

Sustainability Statement

OUR BUSINESS SUSTAINABILITY

The Financial Year 2018 was the first year of reporting on the Sustainability Statement for Scomi Energy Services Bhd ("SESB", the "Company"). As we report for this Financial Period 2019 which is a 15-month reporting period, SESB is mindful that the sustainability framework and practices are still a work in progress. We will strive for continuous improvements in the collation of the information and in presenting the information which includes performance targets and achievements.

SESB's sustainability statement revolves around its Corporate Statement, "we are a global technology enterprise that provides innovative solutions focusing on the energy and logistics sectors to realise potential for our stakeholders". Thus, the Company's sustainability rests in the ability to introduce innovative products and services for its customers and integration capability as technology partners.



SESB derives its revenue mainly from two operating segments namely, Drilling Services and Marine Services. In the Drilling Services segment, we are a forerunner for drilling fluids and drilling waste management services in Malaysia and a strong contender globally. We are also engaged in the services of marine logistics to support the coal transportation as well as the oil & gas sector.

SUSTAINABILITY FRAMEWORK & SCOPE

The scope as envisioned to build the sustainability framework of the organisation looks at three key areas as follows :

- i. the sustainability framework;
- ii. the strategic thrusts for new products & services and integration capability; and
- iii. the engagement of social responsibility for the community.

As the Company moves forward, additional sustainability initiatives and actions will be introduced to enhance its business viability.

Sustainability Statement

The outline of the sustainability framework of SESB as reported in the Annual Report 2018 continues to be developed and enhanced accordingly. The Company is mindful of the need to ensure its business sustainability and the responsibility is entrusted to the individual business unit within its group of companies. The management of each business unit addresses this requirement through its annual business performance and budget which is presented and discussed with the respective Boards of Directors.

The increasing competitive nature of our business in the domestic and global arena is made more complex from emerging industrial, social and technology trends. This has pushed us to be proactive and to seek out more innovative ways of doing things. To sustain and stay competitive, we have to ensure our range of products and services are able to meet our customers' requirements.

The current business sustainability activities initiated and being carried out in the organisation include :

- Expansion of markets for oil & gas industry
Scomi Energy Services Bhd, has successfully expanded its market in the Middle East and is also cautiously exploring the markets of US and Argentina, which are lucrative markets for the drilling waste management business.
- Increase product offering to existing clients
In all markets that the Company offers its oilfield services product range and the related services through its subsidiaries, it is looking to upsell its range of products and services by introducing complementary products and services.

SESB believes in engaging with the stakeholders including the communities where it operates in as it is cognisant of its social responsibility towards the betterment of the community. Notwithstanding this, during the period under review, in view of the volatile oil and gas industry, several of its countries of operations have had to reduce its workforce size. Hence SESB's social responsibility activities focused more towards internal engagement with its employees and its staff welfare. The Company has strived to ensure all its commitments to its personnel are being looked into and brought to even status expeditiously.

Health, Safety and Environment ("HSE") activities were given priority with continuous learning and training for all its operations staff.

The approach to the sustainability activities and its reporting for SESB still requires much development and improvement to ensure a more comprehensive management and monitoring. The Company is optimistic that with its business development activities it will be better positioned to provide greater analysis of its activities for future Annual Reports.