

SUSTAINABILITY REPORT

EMBEDDING SUSTAINABLE PRACTICES TO ENHANCE BUSINESS VALUES

Our theme “Embedding Sustainable Practices to Enhance Business Values” highlights our continuous efforts in progressing towards a sustainable future. With the rapid advancement of technology and globalization, we strive to constantly provide high value-added marine support services to our clients as a key drive to our sustainability goal. The theme has been consistent over the years and we have been working towards services enhancements in our business to provide quality services.

Perdana Petroleum Berhad (“Perdana” or “the Group”) has formalized and incorporated its sustainability reporting practice since 2017. We trust that sustainability is vital to our organization in order for us to operate and compete effectively in this challenging industry. Sustainability efforts will also create greater value for the overall stakeholders of the Group.

REPORTING STANDARDS - REPORTING SCOPE AND BOUNDARIES

Throughout this statement, we demonstrate our full commitment to integrate sustainability practices and prepare this statement on pursuant to the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”), Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits issued by the Exchange as well as guidelines issued by the GRI. The contents of this Statement encompass the Group’s key business operations, which comprise our core services. This Statement emphasises the Group’s commitment towards ensuring that its business operations are carried out sustainably and responsibly, taking cognisance of the economic, social and environmental (“EES”) implications it is exposed to. Our scope and boundaries cover all our entities and operations in Malaysia.

We are committed to enhance and refine our sustainability strategies and initiatives to strive towards a more comprehensive disclosure going forward.

Reporting Period	1 January 2019 to 31 December 2019
Reporting Cycle	Annually
Principal Guidelines	<ul style="list-style-type: none"> • Main Market Listing Requirements • Sustainability Reporting Guide – 2nd Edition

OUR APPROACH TO DRIVE SUSTAINABILITY

Our approach to sustainability is based on our core values of excellence, unity, integrity, humility and building relationship which are supported by the Company’s policies and procedures. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of Perdana’s steps to strengthen and enhance the Group’s approach to sustainability and business value creation.

BUSINESS AND OPERATIONS REVIEW

The Group’s operations are illustrated in the Management Discussion & Analysis section in page 19.

SUSTAINABILITY STRATEGY

1. As a Public Listed Company

- As a public listed company, we are pre-emptive of the sustainability matters mainly on the economic value creation for the shareholders and stakeholders;
- We plan to elevate the sustainability practice of corporate governance through the engagement with the board’s direction and guidance over environmental and social issues, diversity and special expertise on boards, and linking executives and other employees of the sustainability goals;

SUSTAINABILITY REPORT

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SUSTAINABILITY STRATEGY (CONT'D)

1. As a Public Listed Company (Cont'd)

- We want to hold robust regular dialogues with our key stakeholders on sustainability challenges, including employees, investors, suppliers and customers;
- We are in the progress to adopt open reporting on sustainability strategies, goals and accomplishments; and
- We are in the progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and services.

2. As a service provider

We commit to give quality service to all our clients as they are our valued stakeholders.

OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT

Seventeen (17) Sustainable Development Goals (SDGs) were set by the United Nations General Assembly in 2015 to counter major global issues such as urbanization, climate change, resource scarcity, demographic and social change and global economic condition by year 2030 entails contributions from governments, civil society and businesses. All the countries and stakeholders, acting in collaboration, will strive to implement this plan. The 2030 Agenda for Sustainable Development shapes the journey and sustainable enhancement in Malaysia. Aligning to the aspiration of our government, we will enhance our strategies and efforts to adopt these goals progressively as part of our sustainability journey.

Our Sustainable Development Goals



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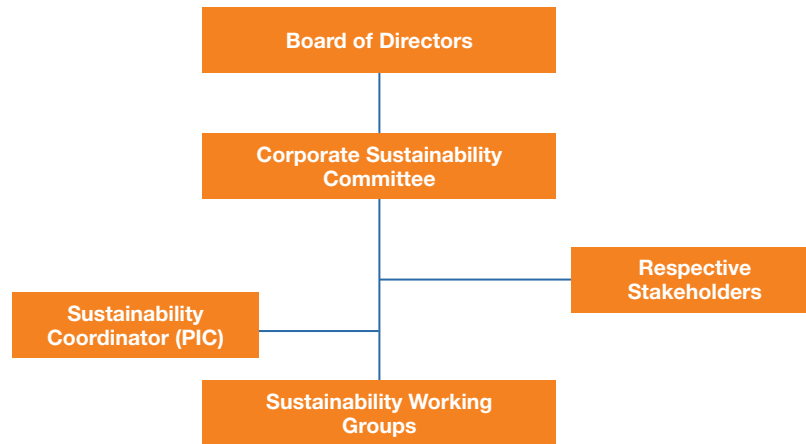
GOVERNANCE OF THE SUSTAINABILITY

Being a public listed company, Perdana is properly guided by our Board of Directors (the “Board”) and in compliance with the Corporate Governance (“CG”) practices of the Malaysian Code on CG 2017.

