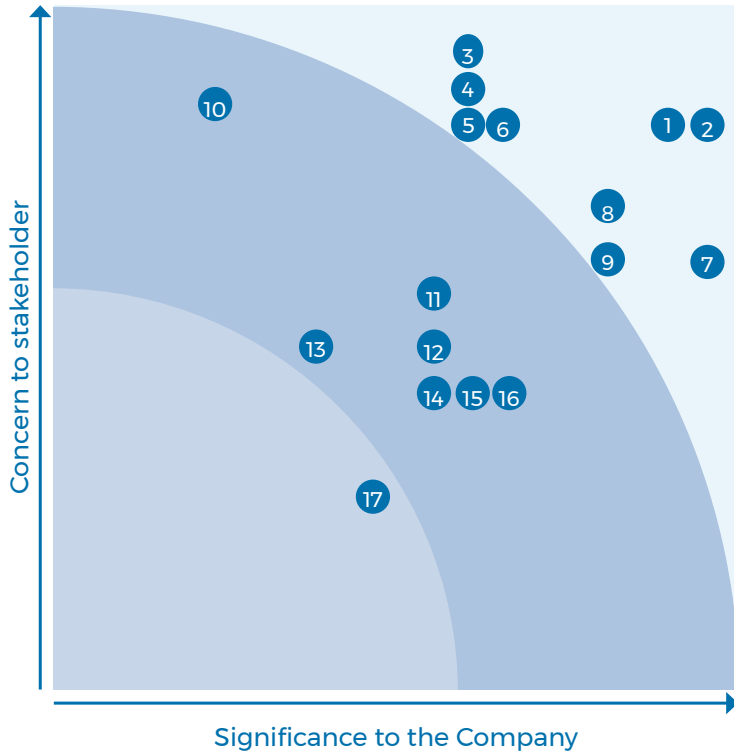
VELESTO's materiality matrix is a restatement in FY2018.

We are cognisant that given the differing aspirations, concerns and views, there may be variances in significance of a particular materiality matter(s) between stakeholders. Hence, we have sought to exercise our own discretion if there were any potential conflicts of interest between stakeholders to determine the final outcome or depiction of our materiality matrix.

The developed materiality matrix was then shared with Senior Management and the Board, which was deliberated upon and validated accordingly. Following is a brief illustration of the Group's materiality assessment process in FY2018:



Assessing Materiality & Materiality Matrix (Cont'd.)



We will continue to practice a rigorous materiality assessment process going forward with an emphasis to further broaden the inclusion of external stakeholder views where possible. The relevance of new issues will be assessed based on the abovementioned process in the event of new developments / operational context.

KEY MATERIAL ASPECTS



ECONOMIC

- 2 Economic Performance
- 8 Procurement Practices
- 9 Market Presence including Local Content
- 16 Indirect Economic Impact



ENVIRONMENT

- 3 Effluent and Waste
- 14 Energy
- 15 Water
- 17 Emission



SOCIAL

- 1 QHSE
- 4 Emergency Preparedness
- 5 Compliance
- 6 Asset Integrity and Process Safety
- 7 Employment
- 10 Anti-Corruption
- 11 Local Communities
- 12 Training and Education
- 13 Diversity and Equal Opportunity

LINKAGE OF UNITED NATIONS' SUSTAINABILITY DEVELOPMENT GOALS

In FY2018, VELESTO has begun to explore the feasibility of linking our sustainability efforts to the UN SDGs.

As this process is still at a nascent stage or its infancy, the Group has yet to draw up formalised linkages and strategies that contribute to the 17 UN SDGs.

However, the Board and Senior Management is of the view that VELESTO's business presence, nature of operations and EES impacts are closely aligned to the following UN SDGs:

- UN SDG 3 (Good Health and Well-being)
- UN SDG 4 (Quality Education)
- UN SDG 5 (Gender Equality)
- UN SDG 7 (Affordable and Clean Energy)
- UN SDG 8 (Decent Work and Economic Growth)
- UN SDG 14 (Life Below Water).

ECONOMIC

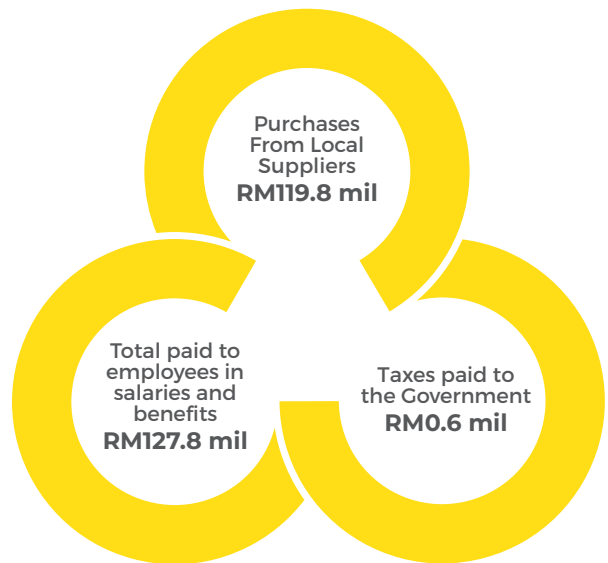


"We take care of the places we visited"

DIRECT ECONOMIC IMPACT

As we grew busier in tandem with the recovery of the oil and gas sector, VELESTO has seen a higher utilisation rates for its rigs underpinned by a string of contracts secured from existing and new clients. For the second consecutive year, in FY2018, VELESTO successfully operated all seven (7) jack-up rigs.

For a more comprehensive review of our financial and business performance, kindly refer to the Management Discussion and Analysis section of this annual report. As we generate financial returns, the Group has also generated improved economic value for stakeholders :



DEVELOPING MALAYSIAN TALENTS FOR THE OIL AND GAS INDUSTRY

One of our more tangible economic benefits is the role we play in developing and upskilling local talent for the oil and gas industry via the VELESTO-INSTEP Drilling Academy ("VIDA").

Accredited by the International Association of Drilling Contractors ("IADC") and International Well Control Forum ("IWCF"), VIDA is a joint collaborative effort with Institut Teknologi Petroleum PETRONAS ("INSTEP"). Essentially, VIDA runs programmes, training courses and provides certifications for the oil and gas industry, specifically in the niche drilling segment of the value chain.

Sustainability Report

Economic

(Cont'd.)

Enrolment is open to industry talents and not restricted just to VELESTO staff. We have continued to see a growing number of participants over the years who through the courses and programmes attended have gone on to have successful careers as oil and gas industry professionals within Malaysia and beyond.

Importantly, VIDA helps to ensure there is a sufficient local talent pool to meet key positions in the industry. This is crucial given the constant churn and attrition of talents, who may choose to move to other regions to pursue their careers. Over time, we have played an important role in facilitating knowledge transfer to upskill Malaysians, which is vital to the overall development of the oil and gas industry in Malaysia.

In 2018, VIDA received over 275 participants (FY2017: 159), which included a significant number of professionals from PETRONAS and other oil and gas industry players in general.

STIMULATING LOCAL ECONOMY IN COMMUNITIES

Our rigs are parked for operations in numerous locations both in East and West Malaysia which includes offshore sites in Terengganu, Kelantan, Sabah, Sarawak and Labuan. As in previous years, the presence of our rigs and operations in these areas provides an economic stimulus for rural communities via job opportunities, development of local community vendors (transportation, accommodation, logistics, food and beverage) and more.

As per previous years, the majority of crews hired for our operations in East Malaysia are local Sabahans and Sarawakians. This has significantly improved the marketability of personnel in less urban parts of Malaysia which are often overlooked. Various training programmes have been implemented to ensure our offshore crews are technically competent which has increased investment on local talent.

One of our unique vendor development initiatives is the development of skilled workers to produce specific premium type connections. This is a technical and highly specialised expertise that allows those trained to then carve a niche within the oil and gas industry. Our knowledge transfer to these vendors have enabled them to not just attain useful skills, but with that to also improve their earning capabilities and to also serve the domestic oil and gas sector.

SUPPLY CHAIN MANAGEMENT

We view our supply chain as an extension of our business operations and activities, given that their efficiency and expertise impacts our overall ability to create value. Hence, progressively, VELESTO has sought to cascade our values, systems and business standards across our value chain as much as possible.

Our approach to procurement is guided by our CoBE as well as stringent requirements for vendors to have an excellent QHSE track record. In addition to these, all vendors are assessed during the registration process to ensure that they have the financial stability and capacity to fulfil VELESTO's business needs.

However vendors who do meet our selection criteria are treated based on merit and are entitled to submit tenders for projects. The Group subscribes to an open tender system for awarding contracts.

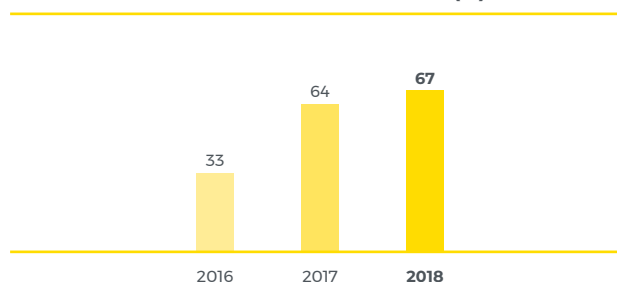
VELESTO places the utmost importance in integrity in all of our commercial dealings. During the year, the Company invited the Malaysia Anti-Corruption Commission to deliver a talk on raising awareness on the issue and impact of bribery in Corporate Malaysia to VELESTO employees.

