

Sustainability Report

ABOUT OUR SUSTAINABILITY REPORT

Our vision is clear - to be a respected and valuable independent oil and gas exploration and production company. In pursuit of our vision, we remain committed to working responsibly and ethically. We aim to maximise the positive impacts and minimise any negative effects that originate from our business and impacts Hibiscus Petroleum Berhad and its subsidiaries (Group), its stakeholders and society at large.

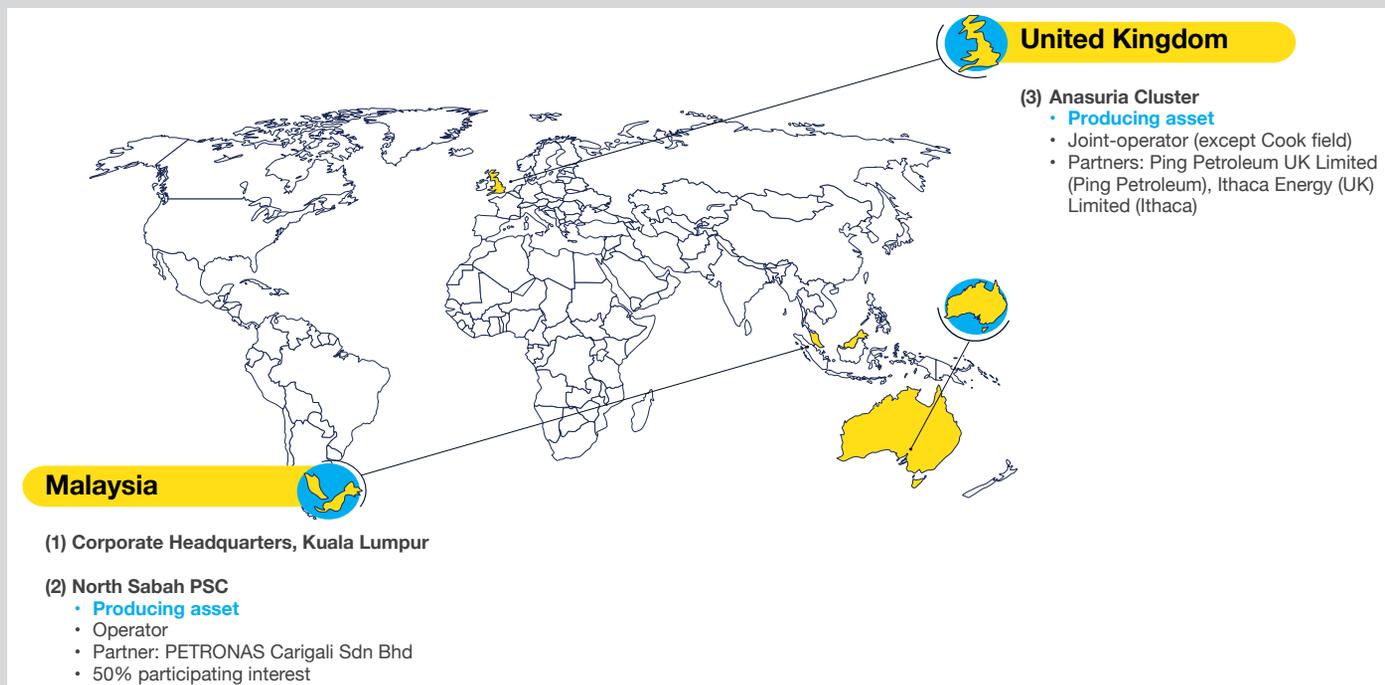
The purpose of the Group's Sustainability Report is to communicate to our stakeholders our management of economic, environmental and social matters resulting from our activities which are considered material to us and our stakeholders. Our report highlights our efforts to achieve positive outcomes for the financial year ended 30 June 2019 (FY2019). Our material sustainability matters are those areas over which we have a degree of influence, which are important to our stakeholders and which can significantly affect our Group's risk profile, potential liabilities, maintenance of our licences to operate, reputation and access to capital.

This Report should be read together with other reports included in this Annual Report 2018/2019 which cover aspects of sustainability, namely our Management Discussion & Analysis, our Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control.

1. OUR APPROACH

1.1 Coverage

This Report primarily focuses on our active operations such as the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract in Malaysia (North Sabah PSC) for which we are the operator. Our active operations also include the Anasuria Cluster in the North Sea, United Kingdom (UK) (Anasuria), as well as our corporate headquarters in Kuala Lumpur.



As the Group only completed the acquisition of the North Sabah PSC at the end of March 2018, the previous year's comparative data is not reported.

Anasuria Operating Company Limited (AOCL) is equally owned by both Anasuria Hibiscus UK Limited and Ping Petroleum, and operates the fields served by the Anasuria Floating Production Storage and Offloading (FPSO) facility (with the exception of the Cook field which is operated by Ithaca on behalf of the said concessionaires). As an operator in one of the most technically demanding operating environments in the world, AOCL is supported by Petrofac Facilities Management Limited (Petrofac), as the Duty Holder.

As the joint operator of Anasuria, it is possible for us to partly rely on the provisions of the management system standards of our Duty Holder. Petrofac is a reputable oil and gas services company that employs over 1,000 professionals in Aberdeen and provides substantial depth to AOCL’s overall operating capability. As Duty Holder for Anasuria, Petrofac is responsible for the day-to-day management of the Anasuria FPSO, pipelines and wells, conducted in a safe and environmentally responsible manner. In our operating model, the Duty Holder is also the owner of the Safety Case.

1.2 Sustainability framework

We operate within an established framework of oversight and reporting, underpinned by our core values whilst working towards a clear-sighted vision and mission.

The tone of driving and managing sustainability throughout the organisation is set from the top through our Managing Director and our Board. Our Business Sustainability Management Committee, which meets monthly, consists of senior representatives from all key business units and departments.

Such a robust structure ensures that there is regular guidance on the direction, management and reporting of important sustainability matters.

Board of Directors through Managing Director

- Oversees direction and development of sustainability strategies and plans
- Charts the development and implementation of the sustainability plans and initiatives
- Approves execution timelines

Business Sustainability Management Committee

- | | | |
|-------------------------|------------------------------------|--|
| • Corporate Development | • Finance | • Engineering & Asset Management |
| • Corporate Governance | • Risk & Compliance | • Health, Safety, Security & Environment |
| • Legal | • Commercial & Strategic Relations | • Operations |
| • Human Capital | | |

- Reviews sustainability strategies and priorities
- Assesses key initiatives, policies and programmes

Business Units

- Manages business unit sustainability matters
- Executes action plans specific to the business unit
- Monitors and reports to the Business Sustainability Management Committee



