

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 ELEMENTS AND MINIMISE THOSE NEGATIVE EFFECTS THAT ORIGINATE FROM OUR BUSINESS WHICH IMPACT HIBISCUS PETROLEUM BERHAD GROUP (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 in these areas for the financial year ended 30 June 2020 (FY2020). Our material sustainability matters are specifically 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 2019/2020 which cover aspects of sustainability, namely our Management Discussion & Analysis, our Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control (SORMIC).

1.0 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 North Sabah PSC at the end of March 2018, only 2 years of comparative data is available.



Anasuria Operating Company Limited (AOCL) is equally owned by the Anasuria concessionaires i.e. Anasuria Hibiscus UK Limited and Ping Petroleum UK Limited (PPUK), 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 Energy (UK) Limited) 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 joint operator of Anasuria, through our ownership of AOCL, 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 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 facilities. Management of these are to be conducted in a safe and

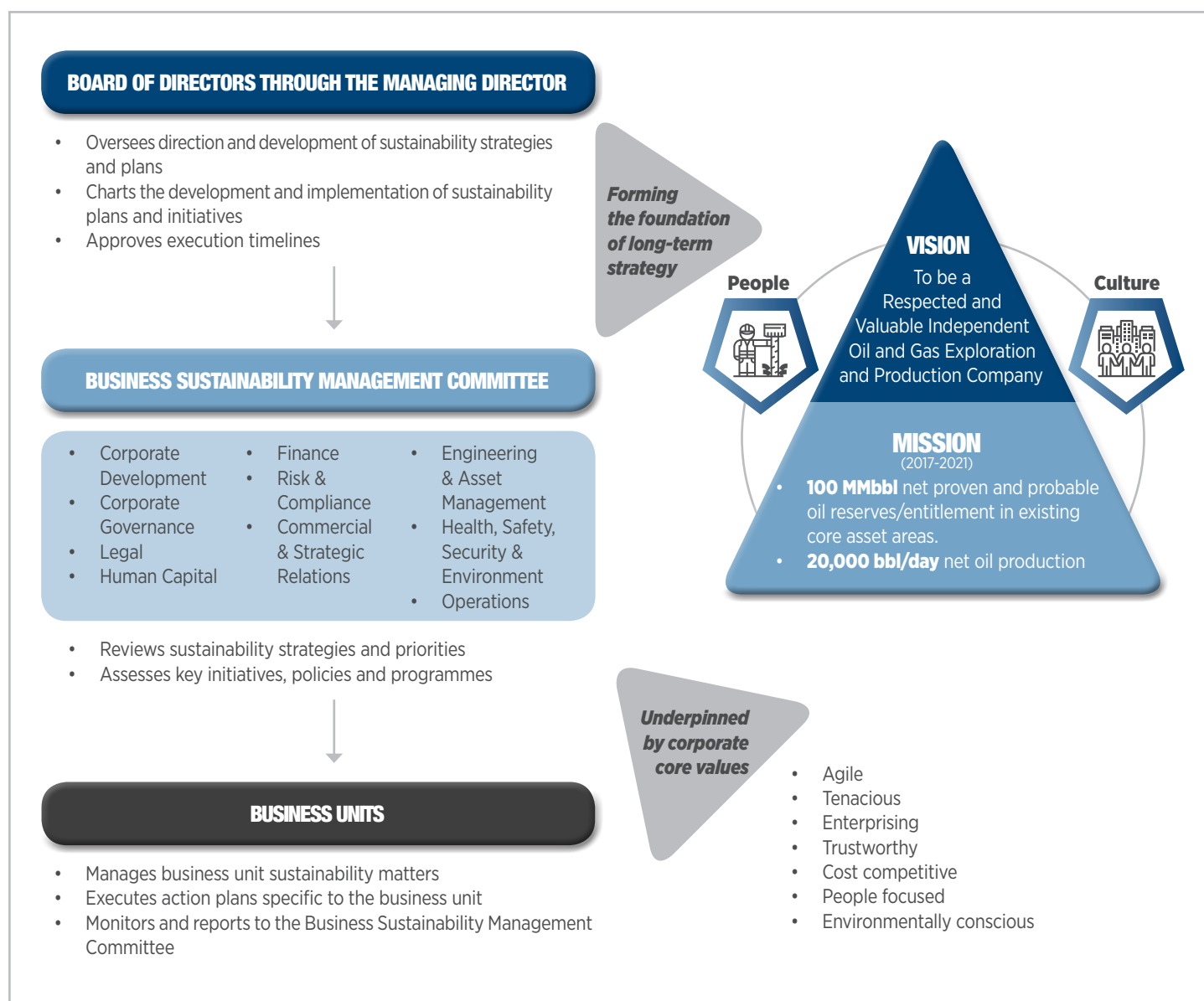
environmentally responsible manner. In our operating model, the Duty Holder is also the owner of the Safety Case.

1.2 Sustainability framework

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

The tone of driving and managing sustainability throughout the organisation is set from the top through our Managing Director and the 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.



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 6 of our peers within the Oil & Gas Exploration & Production industry; and
- 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 the views of our stakeholders 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 SORMIC for more information.

3.0 PRIORITISING OUR MATERIAL SUSTAINABILITY MATTERS

After the initial identification of material sustainability issues, we performed internal reviews with Senior Management and the Board to finalise the material themes, initiatives currently being performed and planned for action, 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 & SECURITY
Occupational health & safety
Process safety & asset integrity
Safety assessments & emergency preparedness
ENVIRONMENT
Climate change & greenhouse gas emissions
Effluents and waste
Major incident response
ECONOMIC
Value generation & distribution
HUMAN CAPITAL
Workforce profile - diversity, turnover, localisation
Performance & reward
Talent development
Employee experience
COMMUNITY RELATIONS
Engagement and impact management
Employment & training initiatives
Community investment
SOCIETY
Human rights
INFORMATION TECHNOLOGY (IT)
Cyber security

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.

Health, Safety, Security and Environment (HSSE) considerations are embedded into every task and business decision.

Threats are identified and assessed by subject matter experts in terms of their technical and non-technical risk using an established Risk Assessment Matrix (RAM). The RAM evaluates an identified risk's likelihood and consequence to our set risk tolerance levels, thus forming an integral part of the risk management decision-making process.

4.1 Occupational Health and Safety (OH&S)

We strive, without exception, to meet our obligation to ensure that our people are not placed in an environment that is inherently hazardous. For this, various controls which govern the overarching safety culture of the organisation, our work systems and processes have been introduced. Central amongst these are the core policies that cover the HSS aspects of our business. 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.

Processes to encourage open dialogues on the work being performed and to share ideas which increase our capacity to safely manage work and critical activities, to be mindful of risks and to be committed to enhancing controls to mitigate such risks are practised at all levels across the Group. Further, we take learnings from past events and use them to improve our procedures, training, maintenance programmes and designs. Our ability to understand how people work enhances our ability to identify potential risks and introduce the necessary mitigative measures to manage these risks to As Low As Reasonably Practicable (ALARP).

This modus operandi is reinforced through the introduction of HSS activities and campaigns that focus on the verification of personal safety safeguards as well as leadership engagements at the frontline, as follows:

- All staff (including contractors) are given a HSSE briefing as part of an induction process. Further, staff travelling to offshore facilities are required to undergo the Basic Offshore Safety Induction and Emergency Training (BOSIET) programme which includes helicopter survival, emergency first aid, sea survival, fire-fighting and lifeboat training.

SUSTAINABILITY REPORT

In addition, attendance at a refresher programme, Further Offshore Emergency Training (FOET), is compulsory every 4 years to ensure competency levels.

- Regular Toolbox Meetings are held and Safety Alerts are shared 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, where required.
- The continuous observation and analysis of trends in relation to active intervention practices such as the completion and follow-up of Accident Control Technique (ACT) findings at the business unit level, which allows 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.
- Review of the HSSE performance on a weekly, monthly and quarterly basis by Senior Management. These review sessions ensure that the annual key performance indicators and targets set at the beginning of the year are met and will continue to be met. Furthermore, Senior Management conduct monthly visits to our primary frontline locations and compliance audits are regularly carried out.
- Monthly HSSE Management meetings involving the Management team, HSSE function 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 quarterly townhall sessions across all locations.