The Group continues to assess its operations for corrupt practices, via stringent financial and non-financial auditing.

The Group actively seeks to grow its local procurement spend toward developing the capacity and capabilities of the local oil and gas value chain. This is provided that local vendors are able to deliver the best value proposition; that is products or services that meet or exceed requirements and at the most competitive cost possible.

One of the ways that VELESTO realises this commitment is via making purchases from local vendors for any items that are not sourced from an original equipment manufacturer ("OEM"). In FY2018, total local procurement spend continued to increase.

TOTAL SPEND WITH LOCAL SUPPLIERS (%)



ENVIRONMENT



As a leading drilling operator in the oil and gas industry, we strive to ensure that we take precautionary actions to minimise the impact on the environment in which we operate in.

HOLDING STATEMENT ON CLIMATE CHANGE

In compliance with the BURSA Sustainability Reporting Guide Second Edition, VELESTO has provided a brief account of the Group's response to climate change and related matters.

We remain committed to continue operating as a responsible business entity; a proactive and concerned corporate citizen that plays its part in addressing climate change and other environmental issues.

Our goal is to minimise the impact of our activities in the production of hydrocarbons via the following strategies:



As a service provider in the oil and gas industry, we are taking practical measures to ensure the types of fuel used in our diesel engines produce lower amounts of CO₂, corresponding to both the Paris Agreement and The Kyoto Protocol as formed by the United Nations Framework on Climate Change ("UNFCC"). The UNFCC encourages reduction in CO₂ emission where Malaysia is one of the Non-Annex 1 parties for both commitment periods (2008-2012 and 2013-2020).

Beyond this, we are cognisant that there could be indirect contribution to climate change such as through transportation of personnel and goods supporting the

Sustainability Report

Environment

(Cont'd.)

provision of our services, and the discovery / production of hydrocarbons owned by our customers that are sold and distributed to end-consumers.

VELESTO accepts that it alone cannot combat climate change and thus, the best role it can play beyond mitigating its own impacts; is to cascade the awareness of climate change across its value chain to deliver a wider and more effective impact.

We will seek to continuously improve our climate change disclosure going forward.

DIRECT CLIMATE CHANGE IMPACT ON GROUP OPERATIONS

On 30 December 2018, one of the Group's JU's, NAGA 8 felt the full effects of tropical storm Pabuk which had struck the North Malay Basin. NAGA 5 which was nearby had also faced strong winds bordering 50 knots.

Drilling operations for NAGA 8 were suspended for 10 days (from 30 December 2018 - 8 January 2019) and NAGA 5 was shut down for 26 hours. The crews from NAGA 8, which was in the middle of the storm's path, had to be evacuated. The Group is grateful that during the Pabuk episode, no injuries or casualties were suffered and due to their sturdy design the losses to assets were minimal at just below RM10,000 per rig. Further, VELESTO did not suffer significant financial loss from the suspension of drilling operations, VELESTO received with partial recovery of day rates during the suspended period.

While we draw a measure of reassurance that all of our rigs operate in shallow waters and in locations where weather conditions are generally calm, Pabuk has delivered a timely reminder that climate change has led to major shifts in weather patterns and as such, natural disasters have a greater probability of recurring.

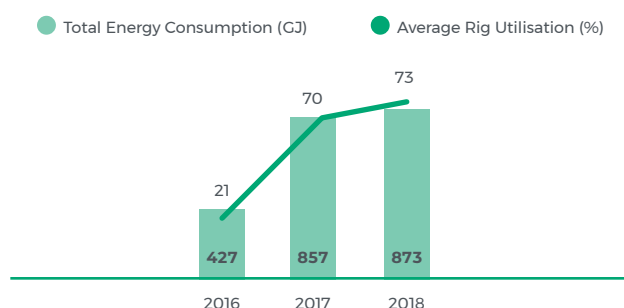
The Group has taken this new emerging variable into consideration as part of its overall risk register and business strategy and we continue to assess how best to address the issue of volatile weather conditions that could impact offshore operations.

ENERGY CONSUMPTION

The Group's approach to energy management is driven by its Rig Power Management System ("RPMS"). The system enables VELESTO to achieve efficient power consumption across all seven (7) rigs. This is essential that with the ongoing industry recovery, power consumption will likely be on the uptrend due to increased drilling activities.

The RPMS provides each rig with five (5) diesel powered generators with the biggest power consumer being the Muds pumps followed by the Top Drive System ("TDS") and the draw works. The RPMS is able to detect when the rig equipment requires a lower power load and with that, automatically shuts / revs the engine(s) down. This enables a more efficient use of energy for drilling activities.

Given that all seven (7) of our rigs saw increased utilisation in FY2018, our power consumption has also increased in tandem to 873GJ, 1.9% more y-o-y.



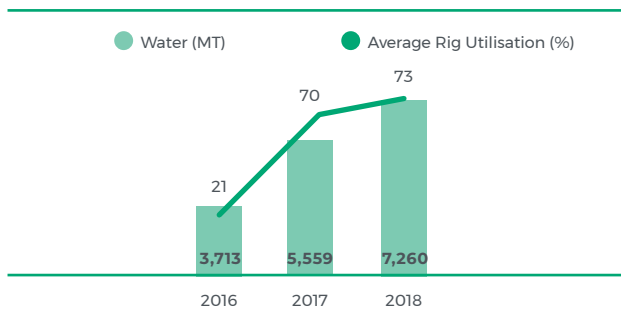
Since drilling rigs presently rely on diesel fuel as their sole running source, we remain mindful on the environmental and financial impacts of power consumed by VELESTO for its drilling activities. However, via our RPMS, we continue to remain energy efficient by actively optimising power utilisation. We also ensure that our generators are well maintained and running at optimum level to further improve fuel consumption efficiency.

WATER MANAGEMENT

The Group's primary water source of potable water is filtered seawater, distilled via reverse osmosis plants and also by means of rain water collection on some of the rigs. The process of extracting and filtering seawater is a daily activity on all of our jack-up rigs. Drilling operation uses drill water which largely is non-potable water sourced from onshore in addition to the aforementioned means. This water is mixed with mud and is used solely for drilling operations.

As our water consumption is mainly sourced from seawater, we do not have any operations in proximity with fresh water bodies or water catchment areas. Therefore, we believe our operations do not have a material impact on water security.

In FY2018, VELESTO withdrew and treated 7,260 metric tonnes (MT), a 30.6% higher amount y-o-y due to the increase operational activity of our rigs.



In line with Annex 1 of MARPOL 73/78, all VELESTO rigs are equipped with internationally approved oily water separators facility to treat water with oil content and bring the oil content to permissible level of less than 15 parts per million (“ppm”) prior to dumping overboard. Also in line with Annex IV of MARPOL 73/78, all VELESTO rigs have sufficient storage capacity for manure and a dedicated, self-contained Sewage Treatment System. Hence waste is treated on-board and the final treated effluent which is safe, is stored first to be decomposed fully before being discharged into the sea.

Waste water generated had decreased by 5.5% to 50,817m³ (FY2017: 53,750 m³) despite the increase in rig activity seen throughout the year. Waste water is generated from cleaning and washing activities of the crew on board. Waste water and sewage are biologically treated on board to internationally acceptable parameters before being discharged overboard.

WASTE MANAGEMENT

In accordance with the International Convention for the Prevention of Pollution for Ships (MARPOL 73/78), our offshore drilling have a dedicated waste management plan to ensure all types of waste are managed in a responsible manner. We engage contractors licensed by the Department of Environment (“DOE”) to ensure waste from our drilling operations are disposed responsibly. As for our oilfield services operations, waste is managed in accordance with the DOE Environmental, Quality (Schedule Waste) Regulation 2005.

In FY2018, total solid waste disposed was 2,080.5 m³ and chemical waste (oil sludge, waste oil and oily water) was 205.2 m³. Of this, 306 m³ were transported via licensed local contractors without any incidents of spillage. Solid waste is segregated based on usable and disposable materials, particularly solid wastes at warehouses in Kemaman and Labuan. Further upgraded waste management action will be implemented and continuously improved as we go forward.

ENVIRONMENTAL SPILLS

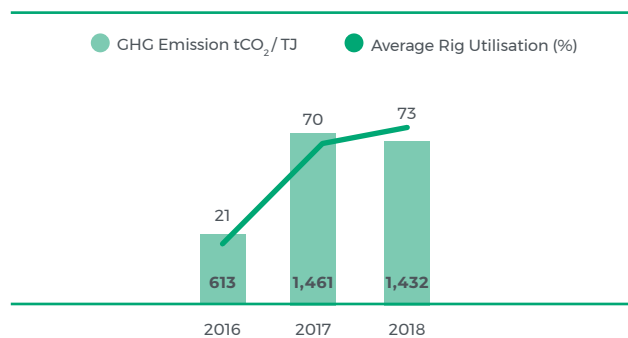
We are pleased that the Group has had no hydrocarbon spills for the second consecutive year. We continue to emphasise the prevention of spills by implementing best practices as well as improving our equipment maintenance processes and technical competency of crews.