The Board has the ultimate responsibility to ensure that our sustainability efforts are embedded in the strategic direction of the Group. We have established a Corporate Sustainability Committee (“CSC”) to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies outlined. The Executive Directors are supported by various working groups responsible for the implementation of the initiatives within the Group. The Executive Directors provides the Board regular updates relating to all key EES risks and opportunities (sustainability matters).

The governance of our sustainability agenda is a process that is important to the Group as it enables the business to effectively operate in a sustainable manner. Aligning good governance structures with our principles demonstrates the commitment from the top management to lead the Group’s sustainability agenda. Due to the lean organization structure of the Group, the governance structure is designed around the various key departments as the working groups.

ORGANIZATION STRUCTURE FOR SUSTAINABILITY



RESPONSIBILITIES OF CORPORATE SUSTAINABILITY COMMITTEE

- Advise / suggest the Board on sustainable strategies;
- Monitor the implementation of sustainability strategies as approved by the Board;
- Oversee stakeholder engagements to ensure all issues, grievances and suggestions raised are taken into consideration in managing sustainability matters;
- Make recommendations to the Board for their approval of the sustainability-related policies and goals;
- Monitor the implementations of policies and initiatives of sustainability management;
- Oversee the management of sustainability matters by focusing on the matters material to the Group; and
- Oversee the preparation of the Sustainability Statement and make recommendations to the Board.

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, Perdana continues to practice prudence and stay focused on delivering quality growth, while being watchful of the emerging risks. The Group is fully committed to uphold its responsibility which is reflected through its prudent transformation and management as well as sustainability matters.

SUSTAINABILITY REPORT

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OUR MATERIALITY ASSESSMENT PROCESS



1. Objectives & Scope

Perdana undertook a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries cover all our entities and operations in Malaysia.

2. Identification of Relevant Sustainability Matters

The process is initiated with identifying the sustainability issues relevant to the Group's business and its stakeholders. In generating the list of issues, the Group assessed the operating environment and emerging trends affecting the oil and gas service sector and conduct a study across a broad range of references. These references include Bursa Malaysia's Sustainability Reporting Guide and Toolkits, the GRI Standards as well as the International Petroleum Industry Environmental Conservation Association ("IPIECA") guidelines to sustainability reporting.

Moving forward in 2020, we plan to undertake a review of material factors and sustainability matters in order to ensure our understanding of both the current and future risks and opportunities facing our markets are adequately addressed, as well as to gather stakeholders' perspectives to ensure the Group responds to their needs in a timely manner. As we update our material factors, we will continue to develop our approach in a holistic and integrated manner. This may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as establishing a proper mechanism to capture, analyze and report sustainability data and information.

MATERIAL FACTORS

As we monitor, manage and report on a wide variety of issues, our key approach is to focus on our resources addressing the material sustainability risks and opportunities that are associated with each material factor. Understanding our key priorities allows us to set our time, resources and investment at the optimal level.

Materiality Matrix

Materiality assessment is an important tool to identify the most relevant EES priorities that are consistent with our business strategy. We identified, assessed and prioritised 19 material sustainability initiatives during the monthly management meeting involving the sustainability working committee. The output of the assessment was plotted on a matrix which illustrates the impact of each material factor on the Company's business as well as the stakeholders.

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MATERIAL FACTORS (CONT'D)

Materiality Matrix (Cont'd)

The materiality process involved several steps which include:

- Identification of potential material topics by reviewing the GRI aspects, benchmarking against key corporate peers and analyzing past reports, considering the feedback from customers, community representatives and employees generally; and
- Identification of aspects and topics most important to the external stakeholders, customers and their supply chain vendors, based upon requests, surveys and ongoing engagement during the reporting period.