Sustainability Report

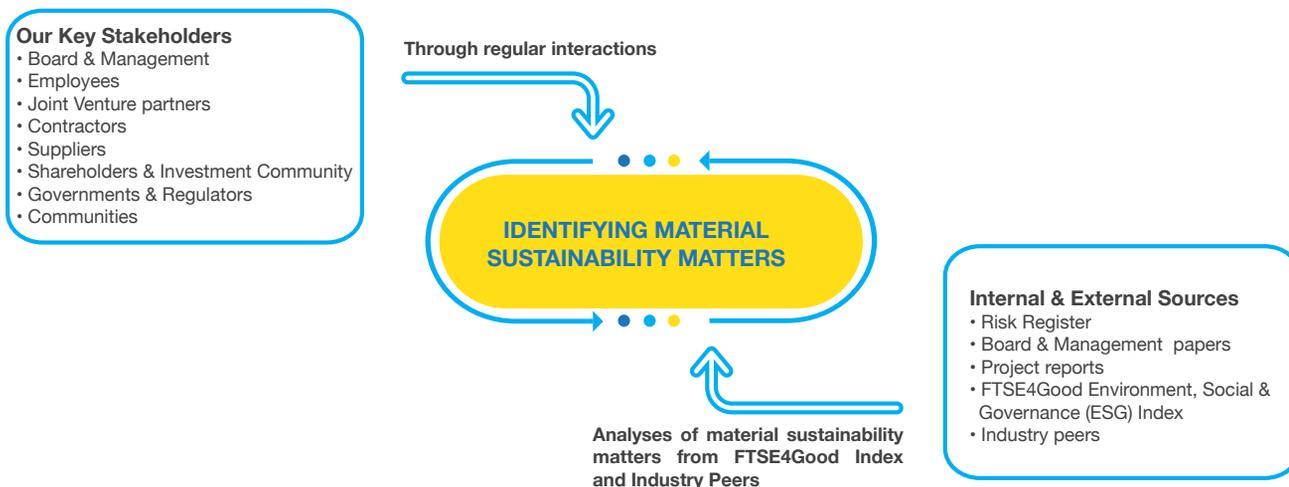
2.0 IDENTIFYING OUR MATERIAL SUSTAINABILITY MATTERS

In order to better understand issues in the area of business sustainability considered material to our stakeholders and our Group, we conducted a review of the following:

- Our current business strategy;
- Relevant requirements, guidelines and policies, including those issued by Bursa Malaysia Securities Berhad as well as its Sustainability Reporting Guide and Toolkit;

- Sustainability topics reported by a selected 7 of our peers within the Oil and Gas Exploration and Production industry;
- Environment, social and governance themes and indicators utilised by the FTSE4Good Index.

We also drew upon our existing risk assessment and management processes as well as feedback and input received through our regular interactions with our key stakeholders.



Engaging with our stakeholders

Understanding stakeholder views is important to us and is an essential component of our sustainability model. As such, close engagement and relationships with our stakeholders are embedded within the full spectrum of our business and operating activities. These activities commence prior to investment in new opportunities and continue through all aspects of execution (i.e. from business development, exploration and development planning phases through to field operations, as well as corporate areas).

Risk assessment

We strive to maintain a comprehensive and disciplined focus on risk management whilst combining this activity with a practical approach to business needs, operational excellence and delivery of business objectives. Through a comprehensive process of identifying and managing our business and operational risk exposure areas, we are able to operate effectively whilst protecting our people, environment and communities. Please refer to the Statement on Risk Management and Internal Control for more information.

3.0 PRIORITISING OUR MATERIAL SUSTAINABILITY MATTERS

After the initial identification of material sustainability issues, we performed internal reviews with our senior management and our Board to finalise the material themes, initiatives currently being performed and planned to be performed, as well as related qualitative and quantitative indicators.

Criteria used for our assessment included how issues may affect our stakeholders and our Group's business, e.g. through legislation, reputational damage, employee turnover, licence to operate, legal action or stakeholder relationships, and how these may affect our business strategy and financial and operational performance.

Our material sustainability matters of high importance are tabled below, and discussed in greater detail in this report.

BUSINESS ETHICS
HEALTH, SAFETY AND SECURITY Occupational health & safety Process safety & asset integrity Emergency preparedness
ENVIRONMENT Climate change & greenhouse gas emissions Effluents and waste
HUMAN CAPITAL Workforce diversity & inclusivity Performance & reward Talent development
COMMUNITY RELATIONS Engagement and impact management Employment & training initiatives Community investment
SOCIETY Human rights
ECONOMIC Value generation & distribution
INFORMATION TECHNOLOGY Cybersecurity

Please note that Business Ethics is covered under our Corporate Governance Overview Statement.

For completeness, we also touch on sustainability matters of medium importance, such as energy use and biodiversity.

4.0 OUR HEALTH, SAFETY AND SECURITY (HSS)

Our most valuable asset is our people. Providing a safe and secure working environment as well as maintaining the health and well-being of our people and contractors are of paramount importance to us. We strive to continuously improve our HSS performance. Accordingly, the emphasis on HSS is driven from the top where our Board has oversight over HSS matters and evaluates HSS performance regularly. The Group scorecard, which determines annual remuneration, also includes HSS targets.

4.1 Occupational Health and Safety

Whilst each person is responsible for his or her own personal workplace safety, our core obligation as an organisation is to ensure that our people are not placed in an environment that is inherently hazardous. We have various policies that cover the HSS aspects of our business but key amongst them is that we make it a duty for each and every person working in or for our organisation to immediately stop work if even a small uncertainty exists that a particular activity may be unsafe and could potentially harm the well-being of any person or result in damage to the asset or environment.

Policies alone are not enough. We also embed safety practices in the performance of our daily activities. The key practices include the following:

- All employees receive a health, safety, security and environment (HSSE) briefing as part of the induction process. Employees travelling to offshore facilities must undergo basic offshore safety induction and emergency training (BOSIET) programmes which include helicopter survival, emergency first aid, sea survival, fire-fighting and lifeboat training. A refresher programme must be attended every 4 years to ensure competency levels.
- Toolbox meetings and the sharing of Safety Alerts are performed to ensure our staff and contractors receive the necessary awareness guidance and are empowered to make the right decision i.e. call for Stop Work.
- Analysis of trends are observed in relation to active intervention practices such as the completion and follow-up of Accident Control Technique (ACT) findings at the business unit level. This allows for the HSSE function to monitor and gauge overall focus areas that will need to be continually monitored closely as well as identify potential areas for improvement.

Sustainability Report

- Senior management also reviews the HSSE performance on a weekly, monthly and quarterly basis and ensures that the annual key performance indicators and targets set at the start of the year are met and will continue to be met.
- Frequent visits are made by senior management to all our primary locations and compliance audits are also conducted.
- In Malaysia, monthly HSSE meetings with the management team and staff representatives are organised prior to the release of the HSSE KPI monthly reporting to the regulator i.e. before the 10th of every month. HSSE performance is also shared with all staff during the monthly townhall sessions across all locations.
- Under UK regulations (Statutory Instrument 971), safety representatives are elected to represent the different worker groups offshore. This is active on the Anasuria FPSO, with regular meetings held, chaired by the Offshore Installation Manager and minutes posted on the notice board. There is also a weekly safety meeting held each Sunday to discuss safety issues. Industry alerts are regularly discussed to benefit from lessons learned at other locations.

We also ensure security is provided at all places of operations with auxiliary police stationed at the Labuan Crude Oil Terminal (LCOT), as well as security guards positioned at our corporate headquarters.

North Sabah PSC

During FY2019, we continued to engage our employees with the following activities, which demonstrate our focus and resolve

towards safety, and highlights the importance of intervention efforts by our employees and contractors:

- As part of efforts to ensure that any potential risk is identified and the relevant mitigation action is taken as early as possible to address the same, activities carried out include the Quarterly Vessel Fast Crew Boat, standby boat and boat inspection programme, HSSE Quarterly Contractor Engagement Programme, and HSSE & Welfare Quarterly Management Engagement & Workplace Inspection Programme at all locations.
- A series of awareness talks/sessions were organised covering various topics related to Fire Prevention and Mental Health awareness.
- The '*I Care For Your Safety*' initiative was developed and introduced as the main theme for our very first annual Safety Day event which was held on 28 and 29 November 2018. Outstanding HSSE initiatives by staff and contractors across all our primary operating locations were acknowledged and recognised.
- Campaigns were also conducted to reinforce the importance of HSSE controls. Amongst them is the HSSE Management System Rollout Campaign to remind all staff to adhere to our system, which is in compliance with applicable regulatory requirements and international standards. In addition, the Zero Incident Zero Accident (ZIZA) Monsoon Campaign, the Risk Control Framework Rollout Programme Campaign and ACT & Near Miss Reporting Campaign were carried out to curb the occurrence of accidents and to specify the process to follow, in the event of near accidents.