In FY2018, total environmental spills recorded by our drilling operations were 0.25 bbls (FY2017: 21.5 bbls). The above spillage incidents did not have a material impact on the environment.

Our rigs comply with Annex 1 of the International Convention for the Prevention of Pollution from Ships (“MARPOL”). In addition, our fleet is certified by regulatory bodies such as the American Bureau of Shipping and Det Norske Veritas.

GREENHOUSE GAS EMISSIONS

The Group’s approach to measuring and managing GHG is in adherence with the internationally recognised Greenhouse Gas Protocol. All VELESTO rigs comply with Annex VI of MARPOL 73/78 which emphasises air pollution prevention, including control on the greenhouse gases emissions and the quality of fuel oil used by the diesel engines.



Total GHG emitted in FY2018 was 60,060 tCO₂e (FY2017: 61,372 tCO₂e), 2.1% lower y-o-y. Direct emissions constituted 59,738 tCO₂e or 1,432 tCO₂/TJ (FY2017: 60,919 tCO₂e or 1,461 tCO₂/TJ) while indirect emissions were 312 tCO₂e (FY2017:453 tCO₂e). The decrease in emissions is attributed to lower diesel consumption and more efficient energy consumption. Our calculation is based on diesel density of 0.85 kg/l and in accordance with the International Carbon Bank & Exchange.

BIO-DIVERSITY

As far as we know, our rigs are not operating in areas considered high in bio-diversity. We will continue to take this into consideration in our operations.

SOCIAL

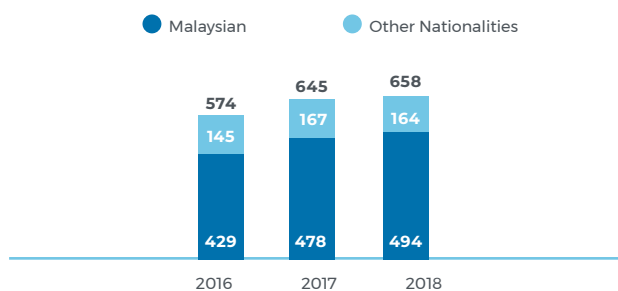


OUR PEOPLE

Our greatest asset and the pillar of our success

On the back of an increased rig utilisation rate, VELESTO is pleased to report a slight increase in the number of employees. As of 31 December 2018, VELESTO had 658 employees on its pay-roll, a 2.0% increase from the previous year's 645. Out of this, 494 or 75% are Malaysian employees.

BREAKDOWN OF VELESTO'S EMPLOYEES



Granted the increase is small, but we are optimistic that with the imminent recovery of the oil and gas sector, which will translate into more industry activity, we will see our rigs increasing their operational activity and with that, a reasonable growth in new hires.



We continued to be guided by our Human Capital Blueprint in ensuring a sustainable talent strategy that delivers a competitive edge to VELESTO. The Group is looking to not just hire staff, but to retain existing talents within the organisation.

As we looked to hire, we have continued to focus on cost effectiveness, improved staff efficiency and productivity via job redesign exercises and the continued restructuring of the expatriate crew compensation rate.

MAINTAINING HIGH PERFORMANCE CULTURE

We rolled out the ABC Behavioural Assessment System in 2016 to ignite a clear path towards building a high performance culture. This was an initiative in addition to the existing KPI-based assessment system we already had in place, which is still in use currently.

We continued to conduct familiarisation sessions for users in 2018 as our step-up and awareness plans towards embedding the system as part of our culture building initiatives. This system has proven to be an effective tool in assisting supervisors to evaluate an employee's compliance to basic employment rules, commitment and quality of work, integrity, safety awareness, and compliance to our core values.



The primary aim of this system is to provide a platform for healthy and objective discussions between employees and their superior to ensure productive and continuous contributions to the Company. This ABC assessment will be incorporated in an e-platform moving forward to allow easy access and traceability for all users.

WORKFORCE DIVERSITY

VELESTO prides itself on the multi-culturalism of its workforce which reflects our commitment to promoting diversity in the workplace. However, beyond providing equal opportunity employment, diversity serves a strategic purpose that supports our long-term sustainability.

In FY2018, we have maintained our mini “United Nations” with our workforce coming from more than 23 countries including Malaysia. The majority of the workforce at 75% are Malaysians. Ten (10) out of eleven (11) of our Key Management are Malaysians.

In terms of gender equality, we have successfully met Bursa Malaysia's target of having 30% women sitting on the Group's Board of Directors. In addition, four (4) out of eleven (11) of our Key Management team are women. However, female employees only represent 15% of our workforce, which is an area we will look to improve upon in the future.

Granted that the nature of our industry and business operations, inherently tends to have a gender ratio in favour of men, looking to achieve gender equality would be a challenge. However, Velesto remains committed to reducing the disparity between men and women in its workforce and where possible, to contribute in the development of female talent for the oil and gas industry in Malaysia.

A diverse workforce is a richer workforce in terms of skills sets, perspectives, experiences and more. The Group is able to tap on a wider range of capabilities within the organisation. Hence, we continue to recruit talents based on meritocracy and experience, irrespective of gender, ethnicity, religion and others.

Beyond recruitment, a conducive workplace environment and culture is essential towards fostering diversity. Hence, in FY2018, we have continued to emphasise an inclusive working environment and the Company is committed to promoting equal opportunity for all its employees.

Social

(Cont'd.)

OUR WORKFORCE	2016	2017	2018
Breakdown Of Employees (%)			
Malaysian	75	74	75
- Bumiputera	86	85	90
- Non-Bumiputera	14	15	10
Other Nationalities	25	26	25
Contract Type (%)			
Permanent	59	50	40
Contract	41	50	60
Gender Distribution (%)			
Male	80	82	85
Female	20	18	15
Employees Age Of (%)			
Below 30	26	23	16
30-50	60	60	66
Above 50	14	17	18
% Of New Hires			
Malaysian	95	72	77
Other Nationals	5	28	23

STAFF BENEFITS

EMPLOYEE REMUNERATION & BENEFITS

In support of our High Performance Culture pillar, VELESTO continues to offer attractive compensation packages and benefits to employees. Remuneration is based on merit where employees' compensation commensurate with their experience, professional qualifications, job performance and also seniority.

Full time employees are entitled to the following health benefits:

- Statutory sick pay leave without hospitalisation ranging from 14 days to 28 days depending on the employee's job grade and period of service.
- A period up to 60 days is granted if hospitalisation is necessary.
- Company supported / subsidised health / medical insurance plan for offshore crew.
- Annual medical check-up for all employees age 40 years and above
- Group Term Life insurance and Group Personal Accident insurance for all employees

LEAVE BENEFITS

All employees have leave benefits which include various types of paid and unpaid leave. Female employees are entitled to paid maternity leave of 60 consecutive days for each confinement period. Male employees are granted paternity leave of two (2) days for all children.

STATUTORY CONTRIBUTIONS TO EMPLOYEES RETIREMENT / PENSION SAVINGS

As accorded by law, VELESTO continues to make statutory contributions for all employees to the Employees Provident Fund ("EPF") and the Social Security Organisation ("SOCSO"). In FY2018, VELESTO paid a total of RM6.65 million and RM0.52 million in line with the employers' contribution to EPF and SOCSO, respectively.

TALENT DEVELOPMENT

The attainment of a high performance culture necessitates that we continue to develop our workforce to a high level of competence and capability. This essentially means continuing to invest in training and development activities.

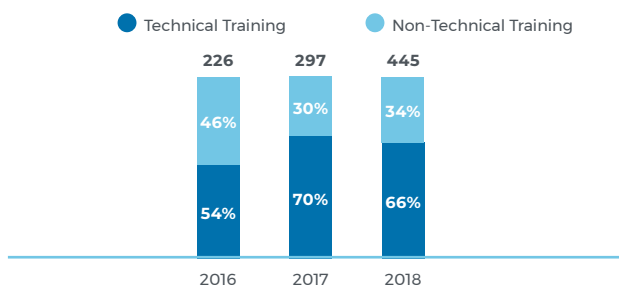
In FY2018, we maintained our commitment to training and development as reflected in the following numbers:

VELESTO TRAINING STATISTICS

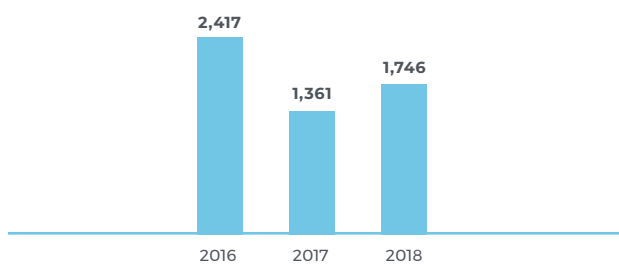
The average number of training days per employee stays the same as per the previous year at 4.9 days.