The material factors are based on the priority of the Group as outlined below:

A: Business - Key Materiality

Material Factors	Description	What Are the Risks	What Are The Opportunities	Initiatives
Competition	Perdana is exposed to competition within the industry.	Inability to secure contract which will impact the Company's business and performance	<ul style="list-style-type: none"> • Value added services which are solutions driven and innovative as well as competitive pricing could be offered to the clients as to improve on our core value • Potential regional partnerships and collaborations 	<ul style="list-style-type: none"> • Participation in the tenders / market survey conducted by potential customers/ clients. • Maintain good relationship with the existing / potential customers. • Provide competitive pricing, quality services and product safety. • Seek potential regional partnerships and collaborations (if any).
Market Stability	A well-facilitated business, supported together with an effective and balanced regulatory framework that provides adequate levels of client's protection while facilitating business efficiency and innovation is imperative for the continued growth and development of our business.	Any event – such as breaches in regulation, lack of effective corporate governance (CG) practices – that undermines integrity or stability will influence stakeholders' confidence, and possibly participation in the market	<ul style="list-style-type: none"> • Fostering a strong CG and sustainability culture will also drive long-term value, both in the market and within Bursa Malaysia. • Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth 	<ul style="list-style-type: none"> • Susceptible to global economic changes and business environment changes. • Quarterly updates of new ruling / standards by the company secretary to the Board of Directors. • Constant updates from the courses attended by the Directors and senior management of the changes in the current market and implementing new strategies to address the current market. • Obtain valuable advice from the industry experts, regulators and professionals to address market related challenges.

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OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

Combining the views of stakeholders and Perdana's management from the preliminary materiality assessment, the materiality table has been set out below to show the different levels of importance of the sustainability matters. The below factors will be further enhanced in the coming years.

B: Significant Material Factors (E1-Economic, E2-Environment, E3-Social)

		Factors	Why Material	Managing Materiality	Initiatives
MATERIALITY	Very Important	Optimization/ Resources (E1,E2)	To help the company become efficient and effective	Taking the necessary measures to ensure all our staff and resources are being optimized.	<ul style="list-style-type: none"> Productivity Monitoring Training & Development for employees' work and self-development. Upgrade of the company's technological platform and software to enhance the operations and productivity.
		Market Condition (E1)	Market condition affects all businesses in every industry.	Our business very much depending on the market condition where we conduct market study prior to engaging in any projects.	<ul style="list-style-type: none"> Participation in the market surveys / tenders received Meet up with the MASA / SOP Club on latest update of the market Crisis Management Implementation, Business Continuity Plan, Leadership participation.
		Compliance (E2,E3)	Compliance with laws and regulations is one of our main requirements.	We provide adequate training and resources to ensure we meet compliance obligations.	<ul style="list-style-type: none"> Quarterly / regular circulars & newsletters received from regulators and advisors Meeting with the professionals for advisory Standard Operating Procedures are endorsed & reviewed regularly
		Safety (E2)	Impact on safety of workforce and the primary emphasis is to avoid workplace injuries.	We support the ongoing training of operational teams to ensure understanding in recognising and improving as well as maintaining safe working conditions.	<ul style="list-style-type: none"> Establishment of the Health, Safety and Environment Committee & policies to govern the function. Compulsory safety briefing daily on board Safety committee updates of changes imposed by the industry regulators
		Customer Satisfaction (E3)	It is important for us to benchmark ourselves and to collaborate closely with customers to achieve mutual success.	We conduct customer satisfaction surveys to obtain customer's feedbacks.	<ul style="list-style-type: none"> Closing meeting after each completed contract. Customer satisfaction surveys conducted during and after the contract.

SUSTAINABILITY REPORT

(CONTINUED)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

B: Significant Material Factors (E1-Economic, E2-Environment, E3-Social) (Cont'd)

		Factors	Why Material	Managing Materiality	Initiatives
MATERIALITY	Very Important	Corporate Governance (E1,E2,E3)	To ensure that the company protects the members, officers and management.	Governance is conducted according to various regulations and sub-committees. The board oversees the governance based on quarterly review of management reporting.	<ul style="list-style-type: none"> Regular circulars & updates follow-up with the regulators and authorities Establishment of policies and procedures to upkeep the corporate governance practice Leadership role in CG
		Quality (E3)	It is part of our core business value to satisfy all of our customers.	By obtaining prompt stakeholder feedback to gauge our quality.	<ul style="list-style-type: none"> Respond to the charterers' request / queries within reasonable timeframe Employ & retain quality crews Maintenance of vessels as per schedule Maintain vessels' certificate validity Sourcing quality products for vessels' wear and tear
		Reputation (E2,E3)	To get a more realistic picture of how the business is actually being perceived by others.	We take initiatives to enhance our reputation by providing balance reporting.	<ul style="list-style-type: none"> Publishing of company's financial reporting timely to Bursa Malaysia Prospect of business and improved financial results delivery Timely disclosure of contract awarded to the Group Maintain relationship with analysts
		Procurement (E1,E2)	It ensures the stable, sustainable procurement and supply of resources	We are always on the lookout for best quality and competitive pricing.	<ul style="list-style-type: none"> Establishment of Procurement Committee to govern the procurement and tender process At least 3 price quotations for comparison for purchases exceeding certain limit Maintain good relationship with all the suppliers & ensure being a prompt paymaster Supplier & Vendor evaluation on yearly basis to upkeep the quality
		Customer Privacy (E1,E2,E3)	It is important to build customer trust and loyalty.	We take necessary measures to protect customer's privacy by having our staff trained on this matter.	<ul style="list-style-type: none"> Compliance to Personal Data Protection Act (PDPA) Enforcement on PDPA within the organisation and stakeholders Handling and protecting of the sensitive personal information provided by customers in the course of everyday transactions.