Launching of Safety Day at SJQ-A on 28 November 2018



Our CEO officiating Safety Day



Launching of Safety Day at LCOT on 29 November 2018

Our key HSS performance indicators during FY2019 are set out below:

Indicators	FY2019
Number of staff trained on health and safety basic standards	309
Lost Time Injury Frequency (LTIF) ¹	0.69
Total Recordable Case Frequency (TRCF) ²	0.69
Incident free days (including LTI, major spills, medical treatment case, major loss process containment) ³	298
Number of work-related fatalities	0

¹ LTIF represents the number of lost time injuries (LTI) i.e. fatality, permanent disability or time lost from work occurring in a workplace per 1 million hours worked by employees and contractors.

² TRCF is the number of fatalities, lost time injuries, substitute work, and other injuries requiring treatment by a medical professional per million hours worked by employees and contractors.

³ From last LTI on 5 September 2018 which is further described below.

There were two LTI incidents which occurred during the financial year. In the first instance, during routine work at LCOT, an Operations Technician tripped on a support beam and fell onto a concrete floor. The Emergency Response team was immediately activated and his injuries were promptly addressed by the Designated First Aider. The injured person was sent to hospital to have his minor injuries examined. Our HSS team took prompt action to barricade the relevant area, paint the support beam and check the area lighting. A Safety Stand Down briefing was also conducted by the Duty Work Supervisor and by the Plant Manager on two occasions over two days.

In the second instance, a LTI incident occurred during the replacement of hydraulic accumulators on the Barton platform. In an attempt to open a stiff needle valve, additional force was inappropriately applied on the valve handle using a spanner. Trapped pressure inside the accumulator was inadvertently released causing hydraulic fluid to be sprayed onto the faces of 2 technicians (who did not suffer serious or permanent injuries). Following this incident, an incident investigation was conducted and a Safety Stand Down briefing was conducted for all North Sabah platforms to remind the offshore team to adhere to work procedures, use appropriate tools and always remain clear of a 'line of fire' to prevent recurrences.

Anasuria

During FY2019, there were campaigns to inculcate safety awareness within the workforce:

- A "Hand Safety" campaign was held during the third financial quarter to create awareness and provide familiarisation with a new range of safety gloves.

Sustainability Report

- A major accident hazard awareness campaign commenced in May 2019 and remains ongoing with the objective of emphasising the importance of process safety and all potential contributors to major incidents to all personnel. This campaign was part of a “Step Change in Safety” initiative. Step Change in Safety is a not-for-profit, member-led organisation which aims to make the UK the safest oil province in the world to work in through collaboration, sharing and adopting best practices.

To further improve major accident hazard awareness, two groups of 20 onshore and offshore employees will visit Spadeadam in October 2019 for a full day workshop which will allow them to witness simulated process events.

In addition, for the FPSO, annual Health, Safety, Environment and Quality (HSEQ) targets are set based on upper quartile industry performance, and are monitored and discussed at monthly review meetings.

Our key HSS performance indicators during FY2019 are set out below:

Indicators	FY2017	FY2018	FY2019
Number of staff trained on health and safety standards ¹	n.a. ²	9 (75%)	10 (77%)
Lost Time Injury Frequency – employees and contractors ³	0	0	0
Total Recordable Injury Rates – employees and contractors ³	0.00	0.74	0.89
Incident free days (including LTI, major spills, medical treatment case, major loss process containment)	362	361	359
Number of work-related fatalities of employees and contractors	0	0	0

¹ Includes only AOCL workforce.

² Not applicable.

³ Please refer to the footnotes disclosed under the North Sabah PSC for descriptions of these indicators.

4.2 Process safety and asset integrity

Our Process Safety Framework is a tool for managing asset integrity across the value chain through the disciplined application of systems and processes.

We follow a rigorous maintenance schedule to manage the integrity of our wells, structures, piping and equipment to minimise the risk of loss of containment or release of hydrocarbons.

We also adopt a detailed approach to prevent the occurrence of major accidents whilst undertaking projects. We ensure that the appropriate level of competency undertakes, oversees and (peer) reviews project planning activities. We use the appropriate materials, tools, up-to-date installation methods and drilling fluids (whilst conducting drilling related activities) in our operations, whilst meeting all relevant safety standards. Our well design, planning and inspection procedures conform to international good practices and existing legislation. We rely on the effective application of design criteria and safety barriers which are built into our programmes and verified through internal and external processes, including independent inspections of proposed well designs.

Risk assessments are carried out regarding health and safety aspects prior to commencement of new and ongoing operations or projects. We employ Hazard Identification (HAZID), a technique that uses an experienced multi-disciplined team for the identification and description of safety and health hazards, consequences and unmitigated risks. The key objectives of HAZID are to:

- Provide first opportunities for input to a project or activity to aid in making the right decisions and choices with respect to HSSE hazards;
- Identify the primary safety (people), environmental, asset and community hazards and risks including existing safeguards and recommend any additional safeguards required to achieve ALARP (as low as reasonably practicable) associated with the project or for planned activities which include Turn-Around (TA), Simultaneous Operations (SIMOPs) and Plant Change Proposals (PCP);
- Identify significant drivers in terms of potential costs, design requirements, and limitations on choice of concept or operations arising from major safety and environmental hazards;
- Consider the manageability of any Major Accident Hazards (MAHs) and Risks (Severity 5 or Red Risk Assessment Matrix Hazards); and
- Provide input for the development of the Hazards and Effects Register, if applicable.

North Sabah PSC

We hosted the first Joint HSE Committee (JHSEC) meeting for 2019 for performance benchmarking with all Petroleum Arrangement Contractors (PACs).

Our ongoing efforts were recently, once again, recognised in the industry for its HSSE standards and performance by being selected as the winner of the 2018 MSOSH OSH Gold Class 1 award¹ for our St Joseph platform after a stringent auditing process.

For drilling preparations at the fields, the following elements were executed in terms of process safety:

- Certification, validation and tests conducted on well control equipment
- Training of personnel to further enhance competency levels e.g. IWCF (International Well Control Forums) Training
- Barriers verification for compliance (physical well barrier) including testing of BOP (Blow out Preventer)
- Evaluation of subsurface uncertainties e.g. inaccurate pore pressure



¹ The Malaysian Society for Occupational Safety & Health (MSOSH) OSH Award is an annual award presented to organisations in Malaysia with proven outstanding Occupational Safety and Health performance. Identified companies are subjected to stringent document and site verification audits by the MSOSH panel of qualified and dedicated auditors which comprise, amongst others, representatives from the Department of Occupational Safety & Health (DOSH) and National Institute of Occupational Safety & Health (NIOOSH) prior to being considered by the MSOSH Technical Committee for the respective awards.

- Full compliance with standards and procedures
- Preparation and training of emergency response plan (ERP) including incident management, drills and exercises and alarm management
- Performed risk assessments from planning and during drilling

Anasuria

During FY2019, pre-contract HSEQ audits were carried out on the Helix Well Enhancer (that was commencing a diving campaign), the Grand Canyon (for the Teal P2 & Guillemot P3 scale squeeze campaign), and, the Stena Spey (for the GUA-P1 side-track drilling campaign). In all three cases, Combined Operations HAZID/Risk Assessment workshops were held, bridging documents prepared and emergency response arrangements tested through exercises conducted.

With respect to the planned shutdowns, several planning meetings were held and the various workpacks prepared were subject to detailed risk assessments.

In April and May 2019, an independent third party audit of Petrofac was carried out. This audit was designed and executed to meet the requirements of The Offshore Installation (Offshore Safety Directive) (Safety Case etc.) Regulations 2015 (SCR) – Regulation 5 in order to ensure that Petrofac are able to carry out the functions and discharge the duties of the operator under the relevant statutory provisions. The audit identified several areas for improvement, primarily relating to descriptions of key activities not being aligned

Sustainability Report

to written procedures as a result of previous organisational changes. None of these areas of improvement are believed to compromise the health and safety of the workforce and process integrity of operations. These identified action items are being monitored monthly with a target date for completion of December 2019 to ensure a timely close-out.