TRAINING SESSIONS



TOTAL NO. OF PARTICIPANTS

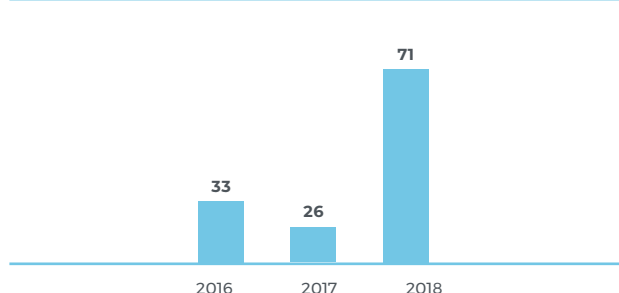


VELESTO POST GRADUATE ENHANCEMENT PROGRAMME: SKIM LATIHAN 1MALAYSIA (SLIM)

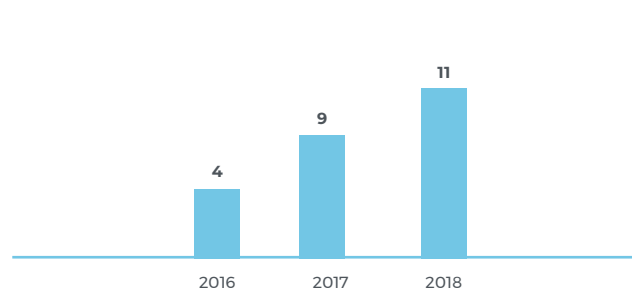
As in previous years, VELESTO has continued to support unemployed graduates which is a growing concern in Malaysia. In FY2018, we took in 71 trainees under the VELESTO Post Graduate Enhancement Programme: Skim Latihan 1Malaysia ("SLIM"). This is a 173% increase in our intake from the previous year.

Trainees are given on-the-job training and hands-on learning opportunities to move into a career within the oil and gas industry. Trainees are closely monitored and mentored by designated supervisors. At the end of their training session, should there be any vacancies within the Group, those qualified will be offered contract or permanent positions within the Group. In FY2018, a record of 11 trainees were absorbed by the Group.

TOTAL SKIM LATIHAN 1MALAYSIA TRAINEES



SLIM TRAINEES ABSORBED INTO VEB



COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

In accordance with the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights, VELESTO recognises the rights of all employees to be accorded with proper and safe working conditions.

Where possible, we provide a minimum notice period for major operational changes towards reducing the impact of changes to employees' work conditions and to reduce any potential inconvenience or difficulties arising from the changes.

Though employees work in a non-unionised environment, they are always kept informed of their rights via official communication channels. We also foster open, two-way dialogue with employees encouraged to seek the assistance of the Human Resource department ("HR") on any matters.

GRIEVANCE PROCEDURES

While employees are encouraged to resolve work related issues informally, employees do have formal means of recourse via established company grievance procedures. Their access to the formal process is not in any way prohibited or censured as this is deemed as a fundamental right of the employee. The process is managed by HR and involves escalation of the issue across the respective management hierarchy.

HUMAN RIGHTS

VELESTO recognises its responsibility to protect employees' human rights and that of the communities in which it has business presence. Our adherence to Human Rights is based on the Guiding Principles on Business and Human Rights', endorsed by the UN Human Rights Council in 2011; as well as International Bill of Rights and the principles set out in the ILO 'Declaration on Fundamental Principles and Rights at Work'. We also abide by the Malaysian Employment Act 1955, which prohibits exploitative labour practices.

Sustainability Report

Community Investment

VELESTO's approach to Corporate Social Responsibility ("CSR") is guided by the following:



SAFETY



EDUCATION



ENVIRONMENT

In 2018, we continued to drive cultivation of a safety culture, capacity building through education, and protecting and preserving the environment. Following are some of the key societal events and other engagements undertaken during the financial year:



24 FEBRUARY 2018: COLLABORATION WITH MMEA & HESS FOR INAUGURAL SAFETY PSA INITIATIVE



In conjunction with the Malaysian Maritime Enforcement Agency's ("MMEA") 13th anniversary, VELESTO kicked off its marine safety Public Service Announcement ("PSA") initiative which is primarily aimed at the local fishing and coastal communities in Tok Bali, Kelantan.

Supported by MMEA and Hess, phase one of the first initiative saw the installation of five (5) signboards with various safety messages to alert fishermen and other maritime stakeholders of the potential hazards of encroaching into oil and gas operational areas. We hope that the signboards will help to prevent future incidents of encroachment which will ultimately result in reduced risks of untoward incidents and dangers impacting both the marine community and VELESTO's operations.

The safety initiative was launched by Dato' Abdul Rahman Mohamad, Deputy Director General (Management), MMEA, and witnessed by Rohaizad Darus, President, VELESTO and Captain MS Affendy Abdul Rani, Head of Logistics & Materials, Hess Corporation.



5 JULY 2018: UPSR MATHEMATICS WORKSHOP FOR SK DUSUN TUA



With the support from the District Education Office of Hulu Langat, VELESTO organised an intensive one-day Mathematics workshop for 110 pupils from SK Dusun Tua in enhancing their preparations for the national UPSR examinations. The 2018 workshop is a continuation from an earlier *Full-A-Mark* contribution to the school.

The selected students were put through the workshop by four (4) experienced teachers – specially selected by the District Education Office to share valuable tips and answering techniques with the students. Students were also taught how to avoid common mistakes when answering exam questions.



18 JULY 2018: HANDS-ON SCIENCE & MATHEMATICS LEARNING EXPERIENCE & PREPARATORY WORKSHOP FOR UPSR STUDENTS FROM SELECTED SCHOOLS IN BANTING



Held in collaboration with the Selangor State Education Department and the Science Bridge Academy, VELESTO brought the wonders of practical learning to the common classroom. The hand-picked students from 10 selected schools in the Kuala Langat district were exposed to a refreshing and novel learning experience in a specially tailored session, which also included locating and drilling for oil.

The hands-on session also witnessed more than 20 VELESTO personnel and SLIM trainees interacting with the children, acting as mentors and guiding the participants in assembling a mini DIY solar car.

The learning experience also included a special UPSR workshop for mathematics under the tutelage of Zulkifli Mahfudz, a renowned mathematics specialist. The series of 10 school outreach events is part of VELESTO's continued commitment to assisting rural schools as part of our education based CSR efforts.

Sustainability Report

Community Investment

(Cont'd.)



18 SEPTEMBER 2018: CPR WORKSHOP FOR EMERGENCY RESPONSE TEAM ("ERT") MEMBER STAFF



Every year, millions of people lost their lives due to inadequate response and assistance. According to Yayasan Jantung Malaysia, 30% of the total number of medically certified deaths in government hospitals in Malaysia are attributed to cardio vascular diseases. Of these deaths, some will occur outside the hospital, usually within the first two (2) hours after the onset of symptoms. Taking immediate action, while waiting for professional help, can considerably reduce fatalities.

Heeding this call, VELESTO organised a cardio pulmonary resuscitation ("CPR") workshop to refresh its ERT members on how to perform CPR techniques. CPR4Malaysia, led by its Chairman, Azizul Amar Rahmat (former Malaysian Red Crescent Society Director-Selangor Branch), facilitated the half-day session, which apart from theoretical lessons, also included practical, hands-on training on proper CPR techniques.



30 OCTOBER 2018: MARINE ECOSYSTEM AWARENESS

VELESTO organised a Marine Ecosystem Awareness programme towards stirring interest among staff in addressing human impact on the local marine ecosystem.

Held in collaboration with the School of Marine and Environmental Sciences, Universiti Malaysia Terengganu ("UMT"), the full-day programme saw VELESTO staff based in both Kemaman and Kuala Lumpur, coming together with students from Sekolah Menengah Sains Kuala Terengganu to participate in a beach clean-up at Pantai Tok Jembal.

Once the rubbish had been properly disposed, the group headed back to UMT for a hands-on lab session that focused on the extent of human impact on a micro level on marine life and environments.



22 NOVEMBER 2018: HIGH VISIBILITY SAFETY JACKET DISTRIBUTION FOR MOTORCYCLISTS

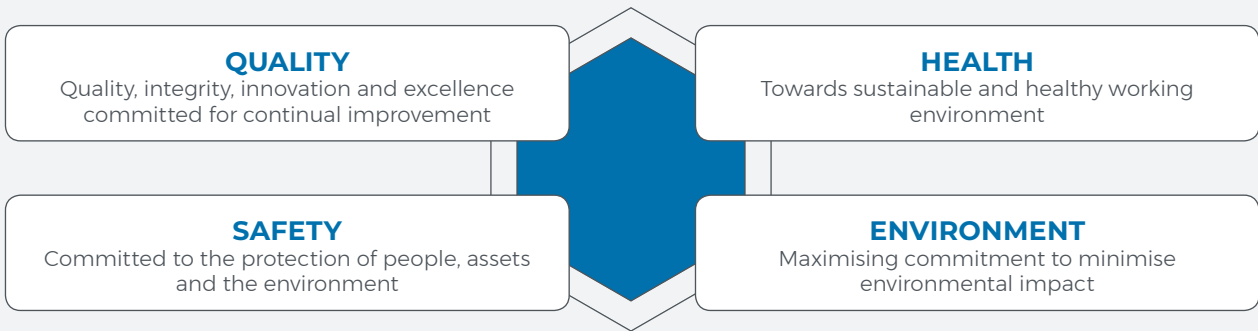
Doing its part to promote road safety, VELESTO distributed 1,000 high visibility safety jackets to motorcyclists. Held in collaboration with Prolintas, the event's main aim was to cultivate greater awareness on the importance of being safe while travelling on highways and roads at all times. The choice of motorcycle jackets was in line with the fact that motorcyclists are the most vulnerable to road accidents, many of which cause serious injuries or fatalities.