SUSTAINABILITY REPORT

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OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

B: Significant Material Factors (E1-Economic, E2-Environment, E3-Social) (Cont'd)

	Factors	Why Material	Managing Materiality	Initiatives	
MATERIALITY	Very Important	Business Model (E1)	Business model plays a vital role in challenging market condition of the market and business.	The management regularly reviews the business model and react to the updates.	<ul style="list-style-type: none"> Top Management Meetings to synergies the operations to meet the business objectives Obtain feedback from the Head of Departments
		Networking – Stakeholder (E1,E2,E3)	It is important to have new opportunities and positive influence.	Our nature of business requires networking with all parties in order to reconcile the process.	<ul style="list-style-type: none"> Regular correspondence via telephone and mails Regular meetings with the relevant stakeholders
	Important	Business Ethics/ Code (E1,E2,E3)	Maintaining business ethics is our core values.	We proactively promote and positively reinforce good behaviours to employees.	<ul style="list-style-type: none"> Enforcement on Code of Conducts and Ethics Whistle Blowing Policy Perform business activities professionally
		Anti-Corruption (E1,E2,E3)	This reduces risks of economic imbalance and compliance with laws, international charters and conventions.	On-going monitoring, briefing and review of compliance throughout the Group is carried out to ensure that the company's policies and procedures as well as system of internal controls are being properly implemented.	<ul style="list-style-type: none"> Appointment of consultant Provide trainings Department briefing by the HODs for all level Establishment of the policy for adoption by 1 June 2020
		Local Environment Impact (E2)	It is important to safeguard the environment.	We monitor and review the environmental compliance strategy and performance.	<ul style="list-style-type: none"> Update of local environment regulation and impact regularly Compulsory compliances to maintain and minimise the air pollution, water pollution, acoustic pollution and oil pollution
		Business Mix (E1)	Diversification is part of our business model to stay sustainable.	We are always on the lookout for synergistic businesses which creates better value to our core business.	<ul style="list-style-type: none"> Provide synergized services to the customers Explore opportunity to charter outside Malaysia
		Political Stability (E1)	It has a wide impact on the economy.	We ensure compliance with all government regulations.	<ul style="list-style-type: none"> Sensitive to political changes from time to time
		Climate Change (E1,E2)	Climate change would have a significant impact on business.	We managed this by creating a good project management team which looks into all the scenarios.	<ul style="list-style-type: none"> Monsoon season operating mode which impose enhancement of safety and promoting safety
		Capital Injection – Funds (E1)	Business growth and expansion.	Lookout for potential partners, joint ventures and funding to expand our business.	<ul style="list-style-type: none"> Fund raising exercise via the issuance of Redeemable Convertible Preference Share

SUSTAINABILITY REPORT

(CONTINUED)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

3. Stakeholders Engagement

Our interaction involves a large number of different stakeholder groups and such engagement is important to ensure we can identify, prioritize and address material matters to be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management Committee through Management Meetings by the respective business and functional units. Ongoing engagements where applicable are carried out on a regular basis as they are integral to our business development, relationship with stakeholders and commitment to sustainability.

Our key stakeholders are outlined on the below table, along with the forms of engagement and key topics of interest that we seek to address.

Stake-Holder Group	Engagement Approach	Frequency	Engagement Focus & Objectives
Customers	1) For Health Safety & Environment (“HSE”) Assurance Audit: <ul style="list-style-type: none"> • ESH Internal Audit in 2019 • Oil majors audit 	Yearly Random request	For verification on HSE compliance & SOPs Quality management or assurance
	2) Quarterly Engagements With Petronas Carigali	Quarterly	To correspond with Operations & Safety issues.
	3) Quarterly Basis on HSSE Engagement & Logistic	Quarterly	Cascading of HSE Incident Information & Mitigation Plan.
	4) Launching of HSE Campaign by PCSB <ul style="list-style-type: none"> • Toward Achieving Generative HSE Culture Campaign in Mar 2019 • ZIZA Safety Campaign in Oct 2019 		Sharing Session on HSSE Matters & Implementation
	5) Monthly Meeting / Ad-hoc Meeting: <ul style="list-style-type: none"> • Monthly Operational Meeting 	Monthly	Correspond with Operations & Safety issues.
	6) Ad-hoc Meeting: <ul style="list-style-type: none"> • Solving of ad-hoc operational issues 	As at when	Update & Mitigation Plan