On 12 September 2019, Anasuria was awarded the Continuation of Gold Award for the 20th consecutive year and the Order of Distinction for 20 consecutive Gold awards for health and safety performance from the Royal Society for the Prevention of Accidents (ROSPA), UK. Hibiscus Petroleum has been a joint operator of Anasuria since 10 March 2016. Prior to this, Shell had been the operator of Anasuria since the fields commenced production in 1996. We are proud that together with our partner Ping Petroleum and the Duty Holder of the Anasuria FPSO, Petrofac, we have been able to continuously uphold the safety performance of the Anasuria asset.

At many of our operating sites, we work alongside third party contractors who deliver proprietary

products, specialist technical skills and services. Where third party contractors work alongside our employees, we must ensure that these members of the supply chain also subscribe to our systems and processes to assure a safe working environment for all. Thus, our selection of business partners and suppliers requires an assessment of their own organisational safety performance. We are only interested in working with those who are non-compromising in their attitude towards safety performance.

4.3 Crisis and emergency preparedness

The driving objective of our crisis management and emergency response plans is to decrease the potential severity and consequences of events impacting our people, assets, environment and reputation of our organisation to enable prompt resumption of normal operations/business activities, thus reducing any adverse impact to business productivity and profitability.

Our crisis management team, located at our headquarters in Kuala Lumpur, is responsible for the overall strategic management of critical events which require corporate support.



The Anasuria team receiving the awards from ROSPA

At project level, the coverage of emergency preparedness encompasses unintended events caused by natural disasters, major fires, spills, or social unrest, and ensures that Emergency Response (ER) centres and ER Plans are in place at the country, regional or global level.

ER plans are seamlessly integrated by Company-appointed crisis and ER operatives and personnel by providing knowledge and skills development coaching programmes and training to manage various business emergencies. Corporate and site-specific drills and exercises to test emergency response plans are embedded in yearly activity plans and executed under the monitoring and coaching capabilities of the HSSE Department.

North Sabah PSC

During FY2019, ongoing initiatives were expanded, and new programmes initiated, towards building a holistic approach to strengthen capabilities in the area of Crisis and Emergency Management. These initiatives and programmes are:

- **Capacity and capability building:**
 - In-house skills and competencies development programme
 - Development of e-Learning modules
 - Strengthening of crisis, emergency and incident management
- **Strategic alliances and stakeholder engagements:**
 - Participation in Malaysia Petroleum Management programmes and collaboration with other PACs
 - Planned engagement with authorities and communities
 - Joint training and exercises with authorities and response organisations

Our ER plans primarily cover the following:

- Preparation, response and recovery in relation to credible, largest credible, severe and worst-case spill scenarios;
- ER mitigation by country, regional or global managers overseeing Emergency and Crisis Management;
- Establishing and maintaining ER Plans and Procedures which include:
 - interfacing ER requirements with business continuity plans and Company function support teams (Health/Security/Human Capital/Logistics/Travel/Assets as needed);

- contact details of the ER Team including contractors and external supporting agencies;
- escalation procedures that include a transfer of command process for incidents that rise above local ER capabilities;
- criteria for notification of an Emergency Incident to a Crisis; and
- the transition process to normal operations after an Emergency Incident is declared over.
- Establishing and maintaining spill preparedness and response plans to comply with national oil and chemical spill preparedness and response plans;
- Periodic review and update of the ER Plans and Procedures annually with a comprehensive assessment including audits on a pre-defined interval of 3 years; and
- Planning for security incidents and cyber-attacks.

In addition, we secured contractual support from well-established entities to better manage and elevate our capabilities when facing non-desired events. More specifically, contracts were established for:

- Medical Emergency Response support coverage - the integrated medical services provider extends comprehensive and continuous occupational health services covering international medical assistance, healthcare, occupational health regulatory compliance consultation and medical evacuation support services. Our Medical ER Plan incorporates its services in the event of medical evacuation of staff due to occupational or non-occupational illness while at work.
- Oil Spill Contingency Plan support coverage - the UK specialist organisation works to assist operators to respond effectively to oil spills. This gives us access to their global network of oil spill response equipment and expertise, including offshore and shoreline oil recovery equipment, dispersant stockpiles and aerial dispersant spraying capabilities. Their equipment can be quickly mobilised from their regional bases at any time, for instance, it owns a dispersant aircraft based at Senai, Johor.
- Oil Spill Contingency Plan support coverage - the local non-profit oil spill response organisation is well-connected with local enforcement and government agencies. It provides oil spill response consultation and equipment during oil spill incidents, as well as assists to build competency and skills for our emergency responders.

Sustainability Report

Our close collaborative relationships with the relevant authorities and the Malaysia Petroleum Management (MPM) unit of Petroliaam Nasional Berhad (PETRONAS) has improved our effectiveness, capabilities and contingency planning for emergency situations.

Efforts are ongoing to further improve our Emergency and Crisis management process. Incident Command System (ICS) is a standardised approach to the command, control and coordination of emergency response providing a common hierarchy within which responders from multiple agencies can respond effectively. The implementation of ICS management, which is in line with our resolve to continue to adopt industry best practices, is currently in its planning stage.

Anasuria

To support our oil spill response plans and capabilities, we are an associate member of a specialist organisation which works to assist operators to respond effectively to oil spills. Apart from access to their global network of oil spill response equipment and expertise, we also have access to the UK's Oil Spill Prevention and Response Advisory Group's (OSPRAG) well capping device. The well capping device is a vital new piece of equipment which, if in the unlikely event had to be called upon, would seal off oil leaking from an uncontrolled subsea oil well and minimise damage to the marine environment. The AOCL Duty Managers have the authority to mobilise these resources in response to an incident. AOCL is also a member of the Offshore Pollution Liability Association (OPOL).

We also contract with an established integrated medical services provider which provides us with international medical assistance, healthcare and security services. The Coastguard Search and Rescue helicopter can also be called upon to provide emergency evacuation of casualties/serious illness.

We have identified all foreseeable major accident scenarios related to work under our direct control and have implemented emergency response plans, organisation, facilities and procedures to ensure an effective and efficient response.

Emergency response plans are regularly tested through drills and exercises. As part of our initiatives in this area, employees and contractors receive emergency response training appropriate to their roles and responsibilities.

We also have the capability to respond to Tier 2 and 3 environmental events. An Emergency Manager Handbook is available which details the process in place to maintain a constant state of preparedness and to enable the proactive mobilisation of resources when responding to an emergency. The emergency response provision functions through an on-call Duty Manager with onshore incident management team support located within the Petrofac Emergency Response Centre (ERSC) at Blaikies Quay, Aberdeen Harbour.

The Petrofac Oil Pollution and Emergency Plan (OPEP) details the offshore Tier 1 response and is supported by the AOCL onshore OPEP with Tier 2 and 3 arrangements. Additional OPEPs, Temporary Operation OPEPs and Communication and Interface Plans are developed and implemented where required.

Training and exercise plans are in place to ensure all personnel required to respond to an emergency are competent. Duty Managers are trained to OPEP level 2 and participate in a minimum of one exercise per year.

5.0 ENVIRONMENTAL MANAGEMENT

We believe that the extraction of hydrocarbons needs to be balanced with the requirement to protect the environment. Whilst global demand for oil and gas continues to grow, the provision of its supply should only be undertaken where every process meets the stringent requirements of the rules and regulations that govern the protection of our environment.

As stated in our Environment Policy, we are committed to operating in a manner that manages our environmental impacts to ALARP level and in compliance with regulations, in relation to biodiversity, climate change, energy use and waste management aspects.