Quality, Health, Safety & Environment (“QHSE”)

Given the nature of our operations, QHSE performance is vital to the Group. In many ways, strong QHSE performance that meets and exceeds the standards set by industry regulators and the oil and gas majors is a prerequisite for VELESTO to operate and bid for contracts. Hence, with QHSE being our license to operate, it is in every sense, vital to our sustainability as a business entity.

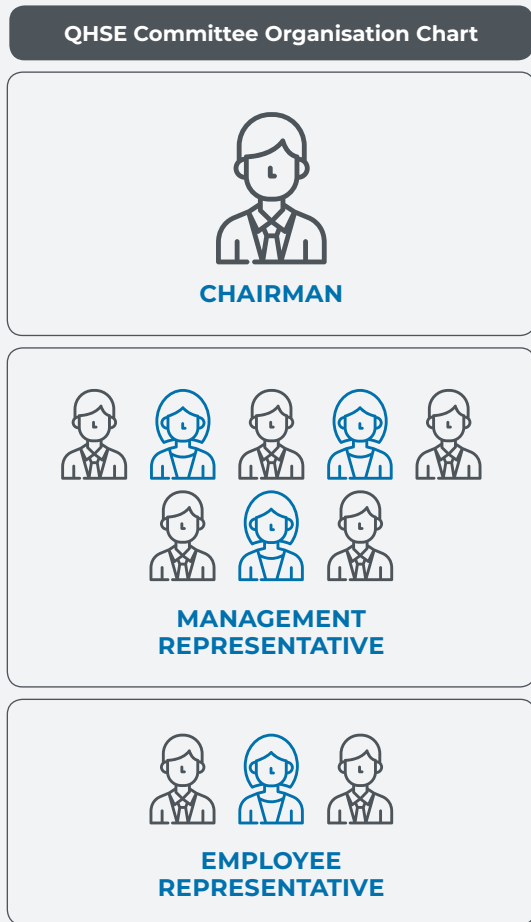
However, beyond making the business case for QHSE, we place the upmost priority on our performance in this area as it directly contributes to our overall EES performance. Both from a short and long term view, exemplary QHSE achievement is vital to ensuring that we remain an employer of choice and a good corporate citizen with a reduced carbon footprint.



As in previous years, QHSE is driven by VELESTO’s QHSE Management System. The System embodies how the Company safely manages its operations – emphasising occupational health, safety, risk management, emergency preparedness, environmental performance and also process safety. Supporting the Management System are various policies and procedures.

Providing comprehensive oversight of the QHSE strategy is the QHSE Committee. The QHSE Committee, which meets on a quarterly basis, monitors and enhances the overall QHSE performance for all business operations – offshore and onshore. QHSE issues are deliberated carefully and corrective actions are implemented to prevent reoccurrences of any unnecessary incidences.

The Committee is chaired by the President of VELESTO and comprises representatives from Management and the employees, both from the operating and corporate divisions. Total workforce representation is 6%.



Quality, Health, Safety & Environment (“QHSE”) (Cont'd.)

In FY2018, the following key QHSE issues were discussed / addressed by the Committee:

- Limited storage at Kemaman Supply Base (KSB) warehouse;
- To conduct Office Safety Walkabout at Plaza Sentral Office;
- Indoor Air Quality Assessment for office and rigs to ensure regulatory compliance;
- Verification of employee absenteeism due to personal or health related matters;
- Scheduled Waste Management activities;
- Dedicated workshop for QHSE Advisors to enhance their understanding of all QHSE procedures and forms and to ensure consistency of QHSE implemented across all rigs; and
- Enhancement of QHSE Awareness among employees.

INTEGRATED QHSE MANAGEMENT SYSTEM

We continued to strengthen our QHSE systems in FY2018 in accordance to international standards. VELESTO continued to make progress in FY2018 and is preparing for migration from OHSAS 18001:2007 Occupational Health & Safety Management System to ISO 45001. This comes on the back of our successful 2017 migration where the Group evolved to the ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System.

The Group also holds the ISO/TS 29001:2010 Quality Management System for Petroleum, Petrochemical and Natural Gas Industries.

STRONG QHSE CULTURE

While our QHSE policies and procedures provide a good framework of clear guidelines, a strong QHSE culture is vital in maintaining a safe and healthy workplace. While systems, policies and procedures are the tangible QHSE components, the intangible elements of personal responsibility and ownership, accountability and vigilance, looking out for each other and to take action (when a risky or unsafe condition is noticed) must be further cascaded across the organisation to all staff, in particular those who work offshore or in conditions more prone to QHSE incidents.

Admittedly, while we have achieved encouraging progress in the cultivation of a strong QHSE organisational culture, there are still gaps evident. We continue to encourage employees to embrace the QHSE culture towards developing an inherent health and safety first mindset in performing their duties.

However, we take pride that we successfully closed 98% of HSE Observation Cards submitted in FY2018, higher than 97% in 2017.



MANAGEMENT HSE VISITS

One of our FY2018 QHSE highlights was the visits made by management to rigs, supply bases and also the oilfield services plants. In 2018, a total of 24 management QHSE visits were conducted of which six (6) involved the President himself.



QHSE PROGRAMME & ACTIVITIES

Various QHSE related activities, including training, campaign and programmes were held to inculcate the QHSE culture across VELESTO. In 2018, beyond basic awareness, the focus remained on developing desired behaviours and attitudes that support a strong QHSE culture. Among the various strategic initiatives undertaken in FY2018 were:

- Rigorous and Regular QHSE Awareness Training session;
- Skills development in IMS Auditing, Incident Investigation Analysis; and
- Focusing on road safety awareness and workplace hazard identification skills.

QHSE AWARENESS TRAINING

In tandem with increased drilling activities in 2018, VELESTO held a higher number of QHSE Awareness training programmes. These programmes are specifically targeted at new crew members about to operate on rigs. The sessions serve to bring them up to speed on VELESTO's QHSE culture, the level of professionalism and conduct expected of newcomers as they work on rigs and importantly, how to be a team player towards ensuring productivity as well as safety of all aboard.

A total of eight (8) QHSE Awareness sessions were held at various locations which saw over 100 crew participating.

Quality, Health, Safety & Environment (“QHSE”) (Cont’d.)

QHSE INFOGRAPHIC

We also disseminated the VELESTO QHSE Infographic in FY2018. This is a bi-monthly QHSE Infographic which provides various QHSE-related information in graphical form for easier comprehension by employees. These infographics were distributed via emails and posters which were displayed at high-visibility locations in our offices and our rigs.

ROAD SAFETY CAMPAIGN

Over the past several years, the Group has made road safety one of its key QHSE thrusts. This was to instil and build awareness on road safety and also to make it a priority in their day-to-day commute.

Activities in FY2018 remained similar to the previous year. This included having staff commit to practice safe driving on roads by signing the VELESTO Road Safety Pledge. In FY2018, 120 staff signed the pledge. Aside from the pledge, basic defensive driving courses were also conducted by the Group for employees, in particular van drivers who transport our crews and employees.



Samples of QHSE Infographic



EMERGENCY RESPONSE & CRISIS PREPAREDNESS

Emergency preparedness and response enables VELESTO to mitigate against any emergencies or untoward incidents where the consequences of such incidents may harm employees, contractors, clients or the environment. This is an integral part of the Business Continuity Plan (“BCP”).

Emergency and crisis management is managed from the Emergency Control Centre (“ECC”), located at Level 18, Block 3A, Plaza Sentral. VELESTO’s ECC, has been upgraded from subsidiary to group level. Operating from this central location, the Emergency Management Team is able to monitor, track and make more precise decisions that are critical to the continuity of business operations as well as safeguarding the lives, health and safety of employees and stakeholders.

VELESTO’s Emergency Control Centre at its HQ in Plaza Sentral, Kuala Lumpur

In addition, Velesto has established a procedure which requires each Group physical facility to develop and implement an emergency response plan that protects employees, visitors, contractors, etc. Our Emergency Preparedness & Response Plan (“EPRP”) includes building evacuation (fire drills), Rig Abandon Drill, etc.