Management visit to St Joseph platform in North Sabah on 3 March 2020
by Head of Logistics, Offshore Installation Manager (OIM), our Chief
Executive Officer (CEO) and Head of HSSE

- Under UK regulations (Statutory Instrument 971), safety representatives are elected to represent the different worker groups offshore. On the Anasuria FPSO, regular meetings are held, chaired by the Offshore Installation Manager, with the minutes of such meetings posted on the notice board. In addition, weekly safety meetings are also held each Sunday to discuss safety issues. Furthermore, industry alerts are regularly discussed to benefit from lessons learnt 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

Throughout FY2020, we have continued to engage our staff with the following activities, which demonstrate our focus and resolve towards safety, and highlights the importance of proactive intervention efforts by our employees and contractors:

1. 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 & Welfare Quarterly Management Engagement at the frontline and Workplace Inspection Programmes at all locations.
2. Our second annual Safety Day was carried out successfully on 31 July 2019 concurrently at our Kuala Lumpur and Kota Kinabalu offices, offshore platforms, LCOT as well as on the barges and the rig which were on location at North Sabah at that point of time. The 'I Care For Your Safety' slogan was maintained as the main theme for this programme which was led by our Group Managing Director (MD), CEO and Senior Management team who were deployed to the various locations. Through this programme, outstanding HSSE contributions by our employees and contractors were acknowledged and recognised. Other key accomplishments from Safety Day 2019 are as listed below:
 - i. The successful maiden roll-out of the International Association of Oil & Gas Producers (IOGP) Life Saving Rules across all business locations. We chose to adopt these Life Saving Rules in view that these rules have been accepted across the industry and are applicable in our activities. The rules serve as a guide on the actions which our personnel may take to protect themselves and their colleagues at the worksite at various stages of job execution i.e. during toolbox talks and safety meetings, pre-job planning stage, risk assessment phase, post-job reviews, routine observations and walkabouts.

Such empowerment enhances the preservation of a safe work environment as it reduces the likelihood of non-compliances occurring, promotes a proactive reporting and intervention culture and most importantly, empowers our people to enforce a Stop Work action where an unsafe work practice is observed. Any action or inaction that results in a violation of the Life Saving Rules will be thoroughly investigated with culpable violator(s) subject to counselling or other appropriate consequence(s).



- ii. Launching of our new ACT and Near Miss booklets to curb the occurrence of accidents and to specify the procedures to be followed in the event of “near misses”.
- iii. Launching of our new North Sabah Offshore and LCOT safety induction video. These safety induction videos are shared with all employees, contractors and guests who travel offshore or visit LCOT.
- iv. Mental Health awareness talk was held in Labuan, Kota Kinabalu and Kuala Lumpur on 31 July 2019, in conjunction with Safety Day.
- v. A Zero Incident Zero Accident (ZIZA) Monsoon Campaign was held to curb the occurrence of accidents with specific focus on being more vigilant during the monsoon period.

SUSTAINABILITY REPORT



Launching of Safety Day 2019 by our Group MD at LCOT



Our CEO officiating Safety Day 2019



Safety Day 2019 engagement at LCOT

- As a result of our continuous focus on the implementation of Life Saving Rules, a series of HSSE monthly theme engagements, with the intent of creating awareness of these rules in the execution of familiar or routine tasks has been carried out since January 2020 at the frontline. Every month, a specific Life Saving Rule topic is selected for the purpose of these engagements. To-date, topics such as “Line of Fire”, “Working at High and Confined Spaces”, “Defensive Driving”, “Hot Work¹ and Lifting and Hoisting” have been successfully covered and cascaded to staff at all business locations.
- In addition to the above, Behaviour Safety Campaigns have also been carried out on a quarterly basis in 2020. Furthermore, a Hand & Finger Injury prevention campaign and a Lifting Hoisting and Drop Object awareness campaign have been successfully completed in Q1 and Q2 2020. These campaigns were conducted to reinforce the importance of HSSE awareness and to mitigate any effect of complacency in the conduct of our routine activities.

NOTE:

¹ Hot Work is defined as work that requires a fire or spark producing tool or other similar activities which produce a source of ignition within a classified hazardous area. Some examples of Hot Work activities include cutting and welding operations which are common to both servicing operations and drilling.



HSSE Campaign held in Q2 2020 to frontliners at North Sabah



HSSE Monthly Theme engagement sessions to frontliners in March 2020

Our key HSS performance indicators are set out below:

Indicators	FY2019	FY2020
Number of staff trained on health and safety basic standards	309	211 ⁴
Lost Time Injury Frequency (LTIF) ¹	0.69	0.30
Total Recordable Case Frequency (TRCF) ²	0.69	0.59
Incident free days (including LTI, major spills, medical treatment case (MTC), major loss process containment) ³	298	278
Number of work-related fatalities	0	0

In FY2020, there was a single MTC incident which transpired during the carrying out of routine work, when a Galley staff sustained a laceration wound on his left thumb due to contact with the sharp edge of a metal rack barrier while collecting provisions for dinner preparation. First aid treatment was provided immediately to the injured person, after which he was given further treatment. It was found that this incident occurred due to a combination of improper handling of the provisions and sub-standard conditions of the freezer whereby it was overly congested with goods. As a result of this, a Safety Stand Down briefing was conducted by Vessel Management and our Operations team to ensure that the necessary lessons learnt were communicated to avoid a repetition of such incident.

Prior to the above MTC occurring, an LTI incident arose during the re-installation work of an actuator valve, post drilling, where a Rigger got his right ring-fingertip pinched resulting in a laceration wound. The Emergency Response team was immediately activated, and his injuries were promptly treated by the Designated First Aider. The injured person was then sent to shore for further treatment. Following this incident, an incident investigation was conducted and a Safety Stand Down briefing was conducted offshore as well as at LCOT to remind our staff to adhere to work procedures, use appropriate tools and always remain clear of the 'line of fire' to prevent recurrences.

Anasuria

During FY2020, there were campaigns to inculcate safety awareness within the workforce. Several campaigns were rolled out offshore, covering mental health awareness, manual handling and spatial awareness. As part of the spatial awareness

campaign, the Operations Manager and Safety Advisor provided a presentation to all crew at the heliport prior to travelling offshore to remind them of the importance of dynamic risk assessment as part of all work activities.

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 visited Spadeadam in October 2019 for a full day workshop which allowed them to witness simulated process events. Staff attending the event provided positive feedback on the experience and the better understanding it had given them of potential major accident precursor events.



AOCL staff at the Major Accident Hazard Awareness workshop at Spadeadam

NOTES:

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 Incident free days for FY2019 is from last LTI on 5 September 2018 while for FY2020, it is from last MTC on 26 September 2019.

⁴ The reduced number of staff trained on health and safety basic standards in FY2020 compared to FY2019 is due to many having been trained previously and having valid training certificates.

SUSTAINABILITY REPORT

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 FY2020 are set out below:

Indicators	FY2017	FY2018	FY2019	FY2020
Number of staff trained on health and safety standards ¹	n.a. ²	9 (75%)	10 (77%)	9 (75%)
Lost Time Injury Frequency (LTIF) – employees and contractors ³	0	0	0	0
Total Recordable Injury Rates (TRIR) – employees and contractors ³	0.00	0.74	0.89	0.52
Incident free days (including LTI, major spills, medical treatment case, major loss process containment)	362	361	359	365
Number of work-related fatalities of employees and contractors	0	0	0	0

The HSS performance for FY2020 is generally positive, with zero LTI recorded during this period, and the TRIR falling from 0.89 to 0.52 year on year.

In response to the COVID-19 pandemic, several measures were taken to minimise the risk of infection to our onshore and offshore personnel. All onshore personnel in Aberdeen commenced working from home on 23 March 2020, in line with a nationwide 'stay-at-home' order imposed by the UK government.