We ensure that our environmental goals and standards are understood and followed at all levels of the Group. In this regard, we collaboratively plan and implement specific activities and develop appropriate strategies to mitigate risks. Such activities include the Annual Environmental Audit by an independent third party and the quarterly monitoring of seawater quality surrounding our North Sabah operations.

To assure ourselves that our goals are understood by all our people, regular internal audits of compliance to our Group's Environment Policy are carried out. Such actions also facilitate our compliance with all applicable standards of the law and regulations of the jurisdictions in which we operate, in addition to international oil and gas industry regulations. Where possible, we also comply with industry best practice.

At Hibiscus Petroleum, we observe the respective regulations of the Environmental Quality Act (EQA), 1974 and relevant industry guidelines and practices such as those of the International Petroleum Industry Environmental Conservation Association (IPIECA), in the jurisdictions in which we operate. In the UK, AOCL also observes the relevant environmental regulations and guidance on offshore oil and gas exploration and production guidelines and practices such as those of the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) and the Scottish Environmental Protection Agency (SEPA).

We use an Environment Aspect and Impact Register to manage the risks associated with the identified environmental aspects and impacts in accordance with our environmental management system throughout the lifecycle of the assets in our control. Environmental aspects are those elements of our activities, products, services or physical resources which may have physical effects on, or potential benefits to, the environment. These include discharges and emissions, raw materials and energy use, waste disposal and pollution. Environmental impacts represent the consequences of the occurrence of any given aspect – for instance, an impact is the pollution that would result if an environmental aspect was not properly managed or controlled.

As an oil and gas producer, our most significant areas of environmental concerns include:

- Greenhouse gas emissions from the flaring and venting of gas and fuel consumption at our facilities;
- Other emissions to air associated with our drilling activities; and
- Effluents and waste, which includes the management of hazardous waste and discharges of produced water to the sea, as well as the prevention of oil spills.

5.1 Greenhouse gas (GHG) emissions and other emissions to air

We are cognisant of our responsibility to reduce or prevent emissions, where possible, that contribute to global warming.

The source of GHG emissions in our operated and jointly-operated facilities are from:

- combustion sources from stationary devices such as flares, furnace, fuel burning equipment (FBE), compressors, etc;
- mobile sources such as company vehicles, supply boats and barges;
- direct sources such as process vents; and
- indirect sources such as electricity.

Other emissions include evaporation from fixed and floating roof storage tanks and crude oil transportation pipelines.

In Malaysia, most of our produced gas from the North Sabah fields is reinjected back into the various reservoirs as part of pressure maintenance or gas lift operations. The remaining volumes are used as fuel gas with minimal volumes flared.

In our Anasuria field in the North Sea, UK, produced gas is used as fuel gas for our machinery supporting operations, for gas lift operations to enhance production and the remaining volume is exported via pipelines to the UK mainland and sold as one of the cleaner sources of primary energy.

Our normal operating practices in the North Sea and North Sabah emit a low volume of greenhouse gases into the environment. There are circumstances where we may inadvertently deviate from the above practices. These circumstances are primarily centred around any temporary failure of gas compression equipment which may not permit us to manage produced gases in the above-mentioned manner. As an improvement initiative, we have invested in equipment to ensure higher levels of reliability which result in GHG emissions to be minimised.

North Sabah PSC

Reducing the levels of GHG emissions is one of the most critical responses to climate change, hence it plays a central role in implementing the Carbon and Climate Commitments.

Sustainability Report

Offshore, we rely on electricity to power machinery that is required to perform critical tasks. Our efforts to reduce carbon emissions from the burning of fossil fuels to generate electricity to power gas turbines and diesel generators that drive pumps and compressors on our offshore platform operations are addressed by the installation of solar/photovoltaic panels on our North Sabah platforms. These photovoltaic panels are a source of power supply to our wireless communications, flare ignition systems and marine lanterns. Such renewable energy initiatives entirely power all our remote location jacket platforms.

To complement solar panels as a source of clean electricity in our North Sabah operations, and to improve the availability and reliability of our

offshore power supply, mini wind turbines are being installed together with these solar panels over a period of a year, commencing in December 2018.

In addition, effective planning and execution of shutdown programmes offshore not only allows for the essential maintenance to facilitate increased operating efficiency but also forms measures through which we are able to address and improve on climate change mitigation actions.

Through the execution of these shut-down programmes, we were able to change out the ignitor set for the respective locations. This initiative is believed to be able to reduce the volumes of GHG emissions by approximately 10% overall.



Our solar panels at our North Sabah Offshore Platform

The indicators for our GHG emissions and other emissions to air are set out below:

Indicators	Unit	FY2019
Total operational GHG emissions (scopes 1 – 3)	tonnes CO2e	1,183,450.69
GHG emissions per barrel of oil equivalent	CO2e/boe	14.35
Flaring emissions (CO2e)	tonnes	154,242.42
Methane emissions (CH4)	tonnes	16,335.00
Nitrous oxide emissions (N2O)	tonnes	8.85
Carbon dioxide emissions (CO2)	tonnes	347,454.57
Nitrogen oxide emissions (NOX)	tonnes	3.65

Anasuria

The AOCL framework under the HSEMS for Environmental Management is externally verified to ISO14001:2015. AOCL has in place an Environmental Management Manual, which describes the approach to eliminate or reduce risks to the environment and actively promote continual improvement.

AOCL participates in the European Union Emissions Trading Scheme (EUETS), and actively purchases carbon credits when the emissions at Anasuria exceed the free allowances. Funds raised from organisations participating in the EUETS go toward investment in emissions-saving companies such as those that promote clean technologies and develop low carbon projects in developing countries and economies in transition.

In addition, effective planning and execution of shutdown programmes offshore not only allows for the essential maintenance to facilitate

operating efficiency but also forms measures through which we are able to address and improve on safety and production efficiency. Through the execution of planned shut-down programmes on the Anasuria FPSO, we were able to change out the fuel and flare meters which ensures the accuracy of reporting emissions. As part of the EUETS, AOCL is obliged to ensure that these meters are run to the required standards.

Furthermore, an independent third party is commissioned to conduct an audit annually on operational GHG emissions data, as well as monthly and quarterly internal assurance checks on the accuracy of the data and readings.

Performance is tracked on a regular basis incorporating monitoring, audits and inspections, regulatory inspection letters and internal and external incidents. Performance improvement will be implemented via the HSE Continual Improvement Plans.



Sustainability Report

The indicators for the GHG emissions and other emissions to air are set out below:

Indicators	Unit	FY2017	FY2018	FY2019
Total operational GHG emissions ¹	tonnes	114,796.52	164,866.67	127,365.98
GHG emissions per barrel of oil equivalent ¹	CO2e/boe	0.0240	0.0377	0.0317
Flaring emissions (CO2e)	tonnes	32,852.04	85,606.75	50,749.10
Methane emissions (CH4) ¹	tonnes	143.70	332.34	207.48
Nitrous oxide emissions (N2O) ¹	tonnes	7.48	8.67	7.50
Carbon dioxide emissions (CO2) ¹	tonnes	114,270.85	163,871.49	126,671.52
Nitrogen oxide emissions (NOX) ¹	tonnes	254.74	329.91	296.67
Sulphur oxide emissions (SOX) ¹	tonnes	1.50	8.71	4.32
Volatile organic compounds (VOC) emissions ¹	tonnes	118.24	315.54	188.49
Payments made associated with climate change ²	RM	1.6 mil	6.0 mil	13.7 mil

¹ Figures are extrapolated from calendar year data.

² Costs spent for the EUETS on a gross basis.