As per requirements, in FY2018, we conducted one drill per annum for the supply base, and a weekly drill on our rigs. The establishment of Emergency Response Team (“ERT”) is part of the Company’s emergency preparedness initiative. The team is comprised of in-house first responders

identified by the Company to be competently trained in preventing the escalation of any emergency into a disaster. The ERT is capable in containing an incipient threat by swiftly mitigating emergency situations according to the established plans stated in the Company's EPRP.

Fire Drill at HQ, Plaza Sentral



Fire Drill at the Labuan Operations Base



In FY2018, Crisis & Emergency Management exercises were held:

- NAGA 6: Well Control Incident Exercise (Ex - Kapur (Ginseng 1) on 4 September 2018
- Shell - NAGA 7 on 28 August 2018 at KSB prior to mobilisation to Rerama field, Offshore Sarawak.

These sessions comprised a simulation desktop exercise, debriefing sessions and required actions for responding to emergency and crisis situations. These trainings were held with our clients to provide them with assurance that VELESTO is well prepared to manage any crisis situations in a professional manner.

PROCESS SAFETY & ASSET INTEGRITY

Process safety and asset integrity plays an important role in the prevention of major accidents. At VELESTO, we continue building a strong process safety culture through lessons learnt from past experiences and oil and gas industries process safety events.

Process safety and asset integrity system / programmes are integrated in our QHSE-MS - maintenance and inspection programme. VELESTO is a certified OHSAS 18001 company. The system is specifically designed for ensuring all operations are executed in accordance with the company's, client's procedures and legal requirements consequently preventing major accidents and maximise equipment reliability.

Asset integrity assurance is the major component in preventing major accident event ("MAE"). The maintenance system is used to record and monitor scheduled maintenance for entire assets across VELESTO fleets as prevention to the unplanned release incident. The asset management references are API, OEM and industry recommended practices. The system is regularly reviewed by an independent consultant and clients in ensuring that MAE is properly managed.

VELESTO consistently enhances the existing system by developing asset management guidelines, asset tagging systems, Special Periodical Survey Project Planning ("Project Execution Plan") as well as development and exposure of our people to asset management.

IMS INTERNAL QHSE AUDIT

As part of VELESTO's Integrated Management System ("IMS") requirements, an internal audit is conducted annually across the Group's facilities. The objective is to ensure consistent implementation of IMS throughout the organisation and to identify opportunities for improvement. It also serves as preparation for external audit and certification. Audits were conducted on 23 April 2018 to 26 April 2018 at NAGA 2, NAGA 4 and NAGA 6, while for KSB and Asian Supply Base ("ASB"), audits were conducted on 10 October 2018 to 11 October 2018 and 1 November 2018 to 2 November 2018.

Quality, Health, Safety & Environment (“QHSE”) (Cont’d.)

The results obtained from the internal audit performance indicated that we have attained commendable scores for various operational aspects. However, there were several areas that warranted additional focus to achieve further improvement. These were operational planning and controls as well as production and service provision and also documented information.

IMS INTERNAL AUDITOR IN-HOUSE TRAINING

In ensuring an effective IMS QHSE Internal Audit, VELESTO has continued to train its team of internal auditors. In FY2018, 22 personnel were sent for training, which was 22.7% higher than the previous year. The training centres on understanding the fundamentals of the IMS standard and how to apply them during an audit process. The training also highlights the importance of good planning, correct auditing techniques, positive attitude and strong communication skills. It was conducted in an interactive workshop environment to reinforce the element of knowledge and skills.

INCIDENT INVESTIGATION

Investigation of incidents and the ranking of incidents in terms of both severity and consequences are key components to improving QHSE performance. VELESTO investigates significant incidents through its Incident Investigation Management System Procedure, which brings immediate visibility to high-risk incidents, and enables timely and rigorous assessment to determine the root causes. In order to further enhance the effectiveness of incident investigation, we trained key supervisors in Tripod Beta incident analysis technique.

All root causes of incidents must be addressed effectively and logged in the VELESTO’s Incident Management database for review and action tracking. This is so that incidents can be thoroughly investigated and to avoid a recurrence.

QHSE ALERT

The QHSE and Incident Early Alert (“IEA”) is an ongoing initiative, where employees are required to inform on any Near Miss incidents, Loss Time Injuries and other serious accidents. The QHSE or IEA alerts are disseminated to the operations team for educating and monitoring where incidents had occurred.

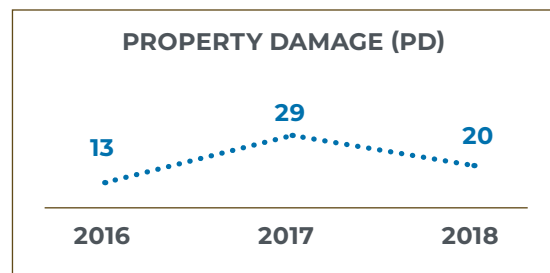
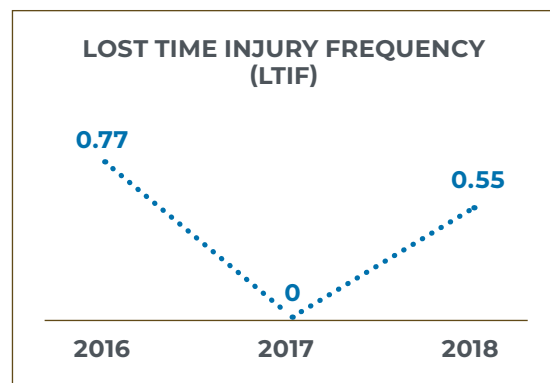
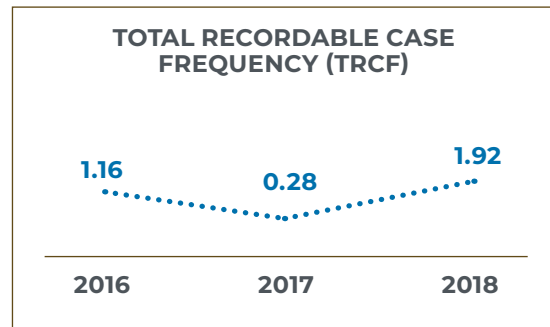
QHSE Alerts may come from within Velesto or from external sources such as clients or the IADC. Upon receiving QHSE Alerts, the Offshore Installation Manager (“OIM”) / Rig Superintendent / Project Manager or his representative will ensure that a copy of the QHSE Alert is distributed to all line supervisors for discussion and deliberation during toolbox or QHSEs meeting to prevent similar incidents from happening.

A copy of the QHSE Alert is also posted on the QHSE bulletin board for reading and reference at the respective sites. QHSE Alerts shall be retained on the QHSE bulletin board for a minimum of two (2) months and will be compiled at the worksite by the QHSE Advisor. QHSE Alert is translated into multiple languages for the benefit of worksite personnel.

QHSE PERFORMANCE

Our QHSE objectives both lagging and leading indicators are given in the table below. VELESTO employs a number of indicators to monitor QHSE performance.

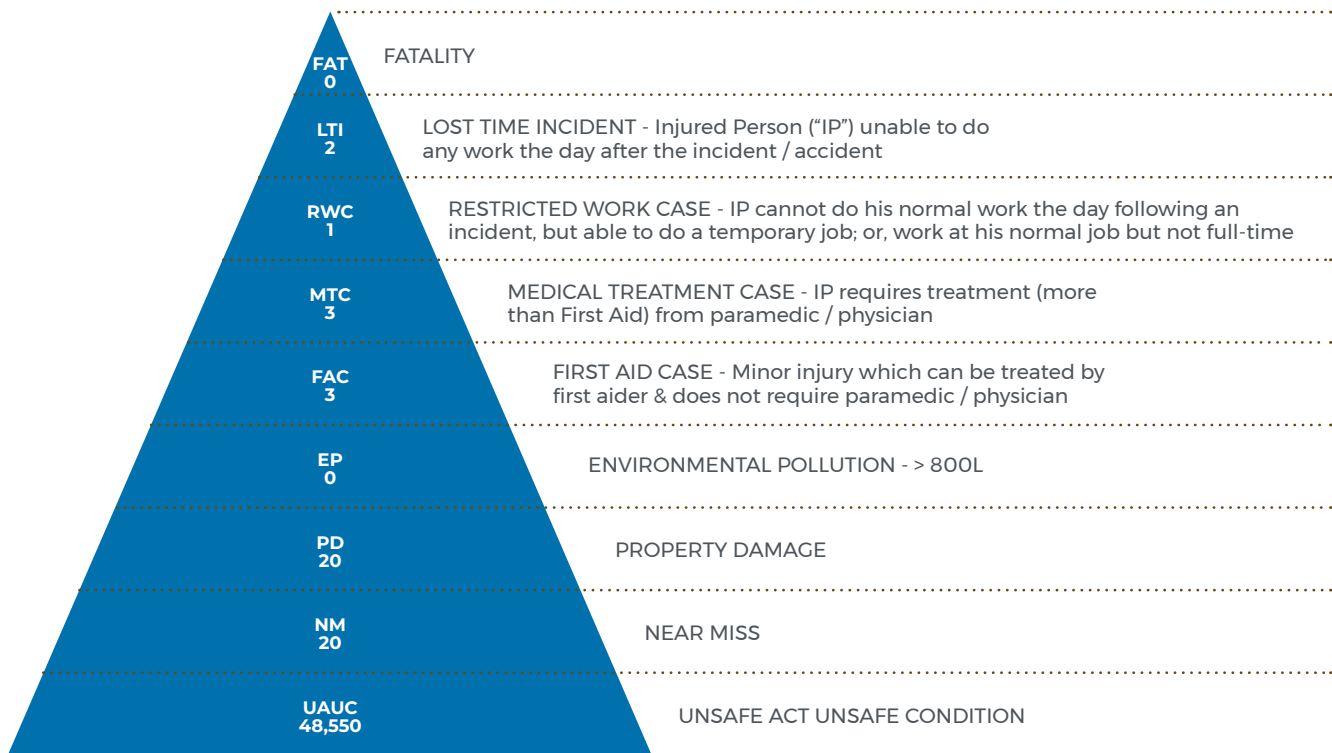
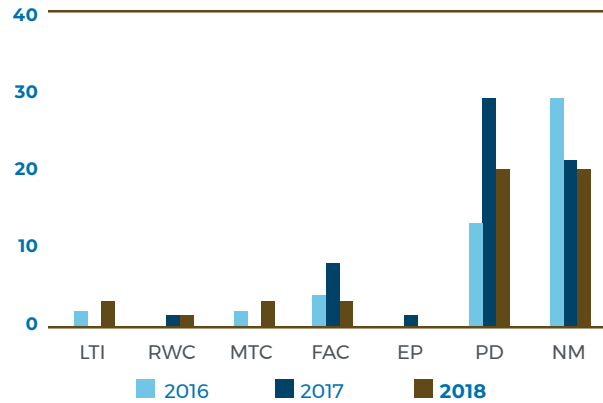
Total Recordable Case Frequency Rate (“TRCF”) is one key metric for historical employee and contractor injuries which includes Fatalities, Lost Time Injuries (“LTI”), Restricted Work Cases (“RWC”) and Medical Treatment Injuries (“MTI”). TRCF is used to compare performance across rigs and to assess VELESTO’s performance against our industry competitors.