To mitigate the risk of an outbreak offshore, all offshore work scopes were thoroughly reviewed and a significant number of work scopes were delayed or deferred from plan to allow a safe reduction in offshore manning and thus, enable implementation of social distancing protocols. Several cabins on the FPSO facility were also designated and prepared for quarantine, if so required. In addition, non-perishable food stocks offshore were increased to cover a month in case supply became restricted due to the 'stay-at-home' order.

Local industry players responded swiftly, with temperature checks being conducted prior to entry into the helicopter base for all personnel travelling offshore. As an extra precautionary measure, special snood masks were purchased for all Anasuria personnel for use during helicopter transport.

Three pre-cautionary medical evacuations were conducted on personnel exhibiting COVID-19 symptoms. Fortunately, subsequent COVID-19 tests conducted on the personnel sent onshore were all negative and there has been zero COVID-19 cases on the Anasuria FPSO as at the date of this Report.

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. It is achieved via the use of effective precautions, also known as safety barriers, to keep our facilities safe, eliminating potential impact to our people, the environment, our facilities and our reputation.

Effective precautions can be broadly categorised into two groups mainly active safety barriers and passive safety barriers. These barriers involve equipment, procedural documentation and/or people. Multiple barriers are utilised throughout our operations, as is the norm in operational facilities.

Further, a rigorous maintenance programme assists in the management of the integrity of our wells, structures, piping and equipment to minimise the risk of an unplanned loss of containment or release of hydrocarbons, both of which are considered process safety events.

NOTES:

¹ Includes only AOCL workforce.

² Not applicable.

³ LTIF and TRCF have been defined in the earlier table on the previous page.

We also adopt a detailed approach to prevent the occurrence of major accidents whilst undertaking all projects. We ensure that the appropriate level of competency undertakes, oversees and (peer) reviews project planning activities. Appropriate materials, tools, up-to-date installation methods and drilling fluids (whilst conducting drilling related activities) are utilised in our operations, whilst meeting all relevant safety standards. Our well design, planning and inspection procedures conform to both international good practices as well as 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 for health and safety aspects prior to commencement of ongoing operations or projects. We employ Hazard Identification (HAZID), a qualitative technique that utilises the experience of a multi-disciplined team to perform a systematic assessment for the identification and description of potential safety and health hazards, consequences and unmitigated risks throughout the lifecycle of new and ongoing operations or projects. 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 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

For drilling preparation offshore, the following elements were executed to comply with our process safety procedures:

- 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 assumptions;

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

External Assurance Audits & Recognitions

During FY2020, two major external assurance programmes were conducted on the North Sabah PSC. Firstly, a Malaysia Petroleum Management (MPM) Tier 2 HSE Management System (HSEMS) audit was carried out from 24 August 2019 to 13 September 2019. This audit is a systematic and independent assurance exercise conducted by MPM at a defined frequency with the primary focus of ensuring the adequacy of our management system function, including its effective implementation and compliance to local regulatory requirements and applicable standards. Methodologies utilised by MPM during the course of this assurance exercise encompass the review of management system documentation, frontline (site) verifications as well as interviews with office and frontline staff, including third party contractors.

The second external assurance programme conducted during the financial year was the Offshore Self-Regulation (OSR) Tier 3 audit by the Department of Occupational Safety and Health Malaysia (DOSH). This programme was carried out from 24 to 26 September 2019. This audit was conducted to evaluate the PSC's degree of compliance with the applicable safety regulatory requirements for equipment such as pressure vessels and lifting machinery. The North Sabah PSC achieved an overall score of 91.1%, attaining amongst the higher scores for any PAC for this audit. In addition, we also received a Focused Recognition certificate from MPM Production & Operations Management (POM) for our strong commitment towards this audit.

Further, we hosted the Joint HSE Committee (JHSEC) meeting for performance benchmarking with all Petroleum Arrangement Contractors (PACs) on 12 December 2019.

As we move forward, the North Sabah PSC is making preparatory arrangements to pursue the OHS ISO45001 certification. OHS ISO45001 is an international standard that specifies the requirements for an OH&S management system to enable organisations to provide a safe and healthy workplaces in addition to seeking to prevent work-related incidents of injuries or ill health, and proactively improving its OH&S performance by taking advantage of OH&S opportunities.

Anasuria

As a practice, pre-contract HSEQ audits are carried out on all non-routine offshore projects, such as scale inhibitor squeeze, diving and drilling campaigns. In addition, Combined Operations HAZID/Risk Assessment workshops are held, bridging documents prepared and emergency response arrangements tested through exercises.

SUSTAINABILITY REPORT

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

In April 2019 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 confirm that Petrofac are able to continue 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 to written procedures as a result of previous organisational changes. None of these areas of improvement compromised the health and safety of the workforce and process integrity of operations. These identified action items were monitored monthly, and satisfactorily closed out by 31 December 2019.

A requirement of the Safety Case Regulations 2015 is that a 'thorough review' of the installation Safety Case is carried out every five years, and a report of the findings submitted to the Health & Safety Executive. The purpose of this review is to demonstrate, through a systematic examination, that the case remains sound, information is current and accurate, and areas for improvement are identified and addressed. The review looks at design parameters, ageing processes and changes in operating conditions that may limit the life of the installation, or, impact the effectiveness of its safety critical elements. This process has been ongoing during the course of calendar year 2020, and the required report will be prepared and submitted to the Health & Safety Executive by 28 October 2020.

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.

Due to the COVID-19 pandemic, the 2020 ROSPA Health & Safety Awards have not yet been announced.

Another significant milestone was reached on 6 October 2019 when the Anasuria FPSO achieved 5 years without a lost time incident. A commemorative plaque was presented to the offshore workforce by the AOCL CEO to mark the achievement. Subsequently on 6 October 2020, the Anasuria FPSO achieved 6 years without a loss time incident.

Together with our partner PPUK and the Duty Holder of the Anasuria FPSO, we are proud that we have been able to continue to 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



Safety is not just a core value at Hibiscus Petroleum Group. It is the very foundation of our business. We determinedly strive to ensure the safety of our workforce and communities, keep our infrastructure fit for service, and we maintain strong emergency preparedness and response systems.

We plan for safe, reliable, incident-free operations, in keeping with our belief that all incidents are preventable.

We have a robust emergency preparedness and response system. We constantly test this system and strive to make improvements, to enable us to promptly resume normal operations/business activities in the unlikely event of an incident, so as to reduce the occurrence of any adverse impact to business productivity and profitability. As part of our preparedness, we partner proactively with local first responders, emergency management groups as well as state and federal agencies.

Our Crisis Management Team (CMT), located at our headquarters in Kuala Lumpur, is responsible for the overall strategic management of critical events which require corporate support.

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

Emergency preparedness requires a systematic approach in identifying potential hazards to facilitate planned mitigation and remediation actions which are efficient and effective, whilst ensuring the safety of responders, the community and the environment. Our programmes use an organisational structure for incident management that, depending on the nature and magnitude of an incident, covers all levels of the organisation—from frontline workers to executive leadership—and can be activated immediately. Additionally, these programmes are regularly reviewed and periodically audited to ensure their continual improvement and proper functioning.

Our comprehensive emergency response plans are tailored to enable each business unit to cover distinct operations and risks, including site-specific receptors. We regularly review, audit, update and test these plans to ensure they work as expected. Our emergency management programmes outline the review and improvement cycles. All of our regulated plans are currently undergoing their 3-year review cycles to ensure effectiveness and alignment with stakeholders' expectations, in addition to evolving business needs. Relevant information from our emergency response plans is shared with local first responders and key stakeholders in accordance with our licence to operate to facilitate seamless coordination between all parties.

SUSTAINABILITY REPORT

We place high importance in training our employees and direct contractors who would be involved in an emergency response. The training each individual receives corresponds to the role they would be required to embrace during such an emergency and addresses potential hazards or risks that may be encountered in the course of the conduct of their duties. For example, onshore operations staff are trained on shoreline oil spill protection and clean-up strategies, while marine and offshore operations staff are trained in facility emergency shutdown and offshore oil spill containment and dispersion approaches and methodologies.