5.2 Effluents and waste

A range of pollution risks are associated with offshore activities. These include risks related to planned and unplanned discharges and waste management. We strive to continually operate in a safe manner to avoid spills, leaks or accidental discharges of polluting materials. For our offshore activities, we commit to carefully managing waste and discharges to the sea.

Effluents

Our operated offshore fields deliver oil, gas and water from offshore reservoirs, which we then separate using our on-site processing facilities. For North Sabah, this is performed at LCOT whilst this is performed at the FPSO for Anasuria.

In the case of water (produced water), it is either re-injected into the reservoir to maintain underground pressure or it is cleaned, filtered and then discharged into the sea. Operational discharges to sea include produced water, slop and bilge water, all of which may have adverse effect on the aqueous environment. Of these three, produced water usually has the highest

environmental risk and accordingly receives the most attention from us.

In the UK, the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended) state that the concentration of dispersed oil in produced water discharges as averaged over a monthly period must not exceed 30 mg/l, whereas the maximum permitted concentration must not exceed 100 mg/l at any time. This parameter is monitored once per 12-hour shift and our oil in water content has been well within the regulatory limit.

The Malaysian regulations under Environmental Quality (Industry Effluent) Regulations 2009 states that the discharge shall be below 40 mg/l oil in water. This parameter is monitored daily at LCOT. Furthermore, the Department of Environment (DOE) stipulates that for all Crude Oil Terminals (COTs), the discharge limit threshold for all parameters under the Environmental Quality (Industry Effluent) Regulations, 2009 (except oil and grease (oil in water)) is 100 mg/l. We are in compliance and well within the stipulated limits.

Waste

Our activities generate different volumes and types of waste including both hazardous and non-hazardous wastes.

We ensure that any hazardous waste generated from our operations in the UK and Malaysia is treated in an environmentally responsible and auditable manner.

In the UK, the majority of waste produced offshore is classified as general (non-hazardous) waste. There is a basic level of segregation required between non-hazardous, solid and inert waste and all other categories offshore. A number of products, waste and containers, including some chemicals used offshore, are classified as special waste (hazardous waste) and therefore require to be managed according to their hazardous properties, concentrations and flash point. Some special waste materials or 'sludge' are managed by specialist contractors. All such waste which is transferred ashore for disposal is an auditable process.

In Malaysia, a sludge farm located on the premises of LCOT treats sludge which is produced from operations and maintenance activities. The sources of sludge are primarily from crude oil production facilities/processes such as the Emulsion and Wax Treatment Plant (EWTP), Crude Storage Tanks, Effluent Treatment Plant (ETP), Free Water Knock-out Vessels (FWKO) and Pigging Operations. Once sent to the sludge farm, the sludge is then treated using bacteria and nutrients, and goes through the process of tilting, ploughing and water spraying. This is carried out over a period of between five to eight years until such time when it can be disposed-off into a designated landfill which is also situated within the LCOT premises, after approvals from the DOE and Atomic Energy Licensing Board (AELB) are received.

The operations of the sludge farm are governed by the DOE and are subject to stringent monitoring as required under the Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) (Amendment) Reg. 2006.



Sludge Farm at LCOT as seen from entrance



Sludge Farm undergoing treatment

Sustainability Report

North Sabah PSC

Our indicators relating to effluents and wastes for FY2019 are set out below:

Indicators	Unit	FY2019
Oil spills	kgs	0
Water (effluent) discharge ¹	m3	4,822,974
Total water discharge ¹	m3	0
Discharge of oil to water	mg/l	20.09
Hazardous waste	tonnes	3.395
Non-recycled waste	tonnes	3.395
Recycled waste	tonnes	0.978
Environmental fines and penalties	RM	0

¹ Water (effluent) discharge represents effluent only. Total water discharged is water without effluent content. Water is discharged to sea after being treated.

Anasuria

Internal assurance checks on the operational environmental data are conducted on a monthly basis.

Our indicators relating to effluents and wastes are set out below:

Indicators	Unit	FY2017	FY2018	FY2019
Hydrocarbon spills	kgs	4	0	0
Water (effluent) discharge	m3	1,640,042	1,593,180	1,264,386
Discharge of oil to water	mg/l	8.64	13.36	8.82
Hazardous waste	tonnes	19.760	23.706	27.024
Non-recycled waste	tonnes	41.080	69.521	55.395
Recycled waste	tonnes	78.093	82.577	65.098
Environmental fines and penalties	RM	0	0	0

5.3 Others

Biodiversity

We recognise that biodiversity is an essential component of ecological balance. We also recognise the importance of the conservation of biological diversity, safeguarding ecosystems and species.

In North Sabah, biodiversity includes marine algae, marine fishes, marine reptiles, seagrasses, mangroves and coral reefs.

We regularly assess the impact of our operations on the surrounding environment, including in relation to biodiversity. Before drilling our wells, we analyse the impact of our activities through an Environment Impact Assessment (EIA). Upon commencing implementation of our operation phase, we carry out quarterly monitoring of seawater quality around our North Sabah operations to ensure that there is no significant impact to the sea.

The Environmental Aspects and Impacts Procedure/Register earlier mentioned, identifies the environmental aspects of those activities which we control or can influence, and which may give rise to significant positive or negative environmental effects. This procedure encompasses exploration, appraisal, development, production and decommissioning operation activities.

We focus on our objectives of reducing environmental impact caused to the surrounding area by limiting the quantities of waste and other discharges and handling them in a responsible manner; and, we re-use and recycle where practicable.

Energy use

We endeavour to use energy and natural resources wisely and efficiently.

In North Sabah, all our remote location jacket platforms are entirely powered by our renewable energy initiative i.e. a solar power system (consisting of battery and solar array /photovoltaic panels). As set out in Section 5.1, to complement solar panels as a source of clean electricity in our North Sabah operations, mini wind turbines are being installed together with these solar panels over a period of a year, commencing in December 2018.

At Anasuria, the way in which we run our operations is governed by the AOCL HSEMS. In addition, Petrofac (the Duty Holder of the Anasuria FPSO) as an organisation, qualifies for the Energy Savings Opportunity Scheme (ESOS) in the UK. As such, Petrofac is obliged to notify the UK Environment Agency that they have complied with their ESOS obligations, which covers the Anasuria FPSO operations, for the second compliance period by December 2019.

A portion of the gas produced by the fields are used as fuel gas and is supplemented by diesel. These are used to power turbines and engines on the Anasuria FPSO. The Anasuria FPSO and the facilities are designed to last the entire field lifecycle and are rarely replaced. Thus, opportunity for energy savings is challenging. However, if a requirement to replace or procure new equipment arises, we would endeavour to procure new equipment that could offer the opportunity to save energy.

Energy Consumption on the Anasuria FPSO	Unit	FY2017	FY2018	FY2019
Fuel Gas	tonnes	29,167.87	23,643.02	25,212.54
Diesel	tonnes	515.18	4,323.82	2,097.66

Sustainability Report

6.0 OUR PEOPLE

Our people are the essence of who we are. As a relatively young Group with diversified operations across multiple geographies and an ambitious growth plan, we recognise it is important that our people drive sustainable practices at all levels of our business.

Our vision of becoming a *respected* and *valuable* independent oil and gas exploration and production company is fueled by our seven corporate core values – including being agile, tenacious, enterprising, people focused, cost competitive, trustworthy and environmentally conscious. These core values define how we work as a team and how we deliver on our commitments to our stakeholders. As a young organisation in a competitive, global environment, we question the status quo and challenge norms. Finding a novel solution requires a mindset that is enterprising and innovative. Implementing such an idea requires the agility and tenacity to act as well as the trust of stakeholders, whilst being conscious that no solution has utility if it is not cost competitive, safe and environmentally friendly.