There has been no fatality incidents recorded in the past three (3) years. In FY2018, the TCRF increased to 1.92 compared to 0.28 in FY2017. However, the Property Damage & Environmental incident rate has improved compared to the previous year.

The leading indicator is continuously monitored and implemented towards ensuring the prevention of unexpected incidents via the HOC, Near Miss and Intervention reporting. Leading indicators are assessed on a monthly basis to identify weak signals and to develop appropriate control measures. The management site visit is continuously conducted towards promoting QHSE Leadership and Commitment given its importance in the overall QHSE Management System.

INCIDENTS REPORTED
NUMBER OF INCIDENTS



AWARDS AND ACCOLADES

Our commitment and relentless efforts to uphold the highest standards in QHSE has once again earned VELESTO the acknowledgement of the various oil and gas majors we work with. In FY2018, we are honoured to have received the following HSE awards:

- Special Safety Champion – Hess
- Safety Performance Milestone – Murphy
- HSE & Operational Excellence – Vestigo
- Best Rig Performance for Q4 2018 – NAGA 6 – PETRONAS
- Best Rig Performance for Year 2018 – NAGA 6 – PETRONAS

These accolades serve to inspire us further to maintain and bolster our excellent HSE track record. We will endeavour to do better going forward while continuing to ensure that we do no harm in the way we operate and continue to ensure that everyone goes home safely to their families once the job has been completed to satisfaction.

Global Reporting Initiative (GRI) Content Index

GRI Standard	Disclosure	Page number(s) and / or URL(s)	Reference
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational profile		
	102-1 Name of the organization	Cover Page	Cover page
	102-2 Activities, brands, products, and services	4	Our Assets
	102-3 Location of headquarters	8	Corporate Information
	102-4 Location of operations	8	Corporate Information
	102-5 Ownership and legal form	9	Group Corporate Structure
	102-6 Markets served	35	Management Discussion & Analysis
	102-7 Scale of the organization	9	Group Corporate Structure
	102-8 Information on employees and other workers	60	Sustainability Report (Social-Our People)
	102-9 Supply chain	56	Sustainability Report (Economic-Supply Chain Management)
	102-10 Significant changes to the organization and its supply chain	33	Management Discussion & Analysis
	102-11 Precautionary Principle or approach	113	Statement of Risk Management & Internal Control
	102-12 External initiatives	48	Sustainability Report (About Our Report)
	102-13 Membership of associations	48	Sustainability Report (About Our Report)
	Strategy		
	102-14 Statement from senior decision-maker	28	Chairman's Statement
	102-15 Key impacts, risks, and opportunities	33	Management Discussion & Analysis
	Ethics and integrity		
102-16 Values, principles, standards, and norms of behavior	2-3	Vision, Mission & Core Values	
102-17 Mechanisms for advice and concerns about ethics	50 & 94	"Sustainability Report (Sustainability Governance --Code of Business Conduct & Ethics), Corporate Governance Overview Statement (Good Business Conduct and Corporate) Culture --Code of Business Conduct and Ethics)	
Governance			
102-18 Governance structure	49 & 87	Sustainability Report (Sustainability Governance Structure), Corporate Governance Overview Statement (Principle A: Board Leadership and Effectiveness -- Board Responsibilities)	

GRI Standard	Disclosure	Page number(s) and / or URL(s)	Reference
	102-19 Delegating authority	49 & 88	Sustainability Report (Sustainability Governance Structure), Corporate Governance Overview Statement (Principle A: Board Leadership and Effectiveness -- Duties & Responsibilities of the Board)
	102-20 Executive-level responsibility for economic, environmental, and social topics	49	Sustainability Report (Sustainability Governance Structure)
	102-21 Consulting stakeholders on economic, environmental, and social topics	51	Sustainability Report (Stakeholder Engagement)
	102-22 Composition of the highest governance body and its committees	8	Corporate Information
	102-23 Chair of the highest governance body	82	Corporate Governance Overview Statement (Chairman of the Board)
	102-24 Nominating and selecting the highest governance body	95	Corporate Governance Overview Statement (Board Composition -- Procedures for Appointment of Directors)
	102-25 Conflicts of interest	94	Corporate Governance Overview Statement (Whistle-blowing Policy)
	102-26 Role of highest governance body in setting purpose, values, and strategy	87	Sustainability Report (Sustainability Governance Structure), Corporate Governance Overview Statement (Principle A: Board Leadership and Effectiveness -- Board Responsibilities)
	102-27 Collective knowledge of highest governance body	99	"Corporate Governance Overview Statement (Boardroom Diversity -- Continuing Education and Training of Directors)
	102-28 Evaluating the highest governance body's performance	105	"Corporate Governance Overview Statement (Annual Assessment On Effectiveness of Board and Individual Directors)
	102-29 Identifying and managing economic, environmental, and social impacts	53	Sustainability Report (Assessing Materiality & Materiality Matrix)
	102-30 Effectiveness of risk management processes	113	Statement of Risk Management & Internal Control
	102-31 Review of economic, environmental, and social topics	54	Sustainability Report (Assessing Materiality & Materiality Matrix)
	102-32 Highest governance body's role in sustainability reporting	49	Sustainability Report (Sustainability Governance Structure)
	102-33 Communicating critical concerns	53	Sustainability Report (Assessing Materiality & Materiality Matrix)
	102-34 Nature and total number of critical concerns	53	Sustainability Report (Assessing Materiality & Materiality Matrix)
	102-35 Remuneration policies	106	Corporate Governance Overview Statement (Remuneration -- Directors' Remuneration Policy and Procedures)
	102-36 Process for determining remuneration	106	Corporate Governance Overview Statement (Remuneration -- Directors' Remuneration Policy and Procedures)
	102-37 Stakeholders involvement in remuneration	106	Corporate Governance Overview Statement (Remuneration -- Directors' Remuneration Policy and Procedures)
	102-38 Annual total compensation ratio	108	Corporate Governance Overview Statement (Remuneration -- Remuneration of Directors)

Global Reporting Initiative (GRI) Content Index (Cont'd.)