*Shoreline Clean-up Assessment Technique
& Deployment Training
(Labuan, October 2019)*



*Tier 2 Oil Spill Exercise
(Labuan, November 2019)*



*Advanced Fire-Fighting Joint Training with Fire Rescue Department
WP Labuan at Bintulu Emergency and Safety Training Center (BEST)
(Bintulu, August 2019)*



*Advance Fire-Fighting Joint Training with
Fire Rescue Department WP Labuan at BEST Center
(Bintulu, August 2019)*

In 2019, training and various workshops and exercises were organised for the CMT and Incident Management Team (IMT) to exercise the Command, Control, Coordination and Communication (4Cs) principle between various facilities and the IMT and CMT.

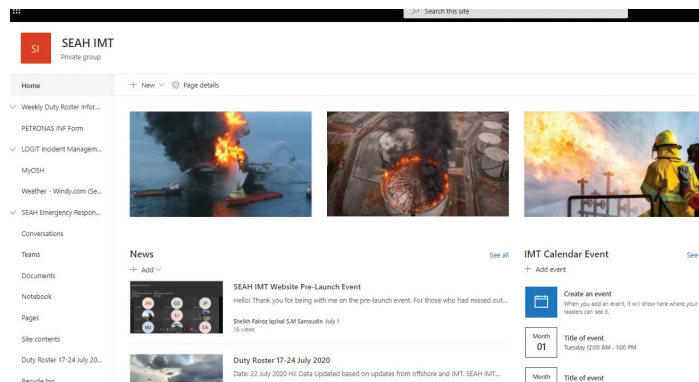
To further improve response effectiveness, the HSSE Department has recently introduced a virtual incident management tool called “Logit”. This tool enables both the IMT and CMT to respond to emergencies in near “real time”, albeit virtually, across all locations with the support of our Emergency Control Centre (ECC).

The integration of Logit with the pre-existing emergency response procedures and plans was done via linkage to our IMT Webpage. Launched in July 2020, the IMT Webpage functions as a 1-stop centre for emergency response which provides the user access to business emergency and crisis management plans, emergency call-out duty roster, operation emergency standing instruction updates, training schedules and an online knowledge centre for emergency response including references to relevant external webpages utilised during emergency responses.

The Incident Command System (ICS), a standardised approach for the command, control and coordination of emergency response, which provides a common hierarchy within which responders can act effectively, has been integrated into our IMT structure (modified to suit our requirements).



Logit Incident Management Software



SEA Hibiscus' IMT Webpage

To ensure emergency preparedness, discussion and operations-based exercises were conducted. These included seminars, workshops and tabletop drills as well as full-scale exercises involving our employees and contractors, local first responders and other third-party agencies. In November 2019, we organised a full-scale tier 2 oil spill response exercise, code named “Exercise Kiamsam - 2019”, with assistance and participation from our external oil spill response organisation, Petroleum Industry of Malaysia Mutual Action Group (PIMMAG) together with Oil Spill Response Limited (OSRL), and local authorities in Labuan. During this exercise, local first responders, relevant agencies, government and industry representatives observed first-hand our response preparedness in the event of an incident and provided their feedback on how they would jointly support us.

As a further initiative, we also work with local emergency responders through our Emergency Responder Education Programme.



Oil Spill Response Exercise
(Labuan, November 2019)



Oil Spill Response Exercise
(Labuan, November 2019)



Oil Spill Response Exercise
(Labuan, November 2019)



Oil Spill Response Exercise
(Labuan, November 2019)



Joint Advance Fire Fighting Training
with BOMBA Labuan at BEST
(August 2019)



Joint Advance Fire Fighting Training
with BOMBA Labuan at BEST
(August 2019)



OSR Operator Course at
Jesselton Port Kota Kinabalu
(August & December 2019)



OSR Operator Course at
Jesselton Port Kota Kinabalu
(August & December 2019)

Through industry collaboration, we exchange best practices with other operators and participate in committee activities and joint exercises for the purpose of advancing safety and emergency preparedness. During FY2020, these included some notable engagements with the following agencies:

1. PETRONAS MPM;
2. Malaysia National Security Council (MKN);
3. Malaysia Maritime Enforcement Agency (MMEA); and
4. Polis DiRaja Malaysia or Royal Malaysia Police (PDRM).

SUSTAINABILITY REPORT



Joint Security Engagement with MPM, MMEA and PAC Sabah



Safe Handling of Mercury Training with Fire Rescue Department WP Labuan



Participation and Facilitation in National Search & Rescue Exercise (SAREX) "SAREX Camar 2019" (Miri, October 2019)



Fishermen Engagement Gaya Island (Kota Kinabalu, November 2019)



Fishermen Engagement Gaya Island (Kota Kinabalu, November 2019)



Fishermen Engagement Gaya Island (Kota Kinabalu, November 2019)



Participation in National Oil Spill Response Technical Forum 2019 (Port Dickson, November 2019)



We hosted the National Security Council Coordination Meeting (Kota Kinabalu, November 2019)

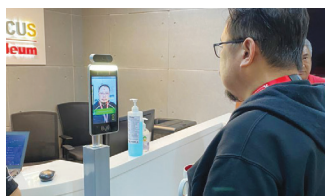
Pandemic Preparedness for COVID-19

Early 2020 saw the impact of the COVID-19 pandemic. In response, we moved swiftly to ensure preventive controls were instituted with the twin goals of prioritising employee safety and maintaining business continuity. The following initiatives were implemented upon the announcement of the Movement Control Order (MCO) by the Malaysian Government:

- A COVID-19 guidebook was prepared and published for use by our workforce;
- A COVID-19 pandemic business continuity team was established;
- Pandemic response plans were then tested in a series of drills;
- Conducted daily update meetings with Senior Management to discuss on the status of the pandemic and its impact to our operations;
- Halting of all non-essential activities to minimise exposure risk to our staff;
- Staff in non-frontline roles were allowed to work from home, and there was minimal physical manning at all business units. It is noteworthy that no downtime was recorded throughout the pandemic;
- Daily health screening/temperature check and the submission of a self-declaration form were made mandatory at all work entry checkpoints;
- Established other site COVID-19 control protocols e.g. close contact monitoring, frequent sanitisation of work area and encouraged the use of personal protective equipment (PPE);



COVID-19 Medical and Security Checks
at all checkpoints



Artificial Intelligence (AI)
Temperature Scanner



MySejahtera Contact Tracing
registration at our premises



COVID-19 Emergency Drill Exercise
(April 2020)



COVID-19 Emergency Drill Exercise
(April 2020)



COVID-19 Emergency Drill Exercise
(April 2020)

- Timely and frequent management circulars and directives were broadcasted internally;
- A wide scale office disinfection exercise was performed at all our business units in July 2020;
- Maintained close communications and participated in external pandemic group platforms (MPM, Kementerian Kesihatan Malaysia (KKM), National/State Crisis Preparedness Response Center (CPRC) Kota Kinabalu/Labuan); and
- Active participation in the Malaysian Government driven contract tracing 'MySejahtera' database initiative.

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 put in place for:

- Medical Emergency Response support coverage - an integrated medical services provider has extended 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 now incorporates its services in the event of medical evacuation of staff due to occupational or non-occupational illness while at work is required.
- Oil Spill Contingency Plan support coverage - a UK specialist organisation currently works to assist local operators to respond effectively to oil spills. This has given 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. More specifically, an oil spill dispersant aircraft, based in Senai, Johor is now available for our use in the relevant emergency.
- Oil Spill Contingency Plan support coverage - a local non-profit oil spill response organisation which is well-connected to local enforcement and government agencies is available to provide oil spill response consultation and equipment during an oil spill incident, as well as assists to build competency and skills for our emergency responders.

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 be deployed to 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, facilities and procedures to ensure an effective and efficient response by an empowered organisation. 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 support located within the Petrofac Emergency Response Centre (ERSC) at Blaikies Quay, Aberdeen Harbour.