SUSTAINABILITY REPORT

(CONTINUED)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

3. Stakeholders Engagement (Cont'd)

Stake-Holder Group	Engagement Approach	Frequency	Engagement Focus & Objectives
Employees	1) Fleet Management: a) Top Management Visit : <ul style="list-style-type: none"> • Total 3 Management visit done b) Superintendent Ship Visit : <ul style="list-style-type: none"> • Total of 48 visit done by Operation/ Technical / HSE Superintendent c) Launching of Safety Campaign by HSE : <ul style="list-style-type: none"> • Workplace Safety Campaign • Monsoon Safety Campaign d) Crewing : <ul style="list-style-type: none"> • Job level specific training programmes e) Accident rate monitoring	3 vessel per year Once/Twice a year Twice yearly As at when require Daily	Sharing & bonding with the management & employee. Conditional vessel inspection Cascading of HSE Incident lesson learnt & Mitigation Plan. To meet the rules and regulations Safety awareness
	2) Office Management: <ul style="list-style-type: none"> • Employee events such as annual dinner, festival season celebrations, durian gala and etc • Town hall session with the Group Managing Director • Whistleblowing policy • Management meetings with employees • Job level specific training programmes • Circular of internal policies of company updates 	Annually As at when require Implemented Throughout the year	Corporate direction and growth plan Job Security Workplace health and safety Labour and human rights
Suppliers	1. Code of Ethics ongoing in line with company's policy 2. Quotation comparison 3. Supplier Evaluations 4. Review of suppliers' profile	Daily Daily As at when Twice Annually	Pricing competitive and vendor performance on stock sourcing and delivery.

SUSTAINABILITY REPORT

(CONTINUED)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

3. Stakeholders Engagement (Cont'd)

Stake-Holder Group	Engagement Approach	Frequency	Engagement Focus & Objectives
Regulators	Compliant with Statutory Requirement of : <ul style="list-style-type: none"> • Malaysia Marine Department Classification Societies • Department of Occupational , Safety & Health (DOSH)/ Department of Environmental (DOE), etc • Oil Major – Petronas, Shell and etc • Bursa Malaysia Securities Berhad • Securities Commissioner • Bank Negara Malaysia • Companies Act 2016 • Labuan Financial Services Act • Others 	Routine	Comply with all the requirements
Community	Participation / engagement with the <ul style="list-style-type: none"> • Malaysia Off Shore Vessel Association (“MOSVA”) • Malaysia Off Shore Safety Task force (“MOST”) • Malaysia Ship Owner Association (“MASA”) • Malaysia Oil n Gas Service Council (“MOGSC”) 	Routine Engagement or on Quarterly Basis	Social requirements and specific feedback on programmes
Media	Timely Bursa announcements, analyst briefing, social media coverage	Quarterly and as at when required	New developments for public knowledge / promotion

4. Prioritization of Material Sustainability Matters

Perdana has undertaken a stakeholder prioritization and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the normal course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements is considered in the course of the Group's materiality assessment.

As part of the process in conducting the materiality assessment of sustainability matters, the Group has conducted a specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, assessments are carried out to identify key stakeholders based on each stakeholder's influence and dependence to the Group;

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OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)**4. Prioritization of Material Sustainability Matters**

- To gain insights into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified; and
- Where applicable, Perdana also took into feedbacks from other stakeholder groups, gathered through various channels and through the ongoing engagements during the course of conducting its business operation.

5. Process Review

The materiality process is undertaken as a key component of Perdana's journey towards identifying the material sustainability matters. The Executives Directors have reviewed and approved the processes and outcome of the Group's materiality by addressing and managing its material sustainability matters in its business operations.

ECONOMIC

Economic scenario remains as our core glitches based on the market condition of the global influence. The company has taken a great level of measures to identify the critical risk which influence the strategy of the company. By taking necessary steps with the senior management and with board input we foresee to mitigate the risk elements.

The following policies and procedures have been practiced and illustrated in the company website.

WHISTLE-BLOWER POLICY AND PROCEDURES

The Group aims to achieve high standard of transparency, integrity and accountability in the conduct of its business and operations. The Group views any misconduct or wrongdoing by its employees, management and directors very seriously to ensure their obligations are aligned to the Group's interests.