Our success is underpinned by our ability to recruit, motivate and retain highly competent employees. This is driven primarily by the following key factors:

- Ensuring a diverse and inclusive working environment, where we seek to treat all our employees fairly and equally;
- Establishing competitive remuneration packages linked with the performance of our Group and employees; and
- Nurturing talent development to optimise the capabilities of our employees which also sets the critical platform for succession planning.

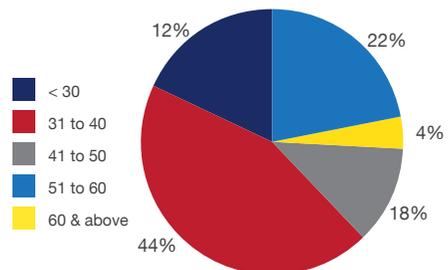
6.1 Workforce diversity and inclusivity

We are committed to recognising the importance of diversity which extends to all areas of our business including talent acquisition, talent development, competency development (including skills enhancement), career progression, Board appointments, staff retention and motivation, mentoring and coaching programmes, flexible work arrangements, forms of leave available to staff, succession planning, the Group's policies and procedures and training and development. Our employees are treated respectfully and equally irrespective of age,

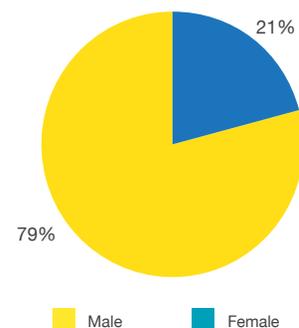
gender, ethnicity, nationality, disability, sexual orientation, cultural background, religious belief and social-economic status. Our commitment towards such inclusivity and diversity is clearly set out in our Diversity Policy.

We are a melting pot of different nationalities, gender, age-groups, education and experience levels. We foster an inclusive work environment. We have 364 employees out of which approximately 83% are full-time employees. There are 5 nationalities with an average age of 42 years, representing a healthy mix across all age groups and various technical backgrounds. We recognise deep technical experience as our key asset.

Employee Age Group



Group Employee Gender



We will continue to take positive measures to improve our workforce diversity, which provides equal opportunities, free of any form of discrimination and encourages fair treatment and opportunity for men and women. These measures include:

- Expanding the scope of our Diversity Policy to be more inclusive during the financial year.
- Ongoing adherence to our Group Recruitment Policy which aims to recruit the best candidates based on merit. Furthermore, we will continue to ensure that:
 - o all persons, regardless of age, gender, ethnicity, disability, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally when recruiting new staff or directors; and
 - o there will be no preference given to a specific gender for a position and women with appropriate experience and qualifications will be considered equally in the recruitment and selection process.
- In relation to recruitment of directors, the Nominating Committee:
 - o is entrusted by the Board to identify potential candidates by seeking applications from suitably qualified individuals and/or engaging external consultants that will present diverse candidates;
 - o will evaluate the mix of skills, experience, expertise and diversity of the existing Board that will best increase the Board's effectiveness.
- Continued use of our performance appraisal and incentives framework which is merit-based. In addition, all decisions associated with career advancement, including promotions, transfers, and other assignments, and training opportunities are based on our Group's needs and determined on merit.

6.2 Performance and reward

We integrate our corporate core values into the way we set our targets, in how we measure our performance, and in our efforts to enhance the expertise and skillsets of our people. Our Performance Management System has been extended to recognise not only an individual's work performance but also how the individual interacts with the team to achieve common goals. We emphasise the importance of constructive feedback and conversations throughout the year and empower people to deliver on their commitments.

Our employees undergo two comprehensive performance appraisals per annum which include discussing performance reviews, the status of achievement of pre-determined targets, future career development and training requirements. During the financial year, 100% of our employees

received performance reviews with performance ratings assigned by their superiors. The performance reviews of senior management are conducted by both our Managing Director, and the Nominating and Remuneration Committees.

We commit to continuing to exceed the regulatory minimum wage requirements including extending a cost of living allowance to all employees to ensure their financial sustainability. We further strive to remunerate our employees competitively and where necessary, industry remuneration benchmarking is conducted. Performance incentives are utilised as a means to reward and motivate employees with clear linkages of performance with rewards. Discretionary bonuses are paid annually based on the achievement of corporate and individual performance targets.

6.3 Talent development

Talent development has continued to be an area of key focus for the organisation. It ensures that we have, and will continue to have, the relevant competencies and capabilities required to achieve our Group's business objectives. Talent development also allows our people to realise their career aspirations.

Our talent development programmes comprise on-the-job training and mentoring, overseas secondments, workshops, conferences and seminars. The various types of training programmes that are offered to employees builds on key competencies required for their specific job roles. In addition, employees are afforded exposure to other fields. The programmes undertaken during FY2019 included technical courses (mandatory and compulsory HSSE), skills development, personal competencies and various finance, accounting and corporate courses.

The extent of training provided to our employees during FY2019 is tabulated below:

Indicators	FY2019
Total training hours as a Group	8,284 hours
Average training hours and day per employee	22.76 hours/ 2.84 days

6.4 Employee management and engagement

Our management of employees is guided by our Diversity Policy, Code of Conduct and Ethics and Employee Handbook. These documents are accessible to all employees via SharePoint, our Group's web-based collaborative platform. Employees are advised of updates to the documents via email notification.

Sustainability Report

Our leadership team members regularly engage each other and with all levels of personnel within our Group through townhall sessions, weekly and monthly meetings, and festive celebrations. Importantly, we celebrate significant milestones and achievements as a team.

Apart from meetings and gatherings, we gather employee feedback and concerns through semi-annual performance appraisals and a formal, confidential and non-recriminatory grievance process as set out in the Employee Handbook.

The attrition rate of our full-time employees during FY2019 was 7.97%, a bulk of which were from employees previously hired under the previous operator in North Sabah. Exit interviews were conducted, and our Human Capital Department is well into the process of implementing multiple initiatives to further reduce the turnover rate.

7.0 OUR COMMUNITY

We are committed to conducting our business operations in a manner that fully acknowledges and respects the rights of the people impacted by our operations, in particular, our local community. Our presence in the various locations in which we operate places us in the position of being able to directly understand as to how we can make a positive difference to the communities that support us.

We also recognise the importance of building positive relationships with our community and providing them with enduring socio-economic benefits, where possible. By implementing such ‘inclusive initiatives’, we build trust with local communities and strong partnerships with host regulators and our stakeholders in general.

7.1 Engagement and Impact Management

When we took over operations and management of the North Sabah PSC, we continued with works to replace a 36” effluent discharge pipeline with a 28” high-density polyethylene pipeline from the sump pit to the seashore at LCOT and further extend the distance from the shoreline to the offshore discharge point such that it was approximately 1km away (during the lowest astronomical tide), from its original location which was originally approximately less than 300m from the shoreline. The works executed also included the installation

of new dual pipelines from the holding basin to the new sump pit, fitting handrails at the new sump pit, reinstatement of fencing around the area and carrying out minor road repairs within the terminal.

The reinstatement of the shoreline area which was completed earlier this year, is our added effort in recognising and respecting the rights, safety and comfort of the local community living in the vicinity of our place of operations.



Before Effluent Discharge Pipeline Replacement (EDPR) Works



After EDPR Works



Post reinstatement of the shoreline

7.2 Employment and training initiatives

We prioritise the appointment of suitably qualified locals in the areas in which we operate and build on this initiative by investing in their training and development through on-the-job training and external courses.

For North Sabah, 44% of our employees comprise local Sabahans which far exceeds the minimum threshold set by the state government of 30%, whilst 98% of our employees are Malaysians.

In Malaysia, we also support and comply with PETRONAS' requirement for affirmative action with respect to the award of supply and service contracts to companies from the Malaysian states that produce oil and gas (Terengganu, Sabah and Sarawak). As we conduct operations in Sabah, where viable, we unbundle scopes of integrated contracts and carve out minor works for tender and award these to indigenous contractors from within the state. This practice directly generates job opportunities within local communities in Sabah, where we operate.