SUSTAINABILITY REPORT

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 exercising 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 an extraction of hydrocarbons needs to be balanced with the requirement to protect the environment. Whilst global demand for oil and gas may have plateaued as a result of the COVID-19 pandemic, trends show that it will continue to grow. Thus, 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 operate 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.

We are committed to maintaining compliance with all environmental laws and regulations and therefore adhere to all monitoring requirements which are part of our Environment Impact Assessment (EIA) and licences and permits.

Monitoring and assessments are carried out for all the five (5) environmental elements i.e. soil, water, air, noise and land. The environmental monitoring aspects are applied to groundwater quality, seawater quality, soil, dark smoke, dust particulate, flue gaseous, Fuel Burning Equipment (FBE) combustion efficiency, Effluent Treatment Plant (ETP) effluent discharge quality, soil characteristics, boundary noise, scheduled waste inventory and emissions declaration for LCOT.



Dust particulate sampling for stack emission at LCOT using the ESC A-2000 Automated Isokinetic System

An annual Environmental Audit by an independent third party is part of the requirement by the Department of Environment (DOE), Malaysia. We have complied to this audit annually. The Environmental Audit serves as a continuous improvement tool which can increase productivity and enable cost reduction whilst concurrently facilitating the protection of the environment. The Government of Malaysia has introduced the requirement to carry out Environmental Audits under Section 33A of the Environmental Quality Act (EQA) 1974 (Amendment 1996) to ensure compliance and impose industry self-regulation. We observe such regulations as well as 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 addition, we use an Environment Aspect and Impact Register to manage associated risks in accordance with our environmental management system throughout the lifecycle of the assets under our control or influence. 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.

Furthermore and specific to our operations, we have developed an Environmental Management Plan (EMP) for St Joseph, South Furious and Barton. The objectives of such a plan are to monitor and record any residual impacts resulting from our activities, to provide recommendations for continuous improvement and to document practices and compliances which are in place and to recommend additional ones, where necessary or relevant. The plan is an important integration document which consolidates various approvals, licence and permits conditions issued for specific activity components in each facility.

We are also currently carrying out an Environmental Site Assessment (ESA) study at LCOT. The primary purpose of this activity is to further assess the soil and groundwater quality based on trending and newly identified sampling points at LCOT. By acquiring this quantitative environmental baseline information for LCOT after the operatorship transfer to us in 2018, we will be able to review and evaluate the findings from previous site investigations, including but not limited to the Phase I and Phase II ESA in LCOT which was carried out by the previous operator in 2011, monitoring records and investigation reports in order to facilitate an understanding of the contamination condition extent (if any) of the soil, surface water or groundwater in LCOT and its surroundings, to determine the potential pathway for contaminants migration and its potential impact on nearby receptors in addition to providing recommendations on a possible Remedial Action Plan (RAP).

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).

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

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

As stated in our *Environment Policy*, 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, 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 generation.

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

In Malaysia, most of our produced gas volumes from the North Sabah fields are reinjected back into the various reservoirs as part of pressure maintenance or gas lift operations. The remaining volumes are then 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 as well as burnt in flare.

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

The GHG intensity from our operations in the North Sea are at the expected levels for late life mature assets. There are circumstances where we may inadvertently deviate from normal operations that result in higher GHG emissions. These circumstances are generally centred around the temporary failure of gas compression equipment which may not permit us to manage produced gases in the above-mentioned manner. We may also be constrained by the availability of the SEGAL pipeline to export our produced gas to shore, such as was experienced during the unplanned shutdown of ExxonMobil's Mossmorran plant for an extended period of time in the first half of financial year 2020.

With the UK and Scottish Governments' commitments to reach net zero emissions by 2050, AOCL is formulating a plan to contribute towards reducing emissions from Anasuria. This near-term Environmental Improvement Plan is being developed and specific initiatives will be cascaded into the annual plans to reduce emissions from Anasuria, with several opportunities already identified and being assessed for potential delivery between 2021 to 2023.

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.

Within the ambit of our offshore operations, we rely on electricity to power machinery that is required to perform critical tasks. Further 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.



One of our solar panels at our North Sabah Offshore Platform

We are also in the process of establishing the SANGA™ software within the North Sabah PSC to further improve and enhance GHG calculations for our monthly reporting to MPM. This software is widely recognised within the

SUSTAINABILITY REPORT

industry as a leading GHG emissions estimation and reporting tool that can also be utilised to track energy consumption and criteria pollutant emissions.

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

Indicators	Unit	FY2019 ¹	FY2020 ²
Total operational GHG emissions (scopes 1 – 3)	tonnes CO ₂ e	400,793.17 ³	430,833.94
GHG emissions per barrel of oil equivalent ⁴	tonnes CO ₂ e/Kboe	76.9	89.2
Flaring emissions (CO ₂ e)	tonnes	154,242.42	152,274.22
Methane emissions (CH ₄)	tonnes	2,207.01 ⁵	4,339.9
Nitrous oxide emissions (N ₂ O)	tonnes	8.85	8.33
Carbon dioxide emissions (CO ₂)	tonnes	347,454.57	340,492.96
Nitrogen oxide emissions (NO _x)	tonnes	3.65	Not tracked ⁶

As part of efforts to reduce GHG emissions, we are planning to carry out a Leak, Detection and Repair (LDAR) initiative in 2021. LDAR is a part of the requirement imposed by the DOE, Malaysia under the Environmental Quality (Clean Air) Regulations, 2014 to detect Volatile Organic Compounds (VOCs) and methane (CH₄) under the category of fugitive emissions e.g. via pipeline valves.

To complement use of solar panels as a source of clean electricity at our North Sabah operations, and to improve the availability and reliability of our offshore power supply, a pilot project for wind turbines at the North Sabah offshore platforms was carried out on St Joseph Jacket F (SJTF) in November 2018 and at Barton Jacket A (BTJT-A) in late December 2019. This wind turbine has been installed as a hybrid together with the existing solar power system. There is a plan to extend this project to all North Sabah offshore platforms by 2021 with the intention of equipping all remote jackets with solar wind turbine hybrid systems.

Effective planning and execution of shut-down programmes offshore allows for essential maintenance to facilitate increased operating efficiency but also forms the foundation 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. We estimate that the initiative was able to reduce the volumes of GHG emissions by approximately 10% overall.

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 continuous 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.

The withdrawal of the UK from the European Union will likely affect the UK's participation in the EUETS. We are closely monitoring the impact and discussions are ongoing with regards to the initiation of a UK Emissions Trading Scheme. Regardless of the outcome, we will be expected to monitor our emissions in a more stringent manner that would align with Phase IV of the current EUETS.

NOTES:

¹ The reporting for the FY2019 column in last year's report comprised of actual numbers until April 2019 while provisional estimates were reported for May and June 2019. For this year, all the numbers in the FY2019 column are actual figures recorded.

² Beginning January 2020, reporting to Petronas is made on quarterly basis. The GHG figures shown in the FY2020 column are actual figures.

³ GHG emissions figures for FY2019 have been adjusted due to the use of a different factor (developed by Intergovernmental Panel on Climate Change (IPCC)). Indirect GHG was not calculated for SEA Hibiscus' Logistics (ASB) in 2018.

⁴ GHG emissions per barrel of oil equivalent (GHG Intensity) should be in Tonnes CO₂e/KBoe. The figure in FY2019 has been adjusted accordingly.

⁵ Methane calculation in 2019 has been adjusted due to the incorporation of a new factor of Global Warming Potential (GWP), as advised by MPM in March 2019. New factor or GWP value for Methane is 25.

⁶ We do not report on NO_x as it is no longer required by MPM post March 2019 and it is not listed in the American Petroleum Institute (API) Compendium of Greenhouse Gas Emissions Estimation Methodologies for the Oil and Natural Gas Industry which focus on CO₂, CH₄ and N₂O emissions as these are the most relevant to the oil and gas industry operations.

Furthermore, an independent third party has been commissioned to conduct an annual audit on operational GHG emissions data. In addition, monthly and quarterly internal assurance check on the accuracy of the data and readings that measure our emissions are also conducted.