The Board encourages employees within the Group and parties working with the Group to report or disclose any improper conduct pertaining to the Group to the Whistle Blowing Committee. The policy also provides proper internal reporting, confidential and expeditious disclosure with protection to the whistle-blower.

CODE OF CONDUCT AND ETHICS

The Group is committed to conduct its businesses and operations with integrity, openness, accountability and also conduct its affairs in an ethical, responsible and transparent manner. The Group has a Code of Ethics and Conduct that sets out the standards and ethical conduct expected of all employees and Directors of the Group in the employee handbook and board charters respectively.

The Code of Ethics outlines commitment to ethical values through key requirements relating to conflict of interest, confidential information, insider information, protection of the Group's assets and compliance with the laws and regulations.

The Board commits itself to ethical, business-like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

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CORPORATE GOVERNANCE AND COMPLIANCE

Perdana is guided by the Malaysian Code on Corporate Governance and has been proactive in promoting good corporate governance to ensure all principles and best practices of good governance are applied throughout the Group. Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement available in our website.

RISK MANAGEMENT FRAMEWORK

An integral part of good corporate governance, a comprehensive Risk Management Framework enables Perdana to proactively identify, communicate and manage risks and exposures in an integrated, systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessments. Fraud and corruption risk have been identified as one of the material risks to ensure our sustainability.

SUPPLY CHAIN

Sustainability in supply chain has been increasingly recognized as an important aspect in corporate responsibility. In making responsible sourcing decisions, Perdana has put in place appropriate approach to consider suppliers' EES credentials in the lifecycle of their supply chain.

The Group has in place a range of sustainable practices in relation to assessing its suppliers. For new suppliers, related criteria for assessment include suppliers' business practices, workplace relations, occupational health and safety, as well as their credibility. For existing suppliers, the Group plans to put in place survey distribution to selected suppliers to compile feedback on their commitment towards EES.

Perdana is cognizant that there is still much to improve on managing sustainability in the supply chain and will continue to collaborate with its suppliers and vendors to work towards enhanced sustainability practices with respect to EES matters.

COMMITMENT TO QUALITY

Perdana has in place its standard operating policies and procedures in line with the best practices guidelines to deliver quality services. Furthermore, regular reviews, process improvements and quality control assessments ensure that our processes remain in compliance with all regulations.

CUSTOMER SATISFACTION

Customer satisfaction and engagement was identified as one of the most important material issues in the marketplace dimension across all our divisions. Knowing exactly our customers' expectation will assist us in improving our bottom line and strengthening our reputation for the long term. We conduct half yearly customer satisfaction surveys and these feedbacks provide insights in customer expectations that enable us to develop and deliver better products and services.

PROCUREMENT PRACTICES

Suppliers and vendors are selected through selection and tender processes from time to time. Perdana has formalised a standard operating procedures to support the procurement process in the Group emphasising on satisfactory quality of products and services with competitive pricing. The procurement department is responsible of all tendering processes and the selection of sub-contractors and suppliers are based on appropriate synergy of technical, financial, pricing and quality of service criterions.

BUSINESS CONDUCT

The combination of ethical business conduct and sound corporate governance are fundamental to the achievement of our objectives to expand our business and enhance stakeholders' value. It is the Group's policy to conduct business in a fair, honest and transparent manner.

SUSTAINABILITY REPORT

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SAFETY AND HEALTH

It is one of our key priorities to maintain a safe and healthy working environment for our employees. A strong health and safety culture would create work productivity that enhances the Group's operations and assures our customers a peace of mind. Our Safety and Health Policy are in compliance with the charterers' requirements. Our operations are governed by an internally established occupational safety, health and environmental management system, which is in compliance with the oil & gas industry's requirements. We also believe in providing a comfortable and conducive working environment for our employees.

The following policies and procedures are illustrated in the company's website.

- Board Charter
- Gender Diversity Policy
- Terms of Reference - Audit & Risk Management Committee
- Terms of Reference - Nomination Committee
- External Auditor Appointment and Independence Policy

ENVIRONMENTAL

Towards a Greater Planet

We are mindful of the environmental impacts of our activities and consistently ensure compliance with all the environmental regulations are met. Perdana continues to develop effective environment initiatives to protect the environment.

The industry we are in have extensive direct and indirect impacts on the environment and hence, aligning ourselves with the goals of sustainable development is crucial. Our emphasis is to grow the business without compromising the quality of the environment we live in.