7.3 Community investment

The Group has comprehensive Corporate Social Responsibility (CSR) selection criteria and review processes to evaluate and approve all CSR initiatives on a Group-wide basis. CSR proposals are assessed by the CSR Review Panel on the Business Sustainability Management Committee (Committee), utilising a set of criteria that covers, amongst others, relevance to business operations, social and environmental reach, cost effectiveness, risks and programme sustainability. This is performed under the direction of the Group's Managing Director, who is the Committee chair.

Separate specific working committees are formed to undertake additional research and groundwork (e.g. site recces) for shortlisted projects before final presentation to the CSR Review Panel. The Board is informed of activities approved by the Committee, and if required, approval is sought in accordance with the Hibiscus Petroleum Limits of Authority.

Under the Hibiscus Hope Scholarship programme, we awarded a scholarship last year to a British student to pursue a fully funded postgraduate petroleum engineering degree at the Malaysian campus of a British university. This scholarship recognised that it was from the acquisition of our Anasuria asset, UK, that we commenced building a sustainable business within our Group and it enabled the successful scholar an opportunity to experience the unique cultural setting of Malaysia whilst also working for a masters' level qualification.

With the inclusion of our North Sabah operations in the Group's portfolio in March 2018, we are committed to dedicating resources towards initiatives focussed in Sabah.

The first such initiative was a Beach Cleaning Programme in March 2019, held in collaboration with the Department of Occupational Safety and Health Sabah (DOSH Sabah) and Kota Kinabalu City Hall. Litter along a 2km stretch of Likas Bay in Kota Kinabalu was cleared with the help of approximately 150 volunteers, mostly comprising students from various Technical and Vocational Education and Training (TVET) institutes in Sabah. The programme also included a health and safety awareness talk by DOSH Sabah on heat stroke. We were encouraged by the active participation of students and believe that their awareness and appreciation for health, safety and the environment was enhanced by the programme.



Group photo at Likas Bay Beach Clean-Up in March 2019

Sustainability Report

In FY2019, contributions made by our Group towards CSR initiatives amounted to approximately RM0.2 million, which is primarily for the Hibiscus Hope Scholarship that was awarded in 2018, with the remaining contributions going towards charitable events and the Beach Cleaning Programme.

For future CSR plans, we are currently evaluating – through our CSR selection process – several health and community-based proposals in Sabah, for which preparations are expected to begin later this calendar year in the event that these initiatives are approved.

8.0 OUR SOCIETY - HUMAN RIGHTS

We are dedicated to respecting and promoting the rights of every person including our employees, our community where we are active and those working within our supply chain. This is in line with internationally recognised human rights and labour standards such as the United Nations Guiding Principles on Business and Human Rights (2011) and the United Nations International Covenant on Economic, Social and Cultural Rights which guide businesses on how to act responsibly in respecting human rights.



During FY2019, we introduced the following new policies and expanded on current policies as a re-iteration of our ongoing commitment in upholding human rights:

- **Anti-Modern Slavery Policy**

This states our commitment in prohibiting the employment of forced, bonded or underage labour and in taking all reasonable steps to ensure that there is no form of slavery in our business and supply chain. This policy covers our Group, and contractors, joint venture partners, or other parties working with us.

The Audit and Risk Management Committee is the designated independent committee to receive any complaints/information with follow-up on actions taken (if any) with the Internal Auditor the named Investigator as an impartial party.

We work to continually assess the extent of the risk of instances of modern slavery and human trafficking in our business and take reasonable steps to ensure that these have no place in our Group and supply chain. Going forward, we will enhance our efforts in bringing to the attention of our suppliers our commitment against modern slavery in our business operations.

- **Diversity Policy**

Our Diversity Policy was improved to further expand the inclusiveness of all people. Please see the Workplace Diversity and Inclusivity section of this Sustainability Report.

- **Whistle Blower Policy**

During FY2019, we expanded our Whistle Blower policy to encompass external parties as a further sign of our commitment to our key stakeholders, including our communities. This provides a confidential and anonymous avenue for individuals and communities impacted by any human rights violations arising from our business activities.

Further, we support the right of our employees to freedom of association and collective bargaining, in compliance with the Malaysian labour regulations. We also commit to fully complying with labour regulations of the countries in which we operate and accordingly, have not recorded any non-compliances of applicable labour standards or encountered any human rights violations during the financial year under review.

9.0 ECONOMIC VALUE GENERATION AND DISTRIBUTION

We aim to make a positive contribution by delivering long-term tangible benefits to our key stakeholders. We generated and distributed value in the following manner during FY2019:

- Payment of taxes and royalties totaling approximately RM143.1 million to host governments, which grant our licence to operate;
- Use of contractors and suppliers in our host countries, when they possess the necessary expertise and resources. In this regard, we have compensated local service providers and suppliers approximately RM451.6 million;
- Payment of remuneration of approximately RM69.1 million to our employees.

10.0 INFORMATION TECHNOLOGY AND CYBER SECURITY

Cybersecurity threats evolve and managing such risks are intricate due to the complexity of an interconnected business ecosystem and the rapid evolution in technology.

In efforts to address this risk, we have rolled-out several policies in place to mitigate this, in addition to planned improvements to protect our information and ensure the security of our system.

Included amongst the policies that we have in effect are:

- Information Technology (IT) Management Policy which provides guidelines on IT equipment which may be used/accessed, user login governance and approval requirements, and pre-set parameters on internet and email usage;
- IT Data Access Policy which controls access provisions, authorises delegation of authority, and governs data storage and classification;
- Password policy and guidelines which specify password policies, requires use of multi-factor authentication, and imposes policy compliance requirements; and
- Electronic data disposal and sanitisation which deals with data disposal management, and physical and logical data destruction.

Our commitment to cybersecurity has put us in good stead in ensuring that our IT infrastructure is secure, with appropriate authentication, firewall and perimeter security, controls and active virus and threat protection in place. In addition, we also implement an active scanning process which regularly checks for any irregularities, with escalation in place to react to rogue activities within the network. There is also an additional access control (Dot1x) tool being employed to only allow the Group's machines within our network.

With regard to access controls, we have established appropriate internal controls throughout our system, such as those which review password policies and the Remote Authentication Dial-In User Service (RADIUS) system in place for authentication. All our computers are installed with the latest anti-virus and anti-malware for personal computer protection. Access to our servers are also secure due to the controls we have instituted.

As we view data and application recovery as critical, we have in place a Disaster Recovery Centre (DRC) to address the occurrence of any disasters to enable business continuity. Simulations and audits are conducted, and third party experts are involved, as and when required.

Furthermore, we continually plan improvements to our systems, and in this regard, enhancements to our IT administration and control procedures, encryption requirements and mobile device management enhancements are amongst the scheduled developments planned for implementation in the immediate term.

OUR WAY FORWARD

In this report, we have detailed many of the specific initiatives that we have undertaken or plan to undertake to address sustainability matters material to our Group and stakeholders. Much of what we do relies on the efforts of our people.

Hibiscus Petroleum's corporate core values form the bedrock of our Sustainability Principles. With our workforce equipped with such values, we believe that we are able to balance our commercial objectives of achieving profitability and growth without compromising on the overarching need to extract essential resources from our planet safely and responsibly whilst keeping our people safe and secure.

We are strengthening our foothold in the oil and gas industry in line with our aspirations to be a long-term player. Our long-term existence as a commercial organisation can only be assured if we act responsibly now and always. **We endeavour to be an organisation that incorporates sustainability initiatives in all that we do.** We believe that such an approach is part of our obligation to accrete shareholder value responsibly, in a dynamic and evolving business environment. **Each of our stakeholders should remain assured that the Board and Management of Hibiscus Petroleum Group remain committed to these goals.**