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

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

Indicators	Unit	FY2017	FY2018 ²	FY2019 ²	FY2020 (Provisional)
Total operational GHG emissions ¹	tonnes CO ₂ e	114,796.52	164,866.67	125,692.05	147,462.28
GHG emissions per barrel of oil equivalent ^{1,3}	kg CO ₂ e/boe	27.67	45.58	31.29	41.37
Flaring emissions (CO ₂ e)	tonnes	32,524.98	84,736.70	50,262.86	73,820.24
Methane emissions (CH ₄) ¹	tonnes	143.70	332.34	187.59	294.21
Nitrous oxide emissions (N ₂ O) ¹	tonnes	7.48	8.67	7.46	8.11
Carbon dioxide emissions (CO ₂) ¹	tonnes	114,270.85	163,871.49	126,542.79	149,820.73
Nitrogen oxide emissions (NO _x) ¹	tonnes	254.74	329.91	262.45	246.34
Sulphur oxide emissions (SO _x) ¹	tonnes	1.50	8.71	4.14	4.13
Volatile organic compounds (VOC) emissions ¹	tonnes	118.24	315.54	187.59	273.13
Payments made associated with climate change ⁴	RM 'mil	1.6	6.0	13.7	11.5

Group

On a consolidated basis, the Group indicators relating to GHG and other emissions to air are set out below:

Indicators	Unit	FY2019	FY2020 (Provisional)
Total operational GHG emissions	tonnes CO ₂ e	526,485.22	578,296.22
Flaring emissions (CO ₂ e)	tonnes	204,505.28	226,094.46
Methane emissions (CH ₄)	tonnes	2,394.6	4,634.11
Nitrous oxide emissions (N ₂ O)	tonnes	16.31	16.44
Carbon dioxide emissions (CO ₂)	tonnes	473,997.36	490,313.69
Nitrogen oxide emissions (NO _x)	tonnes	266.1	Not available ⁵

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 continuously operate in a safe manner to avoid spills, leaks or accidental discharges of polluting materials.

Effluents

Our operated offshore fields deliver oil, gas and water from offshore reservoirs, which we then separate using our 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.

NOTES:

¹ Figures are extrapolated and calculated from calendar year data.

² Figures in FY2018 and FY2019 have been updated based on the final calendar year 2019 emissions reports submitted to the UK regulator.

³ GHG emissions from FY2017 onwards have been revised based on corrected calculation of the total produced oil and gas during the respective periods.

⁴ Payments for the EUETS are on a gross basis.

⁵ Not available as not tracked for North Sabah PSC for FY2020.

SUSTAINABILITY REPORT

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.

All produced water from North Sabah offshore is sent to LCOT via pipeline and then treated at the ETP in LCOT before being discharged to the open sea after treatment.

According to the Directive issued by the DOE in 2011, all crude oil terminals in Malaysia, including LCOT, are required to comply with the limit of oil and grease in effluent discharge of 100 mg/l. This parameter is monitored daily at LCOT at eight (8)-hour intervals. Data acquired is submitted monthly to DOE (online) and our data are well within the stipulated limits. We currently have two (2) competent persons (CePIETSO - Certified Environmental Professional In The Operation of Industrial Effluent Treatment Systems) certified under DOE, Malaysia to manage the effluent treatment plan, industrial and related effluents.

Other than the oil in water metric, SEA Hibiscus also monitors other parameters for the effluent discharge such as temperature, pH, Biological Oxygen Demand5 (BOD5), Chemical Oxygen Demand (COD), suspended solid, boron, phenol, sulphide, ammoniacal nitrogen, cyanide and chloride (cyanide and chloride - beginning January 2020).

Waste

Our activities generate different volumes and types of waste including those that are categorised as hazardous and non-hazardous.

We ensure that all hazardous waste generated from our operations in the UK and North Sabah are 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, all hazardous waste is handled as per the Environmental Quality (Scheduled Wastes) Regulations, 2005 and our Waste Management Procedure. There are two (2) competent persons (CePSWAM - Certified Environmental Professional in Scheduled Waste Management) certified under DOE, Malaysia to manage the hazardous/scheduled waste in SEA Hibiscus.

North Sabah PSC



Scheduled waste inspection at North Sabah Offshore by our CePSWAM personnel in July 2020



Scheduled waste inspection at the logistic premise and LCOT by our CePSWAM personnel in June 2020

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, 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

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

Indicators	Unit	FY2019	FY2020
Oil spills	kg	0	0
Water (effluent) discharge ¹	m ³	4,822,974	4,392,416.05
Total water discharge ¹	m ³	0	0
Produced Water Discharge - oil in water concentration	mg/l	20.09	20.6
Hazardous waste	tonnes	3.395	12.95 ²
Non-recycled waste	tonnes	3.395	Not reported ³
Recycled waste	tonnes	0.978	Not reported
Environmental fines and penalties	RM	0	0

Anasuria

Internal assurance checks on the operational environmental data are conducted monthly. Our indicators relating to effluents and wastes are set out below:

Indicators	Unit	FY2017	FY2018	FY2019	FY2020
Hydrocarbon release	kg	4.0	0.0	0.0	299.8
Water (effluent) discharge	m ³	1,640,042	1,593,180	1,264,386	1,345,117
Discharge of oil to water	tonnes	14.18	21.28	11.15	11.77
Hazardous waste	tonnes	19.76	23.71	27.02	26.22
Non-recycled waste	tonnes	41.43 ⁴	69.88 ⁴	55.56 ⁴	47.49
Recycled waste	tonnes	78.09	82.58	65.91	72.30
Environmental fines and penalties	RM	0	0	0	0

Group

On a consolidated basis, the Group indicators relating to effluents and wastes are as follows:

Indicators	Unit	FY2019	FY2020
Oil spills (North Sabah PSC)	kg	0	0
Hydrocarbon release (Anasuria)	kg	0	299.8
Water (effluent) discharge	m ³	6,087,360	5,737,533.05
Discharge of oil to water	tonnes	108.04	102.25
Hazardous waste	tonnes	30.415	39.17
Non-recycled waste	tonnes	58.955	Not available ⁵
Recycled waste	tonnes	66.89	Not available ⁵
Environmental fines and penalties	RM	0	0

NOTES:

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

² Higher volume of hazardous waste disposed between July 2019 and June 2020 due to contract availability.

³ Non-recycled waste is not recorded in FY2020 as there is no requirement to report this to MPM.

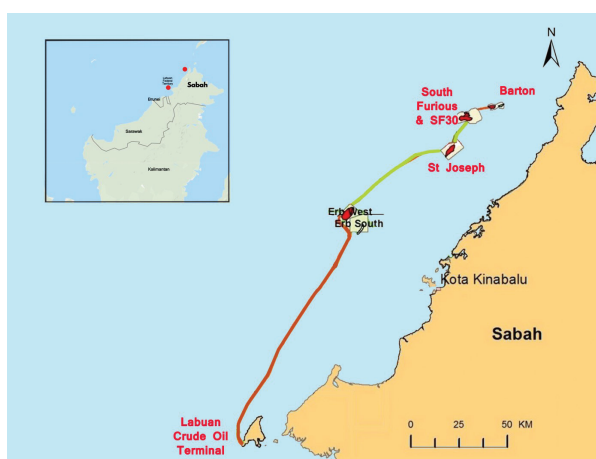
⁴ Figures for non-recycled waste for FY2017 - FY2019 have been revised based on corrected calculation to the respective categories and periods.

⁵ Not available as not reported for the North Sabah PSC for FY2020.

SUSTAINABILITY REPORT

5.3 Water Quality

Quarterly monitoring of seawater quality is carried out at the St Joseph field. Crude petroleum oil and its related products, incomplete combustion of organic materials and the use of lubricating oils and oleochemical derivatives are usually the sources of marine oil pollution in seawater. The parameters monitored are oil, grease, and copper, for which we are in compliance.