Being in the industry, we ensure all our vessels are compliant with the statutory requirements related to Marine Pollutions Regulation (MARPOL 73/78). We have also strictly complied with the following:

- Regulations for the prevention of pollution by oil;
- Regulations for the control of pollution by noxious liquids substances;
- Regulations for the prevention of pollution by harmful substances carried by sea in packaged form;
- Regulations for the prevention of pollution by sewage from ship;
- Regulations for the prevention of pollution by garbage from vessel; and
- Regulations for the prevention of air pollution from ship.

CLEAN EMISSION FROM OUR MARINE FLEET VESSELS

Emission from vessels and machineries is the key environmental issue in our industry. Perdana ensures that the quality of air is not compromised and continues to explore strategies to improve this aspect. As a whole, all the vessels and related equipment have undergone scheduled maintenance, testing and repair works on a periodic basis as per the MARPOL convention.

The MARPOL convention is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. It is a combination of two treaties adopted in 1973 and 1978 respectively and updated by amendments throughout the years.

WATER MANAGEMENT & CONSUMPTION

Water, being an essential resource for all lives on the planet and was once an abundant natural resource, is becoming a more valuable commodity due to droughts and wastage. Perdana encourages its employees to practice water usage optimization and water saving usage.

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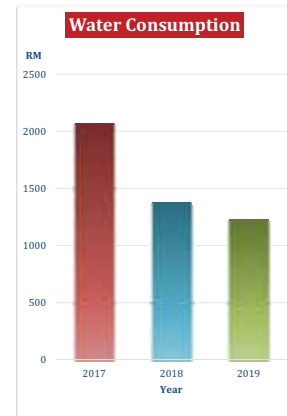
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WATER MANAGEMENT & CONSUMPTION (CONT'D)

We promote water saving practices among employees and adopt water-efficient technologies and equipment wherever possible. The water consumed at our head office is obtained from the municipal water supply. We have taken small steps to control the water usage to be in line with the sustainability efforts, namely:

- Slow the flow. Adjusting water pressure/outflow for toilets, wash basins, pantry and throughout our head office building.
- Check leakages. Conducting checks and fixing leakages immediately, where possible.

The bar chart on the right represents Perdana's offices' water consumption from 2017 to 2019. We have successfully reduced the water consumption in 2019 as compared to the previous two years.



ENERGY MANAGEMENT

We understand that energy management is essential for combating climate change and the need for lowering an organisation's overall environmental footprint. Our electricity supply is from the local supply namely Tenaga Nasional Berhad and we aim to minimize the energy usage in all our offices.

With the growing concern of greenhouse gases ("GHG") and consumption of fossil fuels, the maritime industry's governing body, IMO has already taken positive steps by implementing Energy Efficiency Design Index ("EEDI") which monitors the amount of carbon dioxide and other greenhouse gas emissions from ships.

As the new concept of EEDI is introduced for newly built ships, IMO has developed or rather structured a special tool to measure and control GHG emission from existing shipping fleet known as Ship Energy Efficiency Management Plan ("SEEMP").

Key Features of Ship Energy Efficiency Management Plan ("SEEMP")

- Broader Corporate energy management policy
- Enhancement of ship efficiency
- Reduce in fuel consumption
- Decrease in GHG emission from ship

WASTE MANAGEMENT

We concede that the environment can be negatively impacted due to the lack of waste management. The Group's approach to waste management is to avoid unnecessary consumption and wastage of any natural resources, where possible and appropriate, in order to conserve natural resources. We have always looked at ways to reduce waste, so that less waste is generated which may be harmful to our planet. Generally, the Group practises the following on waste management:

Paper Usage Management

The following practices are applied in paper usage management:

- Reduce – by emphasising on paperless and electronic mode for documentation. In addition, practice of double-sided printing or reducing the paper size demonstrates economic initiatives
- Reuse – reusing printed or used papers for other purposes
- Recycle – recycling of used papers in the recycling bins provided

SUSTAINABILITY REPORT

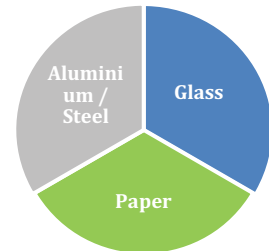
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WASTE MANAGEMENT (CONT'D)

Garbage Management Plan

The procedures for collecting, storing, processing, and disposing of garbage generated onboard ships adhere to the regulations provided in Annex V of MARPOL.

The pie chart on the right shows the types of garbage being disposed and bins are segregated based on the respective items.



Scheduled Waste Management & Discharge to Shore Management

Our vessels' crew are to ensure that all scheduled wastes (any discarded solid, liquid, gas or material that are no longer in use/ unwanted material) are stored and packed properly before being sent to shore for disposal in accordance with the MARPOL regulation.