GRI Standard	Disclosure	Page number(s) and / or URL(s)	Reference
Stakeholder engagement			
	102-40 List of stakeholder groups	51	Sustainability Report (Stakeholder Engagement)
	102-41 Collective bargaining agreements	63	Sustainability Report (Social -- Our People)
	102-42 Identifying and selecting stakeholders	51	Sustainability Report (Stakeholder Engagement)
	102-43 Approach to stakeholder engagement	51	Sustainability Report (Stakeholder Engagement)
	102-44 Key topics and concerns raised	53	Sustainability Report (Stakeholder Engagement)
Reporting practice			
	102-45 Entities included in the consolidated financial statements	9	Group Corporate Structure
	102-46 Defining report content and topic Boundaries	48	Sustainability Report (About Our Report)
	102-47 List of material topics	53	Sustainability Report (Assessing Materiality & Materiality Matrix)
	102-48 Restatements of information	48 & 53	"Sustainability Report (About Our Report) and Sustainability Report (Assessing Materiality & Materiality Matrix)
	102-49 Changes in reporting	48	Sustainability Report (About Our Report)
	102-50 Reporting period	48	Sustainability Report (About Our Report)
	102-51 Date of most recent report	48	Sustainability Report (About Our Report)
	102-52 Reporting cycle	48	Sustainability Report (About Our Report)
	102-53 Contact point for questions regarding the report	48	Sustainability Report (About Our Report)
	102-54 Claims of reporting in accordance with the GRI Standards	48	Sustainability Report (About Our Report)
	102-55 GRI content index	48	Sustainability Report (About Our Report)
	102-56 External assurance	48	Sustainability Report (About Our Report)
Material Topics			
GRI 200 Economic Standard Series			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	55 & 33	"Sustainability Report (Economic -- Direct Economic Impact) & Management Discussion & Analysis
	103-2 The management approach and its components	55 & 33	"Sustainability Report (Economic -- Direct Economic Impact) & Management Discussion & Analysis
	103-3 Evaluation of the management approach	55 & 33	"Sustainability Report (Economic -- Direct Economic Impact) & Management Discussion & Analysis

GRI Standard	Disclosure	Page number(s) and / or URL(s)	Reference
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	55 & 33	"Sustainability Report (Economic -- Direct Economic Impact) & Management Discussion & Analysis
	201-2 Financial implications and other risks and opportunities due to climate change	58	Sustainability Report (Environment -- Statement on Climate Change)
	201-3 Defined benefit plan obligations and other retirement plans	62	Sustainability Report (Social -- Our People -- Staff Benefits)
Market Presence			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48	Sustainability Report (About Our Report)
	103-2 The management approach and its components	33	Management Discussion & Analysis
	103-3 Evaluation of the management approach	33	Management Discussion & Analysis
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	61	Sustainability Report (Social -- Our People -- Workforce Diversity)
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	56	Sustainability Report (Economic -- Stimulating Local Economy in Communities)
	103-2 The management approach and its components	56	Sustainability Report (Economic -- Stimulating Local Economy in Communities)
	103-3 Evaluation of the management approach	56	Sustainability Report (Economic -- Stimulating Local Economy in Communities)
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	56	Sustainability Report (Economic -- Stimulating Local Economy in Communities)
Procurement Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	56	Sustainability Report -- Economic (Supply Chain Management)
	103-2 The management approach and its components	56	Sustainability Report -- Economic (Supply Chain Management)
	103-3 Evaluation of the management approach	56	Sustainability Report -- Economic (Supply Chain Management)
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	56	Sustainability Report -- Economic (Supply Chain Management)

Global Reporting Initiative (GRI) Content Index (Cont'd.)

GRI Standard	Disclosure	Page number(s) and / or URL(s)	Reference
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	50	Sustainability Report (Sustainability Governance --Code of Business Conduct & Ethics)
	103-2 The management approach and its components	50	Sustainability Report (Sustainability Governance --Code of Business Conduct & Ethics)
	103-3 Evaluation of the management approach	50	Sustainability Report (Sustainability Governance --Code of Business Conduct & Ethics)
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	56	Sustainability Report - (Economic -- Supply Chain Management)
GRI 300 Environmental Standards Series			
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	58	Sustainability Report (Environment -- Energy Consumption)
	103-2 The management approach and its components	58	Sustainability Report (Environment -- Energy Consumption)
	103-3 Evaluation of the management approach	58	Sustainability Report (Environment -- Energy Consumption)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	58	Sustainability Report (Environment -- Energy Consumption)
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	58	Sustainability Report (Environment -- Energy Consumption)
Water			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	58	Sustainability Report (Environment -- Water Withdrawal, Usage & Discharge Management)
	103-2 The management approach and its components	58	Sustainability Report (Environment -- Water Withdrawal, Usage & Discharge Management)
	103-3 Evaluation of the management approach	58	Sustainability Report (Environment -- Water Withdrawal, Usage & Discharge Management)
GRI 303: Water 2016	303-1 Water withdrawal by source	58	Sustainability Report (Environment -- Water Withdrawal, Usage & Discharge Management)
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	59	Sustainability Report (Environment -- Greenhouse Gas Emissions)
	103-2 The management approach and its components	59	Sustainability Report (Environment -- Greenhouse Gas Emissions)
	103-3 Evaluation of the management approach	59	Sustainability Report (Environment -- Greenhouse Gas Emissions)

GRI Standard	Disclosure	Page number(s) and / or URL(s)	Reference
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	59	Sustainability Report (Environment -- Greenhouse Gas Emissions)
	305-2 Energy indirect (Scope 2) GHG emissions	59	Sustainability Report (Environment -- Greenhouse Gas Emissions)
	305-3 Other indirect (Scope 3) GHG emissions	59	Sustainability Report (Environment -- Greenhouse Gas Emissions)
	305-5 Reduction of GHG emissions	59	Sustainability Report (Environment -- Greenhouse Gas Emissions)
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	59	Sustainability Report (Environment -- Waste Management)
	103-2 The management approach and its components	59	Sustainability Report (Environment -- Waste Management)
	103-3 Evaluation of the management approach	59	Sustainability Report (Environment -- Waste Management)
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	59	Sustainability Report (Environment -- Waste Management)
	306-2 Waste by type and disposal method	59	Sustainability Report (Environment -- Waste Management)
	306-3 Significant spills	59	Sustainability Report (Environment -- Environmental Spills)
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	56	Sustainability Report (Economic -- Supply Chain Management)
	103-2 The management approach and its components	56	Sustainability Report (Economic -- Supply Chain Management)
	103-3 Evaluation of the management approach	56	Sustainability Report (Economic -- Supply Chain Management)
GRI 400 Social Standards Series			
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	60	Sustainability Report (Social --Our People)
	103-2 The management approach and its components	60	Sustainability Report (Social --Our People)
	103-3 Evaluation of the management approach	60	Sustainability Report (Social --Our People)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	60	Sustainability Report (Social --Our People)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	62	Sustainability Report (Social -- Our People -- Staff Benefits)
	401-3 Parental leave	62	Sustainability Report (Social -- Our People -- Staff Benefits)

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GRI Standard	Disclosure	Page number(s) and / or URL(s)	Reference
Labor/Management Relations			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	63	Sustainability Report (Social -- Our People -- Collective Bargaining & Freedom of Association)
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	63	Sustainability Report (Social -- Our People -- Collective Bargaining & Freedom of Association)
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	67	Sustainability Report (Quality, Health, Safety and Environment)
	103-2 The management approach and its components	67	Sustainability Report (Quality, Health, Safety and Environment)
	103-3 Evaluation of the management approach	67	Sustainability Report (Quality, Health, Safety and Environment)
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	67	Sustainability Report (Quality, Health, Safety and Environment -- QHSE Committee Organisation Chart)
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	73	Sustainability Report (Quality, Health, Safety and Environment -- QHSE Performance)
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	62	Sustainability Report (Social -- Our People -- Talent Development)
	103-2 The management approach and its components	62	Sustainability Report (Social -- Our People -- Talent Development)
	103-3 Evaluation of the management approach	62	Sustainability Report (Social -- Our People -- Talent Development)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	62	Sustainability Report (Social -- Our People -- Talent Development)
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61	Sustainability Report (Social -- Our People -- Workforce Diversity)
	103-2 The management approach and its components	61	Sustainability Report (Social -- Our People -- Workforce Diversity)
	103-3 Evaluation of the management approach	61	Sustainability Report (Social -- Our People -- Workforce Diversity)

GRI Standard	Disclosure	Page number(s) and / or URL(s)	Reference
Non-discrimination			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61	Sustainability Report (Social -- Our People -- Workforce Diversity)
	103-2 The management approach and its components	61	Sustainability Report (Social -- Our People -- Workforce Diversity)
	103-3 Evaluation of the management approach	61	Sustainability Report (Social -- Our People -- Workforce Diversity)
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	63	Sustainability Report (Social -- Our People -- Collective Bargaining & Freedom of Association)
	103-2 The management approach and its components	63	Sustainability Report (Social -- Our People -- Collective Bargaining & Freedom of Association)
	103-3 Evaluation of the management approach	63	Sustainability Report (Social -- Our People -- Collective Bargaining & Freedom of Association)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64	Sustainability Report (Social -- Community Investment)
	103-2 The management approach and its components	64	Sustainability Report (Social -- Community Investment)
	103-3 Evaluation of the management approach	64	Sustainability Report (Social -- Community Investment)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	64	Sustainability Report (Social -- Community Investment)
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	56	Sustainability Report (Economic -- Supply Chain Management)
	103-2 The management approach and its components	56	Sustainability Report (Economic -- Supply Chain Management)
	103-3 Evaluation of the management approach	56	Sustainability Report (Economic -- Supply Chain Management)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	67	Sustainability Report (Quality, Health, Safety and Environment)
	103-2 The management approach and its components	67	Sustainability Report (Quality, Health, Safety and Environment)
	103-3 Evaluation of the management approach	67	Sustainability Report (Quality, Health, Safety and Environment)