In addition, we are currently carrying out monitoring and reporting of groundwater quality to the DOE, Malaysia on a twice a year basis. Our monitoring and reporting references the Contaminated Land Management and Control Guideline No. 1: Malaysian Recommended Site Screening Levels for Contaminated Land, 2009 and Dutch Intervention Value, 2000. The parameters monitored on a bi-annual basis include temperature, pH, dissolved oxygen, total suspended solids, phenol, cyanide, chromium (hexavalent and trivalent), arsenic, copper, lead, selenium, vanadium, zinc, mercury, total polycyclic aromatic hydrocarbons (PAH) and mono-aromatic hydrocarbons - benzene, toluene, ethylbenzene and xylenes (BTEX). We have several monitoring points; BH1 - BH2 and BH4 - BH8.



Groundwater Monitoring in progress: Water depth measurements are taken prior to the purging of the groundwater wells. The measurements attained are used to determine the volume of water required to be purged.



Groundwater Monitoring in progress: Bailleurs are used to purge and sample groundwater from the respective wells. Samples are contained in sampling bottles with the respective parameter's preservatives.

5.4 Others

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. Where required, an EIA is performed to analyse the impact of our activities vis-a-vis the environment. Upon commencing implementation of our operations phase, we have been carrying out quarterly monitoring of seawater quality around our North Sabah and Anasuria operations to ensure that there has been and continues to be 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 risk to significant

positive or negative environmental effects. This procedure encompasses exploration, appraisal, development, production and decommissioning operational 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. We also re-use and recycle where practicable.

Energy use

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

We have previously mentioned that in North Sabah, all our remote location jacket platforms are entirely powered by our renewable energy initiative i.e. a solar power systems (consisting of battery and solar array/photovoltaic panels). To complement use of solar panels as a source of clean electricity in our North Sabah operations, a pilot project for wind turbines at the North Sabah offshore platforms was carried out at the St Joseph Jacket F (SJJTF) in November 2018. The capacity for the wind turbine pilot project was 1 Megawatt (MW). This wind turbine was installed as a hybrid together with the existing solar power system. A second wind turbine (similar capacity) unit was installed at Barton Jacket A (BTJT-A) in late December 2019. There is a plan to extend this project to all North Sabah offshore platforms by 2021 with the intention of equipping all remote jackets with solar wind turbine hybrid systems.



*First wind turbine unit successfully installed
at St Joseph SJJT-A in 2018*



*Second wind turbine installed
at Barton BTJT-A in late December 2019*

SUSTAINABILITY REPORT

At Anasuria, the manner 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 SEPA that they have complied with their ESOS obligations, which covers the Anasuria FPSO operations.

Energy Consumption on the Anasuria FPSO	Unit	FY2017	FY2018	FY2019 ¹	FY2020
Fuel Gas	tonnes	29,167.87	23,643.02	25,128.85	25,061.55
Diesel	tonnes	515.18	4,323.82	1,950.37	1,824.82

In September 2019, Petrofac conducted an energy assessment study of the Anasuria FPSO as part of an overall Energy Management Study with an end view of helping to reduce energy consumption across UK operations. The energy assessment was carried out in accordance with the “Energy Assessment Methodology”, prepared by PI Energy & Emissions Limited in 2008 for the Department for Business, Enterprise and Regulatory Reform (BERR) (now known as OPRED). The study was conducted via an energy workshop with asset personnel and ITP Energised (ITPE) Limited, an independent third party who conducted an independent evaluation of energy consumption and GHG emissions generated by the site, to identify opportunities for reducing energy consumption, and to perform first order economic evaluation for each of the energy reduction opportunities identified.

During the energy workshop, current and historic operational datasets were analysed, known new issues were discussed and a brainstorming session identified a total of nine potential opportunities for energy (and hence associated GHG) reduction. These opportunities will be further assessed for economic viability and will be considered as part of the long-term operational plan for the asset. The Anasuria team have been assessing these opportunities and they form a part of the environmental opportunities to be addressed in the upcoming years.

A portion of the gas produced by the fields is 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 related facilities are designed to last the entire field lifecycle and are likely not to be frequently 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.

6.0 OUR PEOPLE

Our people are the collective essence of who we are. As a relatively young Group with 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 fuelled 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. This 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

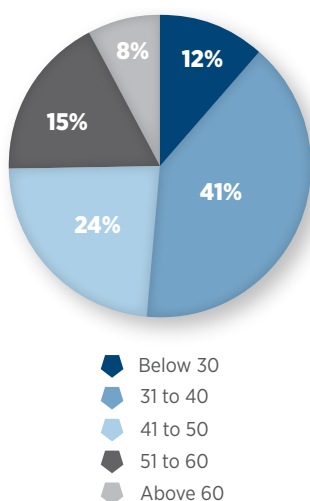
NOTE:

¹ Fuel gas and diesel figures for FY2019 have been updated based on the final calendar year 2019 report.

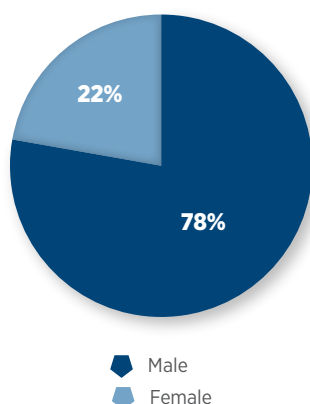
work arrangements, forms of leave available to staff, succession planning, the Group's policies and procedures and training and development. Our employees are treated respectfully and equally irrespective of age, gender, ethnicity, nationality, disability, sexual orientation, cultural background, religious 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 389 employees out of which nearly all are full-time employees. There are 5 nationalities (Malaysian, British, Australian, Indian and Dutch) 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.
- Ongoing adherence to our *Group Recruitment Policy* which aims to recruit the best candidates based on merit. Furthermore, we will continue to ensure that:
 - 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
 - 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 the recruitment of directors, the Nominating Committee:-
 - 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; and
 - will evaluate the mix of skills, experience, expertise and diversity of the existing Board that will best enhance 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 will be based on our Group's needs and determined on merit.
- To bolster our recruitment efforts, we launched an Employee Referral Programme in 2019 with the aim of widening our sources of hiring and to build on our brand image. The programme also serves to boost employee morale as employees are likely to refer candidates with the best professional and cultural fit from their network as potential colleagues.

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.

SUSTAINABILITY REPORT

Our employees undergo two (2) 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, all of our employees received performance reviews with performance ratings assigned by their superiors. The performance reviews of Senior Management are conducted by our MD, Nominating and Remuneration Committees.

We are committed towards exceeding the regulatory minimum wage requirements. We extend a cost of living allowance to all employees to ensure their financial sustainability. We further strive to remunerate our employees competitively and whenever necessary, industry remuneration benchmarking is conducted. Performance incentives are utilised as a means to reward and motivate employees with clear linkages of performance to 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 a key area of 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, 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 FY2020 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 FY2020 is tabulated below:

Indicators	FY2019	FY2020
Total training hours as a Group	8,284 hours	10,526 hours
Average training hours and day per employee	22.76 hours/2.84 days	27.06 hours/3.38 days

In addition, we have launched a series of Knowledge Sharing Webinars where subject matter experts from different assets within our organisation collaborate and present modules on specific disciplines within the industry and specifically our experience in our Group's international businesses. These seminars serve as a platform for knowledge sharing, networking and professional development in a semi-formal environment. Topics presented range from subsurface exploration through to field development, drilling and petroleum economics. These sharing sessions provide the opportunity for different experts from multiple assets to share and learn from each other's work experiences and these sessions are recorded and posted on our corporate learning library for employee access at any time.

6.4 Employee management and engagement

Our management of employees is guided by the substance of our *Diversity Policy*, *Code of Conduct and Ethics* and *Employee Handbook*. The content within these documents have been carefully assembled after review of industry practices, consultation with staff and Senior Management and the Board. 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.

At this juncture, we wish to highlight that there has been no instance of non-compliance recorded in relation to the *Anti-Corruption Anti-Bribery (ACAB) Policy* and related matters.

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 FY2020 was 9.8%. This metric demonstrated an increase from the previous year as there were a number of staff reaching retirement age (these employees were previously hired by the former operator in North Sabah). Exit interviews were conducted, and our Human Capital Department has implemented multiple initiatives to further reduce this turnover rate.

At the start of the COVID-19 outbreak, the Human Capital and HSSE Departments conducted several COVID-19 briefings to all employees to spread awareness and to reiterate preventive measures such as the use of face masks and the strict maintaining of good hygiene practices. As the pandemic worsened, office-based employees were advised to work from home and updates were shared via Microsoft Teams platform and emails. Production facilities in the meantime were prepped to be fully compliant with the government standard operating procedures (SOPs) for the safety of our production employees.

By the time the Recovery MCO commenced, all our office premises were in compliance with respective government SOPs and the remaining office-based employees were divided into Risk Groups and scheduled for a phased return to work to minimise risk.

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 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 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, 47% of our employees comprise local Sabahans which far exceeds the minimum threshold set by the state government of 30%, whilst 99% 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.

For Anasuria, training is emphasised for personal development of staff. Amongst courses attended by personnel are:

- Continued Professional Development (CPD) training for Major Accident and Hazard Awareness at Royal Air Force Spadeadam in Newcastle;
- Diploma in Human Resource Management accredited by the Chartered Institute for Professional Development (CIPD);
- Geological and Geophysical (G&G) Petrel training; and
- Gas Lift Systems Design, Operations and Optimisation course.

7.2 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, 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 MD, 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 Business Sustainability Management Committee, and if required, approval is sought in accordance with Hibiscus Petroleum's *Limits of Authority*.

Under the Hibiscus Hope Scholarship programme, we awarded a scholarship in 2018 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. Having completed his studies, this scholar is currently employed by the Group and is currently working with our Marigold asset team.

With the inclusion of our North Sabah operations into the Group's portfolio in March 2018, we are committed to dedicating resources towards initiatives focused in Sabah. In this regard, the Group distributed a total of 360 packs of food in May 2020 to frontline personnel as a sign of our appreciation to them and their role in "fighting" the COVID-19 pandemic. Food was also given to personnel at the Kota Kinabalu City Hall, Queen Elizabeth 1 Hospital,

SUSTAINABILITY REPORT

Kota Kinabalu Immigration Department, Customs, Civil Defence, local police stations as well as various charities. Those in senior citizen homes, orphanages and organisations nursing people with disabilities were also not forgotten.



In addition, we contributed RM50,000 for the Osimal Foundation in Sabah to purchase PPE for hospitals in Sabah.



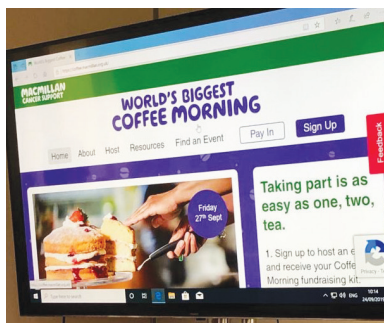
In addition, our Company donated 250 cartons of gloves to the Sungai Buloh Hospital and 200 cartons of gloves to University Malaya Medical Centre, as part of another programme organised by a reputable local bank.

We also contributed RM0.02 million for FY2020 towards the Hibiscus Hope Scholarship that was awarded in 2018.

We are currently evaluating – through our CSR programme selection process – several health and community-based proposals to be carried out in Sabah in the future. Implementation preparations are expected to begin later this calendar year.



In September 2019, our Anasuria team in the UK organised a fundraiser in support of the charity Macmillan Cancer Support by holding a Macmillan Coffee Morning. Staff had the opportunity to mingle, purchase some home baked and donate to a very worthwhile charity. A raffle was also organised with some great prizes sponsored by individuals on the AOCL team along with some of our third-party vendors. As a result of our team's generosity, over £500 was raised on the day.



During the Christmas period in December 2019, the Anasuria team came together again in aid of the Mission Christmas Cash for Kids 2019 Appeal. This charity aims to make Christmas day different for local children living in poverty, providing gifts to the less fortunate within the community. The generosity of the AOCL team led to a fantastic number of presents and monetary contributions being donated in support of this great cause.



SUSTAINABILITY REPORT

8.0 OUR SOCIETY - HUMAN RIGHTS

We are dedicated to respecting and promoting the rights of every person including our employees, the communities 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.

We have in place the following policies as a testament 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 Group Internal Auditor named as the Investigator.

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* has been expanded to ensure the inclusiveness of all people. Please see the Workplace Diversity and Inclusivity section of this Report.

- **Whistle Blower Policy**

In Q4 2019, 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.

- **Drug and Alcohol Policy**

The Group recognises that the protection of the health and safety of our employees, contractors and others involved in our operations is an integral part of business performance. Therefore, this policy was introduced in January 2020 as part of efforts to illustrate the Group's commitment and seriousness in ensuring a safe and healthy work environment for all.

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.

At this juncture, we wish to highlight that we do not have any incidents of labour standards non-compliance nor any human rights violations committed by the Group.

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 FY2020:

- Payment of taxes and royalties totalling approximately RM30.4 million to host governments, which grant us 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 RM454.7 million; and
- Payment of remuneration of approximately RM76.4 million to our employees.

10.0 INFORMATION TECHNOLOGY AND CYBER SECURITY

Cyber security threats are continually evolving and managing such risks are intricate due to the complexity of an interconnected business ecosystem and the rapid evolution in technology.

Despite safeguards instituted, our IT system was subjected to a ransomware attack on 1 October 2019 called Globelmposter. Although production operations were not impacted, the ransomware attack impacted our Group's servers, back-ups and technical application systems temporarily. The system was fully restored in stages, after focused efforts headed by an immediately formed IT Task Force, assisted by IT professional support personnel (application, hardware, network, security, operating system and database specialists).

As a response, the IT Task Force identified and prioritised four major areas for immediate attention to “normalise” the IT system including the acquisition of additional hardware, checking on completeness of recovery of data, assessment of security posture and a review of organisational structure and procedures.

As a follow-up, the findings of the security posture exercise were used to define short and medium-term recovery and resilience strategy for Hibiscus Petroleum including implementation of network intrusion protection system (IPS), enhance firewalls and email security, increase basic security and core infrastructure services, tighten security policies, build capacity and improve incident management capabilities. Additional efforts were also made to control user access, manage configuration changes, patch all critical servers and user laptops, set-up a help desk and monitor core service availability.

The key priority for the IT Department for FY2020 is to rebuild and enhance cyber security via access and security optimisation, systems customisation and enhancements, conduct licence usage, align processes within the Group and enhance systems embedment. Such efforts include new server infrastructure set-up and enhancement, application rebuild, firewall and perimeter security upgrades and the institution of advanced threat protection for emails.

Furthermore, a disaster recovery and business continuity process have been established with the introduction of an improved offsite back-up process. Simulations and audits have been conducted, and third-party experts were involved in testing the sufficiency and veracity of the system.

Other steps taken to monitor and improve our IT system on a periodic basis include:

- Data centre maintenance for file share folders and applications database;
- Data centre back-up and restore testing;
- Security awareness notifications to detect phishing attempts;
- Network maintenance; and
- Increasing inventory management controls and widening business intelligence.

In terms of IT security policies and SOPs, an external security firm has been appointed as an added safety measure to solidify our cyber security and gauge whether our existing policies and operational controls require tightening. Current policies we have in effect are:

- *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 cyber security and improvements made in the last year have 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 have also implemented an active scanning process which regularly checks for any irregularities, with escalation in place to react to rogue activities within the 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.

The progress of the IT system's infrastructure confidentiality, integrity and availability was further apparent during the COVID-19 virus pandemic that impacted many countries and businesses in the world including Malaysia and the UK. Hibiscus Petroleum Group was able to continue seamless business activities utilising our secure infrastructure while the recovery was progressively implemented to 100% capacity.

Furthermore, we continually plan improvements to our systems, and in this regard, enhancements to our IT administration and control procedures, encryption requirements and IT Segregation and additional security enhancements are among 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 have been undertaken, or plan to undertake to address matters of material sustainability within 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.**