The segregation in place determines the types of garbage/waste. All designated crew on board are guided by proper waste management procedures such as labelling, storing and managing bins of waste.

STORAGE AND COLLECTION OF RECYCLABLES

Perdana has also set out initiatives for storage and collection of wastages and recyclables. The objectives of such initiatives include:

- To provide dedicated area and storage for collection of non-hazardous material for recycling;
- To facilitate the reduction of scheduled waste generated that is hauled and disposed to licensed disposal companies; and
- To designate a dedicated area where on-site sorted waste materials can be stored in separate skids for collection facilities.

SOCIAL

The Importance of Community

The Group is committed to promote social responsibilities as an integral part of the Group's vision whilst pursuing business growth to enhance shareholders and stakeholders' value. Management recognises that for long term sustainability, its strategic orientation will need to cater beyond the financial parameters.

As we look back on 2019, we are proud that the values for safety, quality, integrity, diversity, innovation and sustainability have shaped our ongoing commitment to corporate social responsibility and have challenged us to improve our responsibilities as a corporate citizen, employer of choice, and a positive contributor to the economy.

A strong commitment to social responsibility programs can protect and enhance a company's brand. As the word gets out about a company's good works, it helps create positive working environment and attract desirable employees with a strong commitment to corporate social responsibility programs.

The Group manages to organise several activities to sustain its CSR responsibilities to the environment, employees and community.

SUSTAINABILITY REPORT

(CONTINUED)

OUR APPROACH

Perdana acknowledges that living in a community that shares similarities through culture, opinions or trends can be very important for the well-being of the stakeholders. Therefore, our initiatives in the community are centred on:

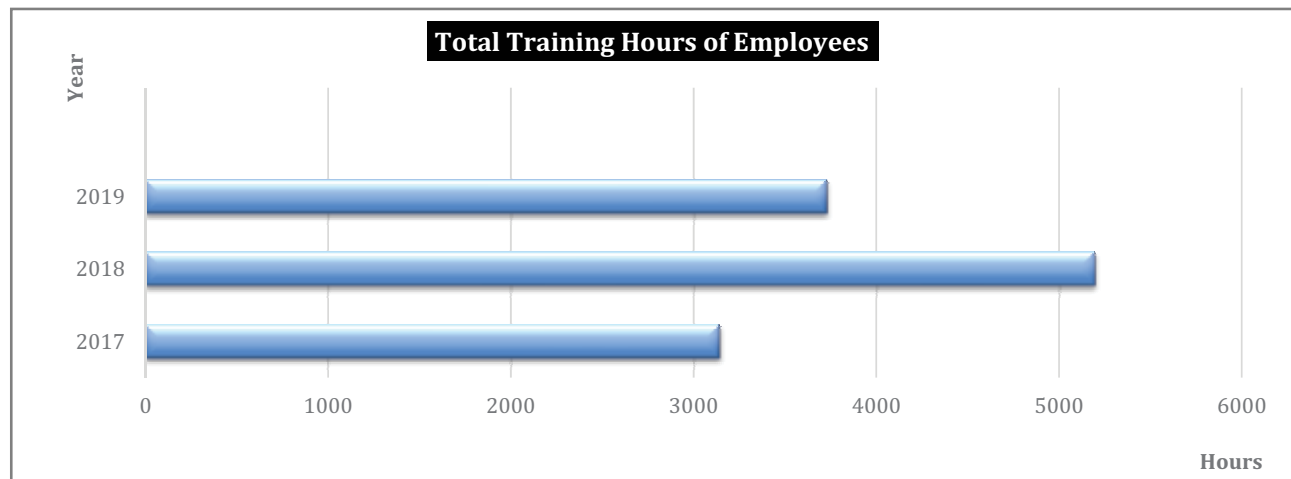
- a. Workplace;
- b. Human Rights;
- c. Labour Rights for Employees;
- d. Personal Data Protecting;
- e. Women Empowerment at Management Level;
- f. Community; and
- g. Sports and recreational activities

a. Workplace

Perdana has been uncompromising in its Health, Safety and Environmental (“HSE”) policy as this policy governs the entire workplace well-being. Throughout the Group, particularly at its main vessel operating subsidiaries, Intra Oil Services Berhad, HSE matters always top the list of operational priorities. As an experienced outfit in the offshore support vessels, we understand that HSE considerations are important to our industrial reputation and professional integrity. The followings are some of the policies that we have implemented to ensure a safe workplace for our employees and crew members:

- Safety and Environment Protection Policy;
- Stop Work Policy; and
- Drug and Alcohol Policy

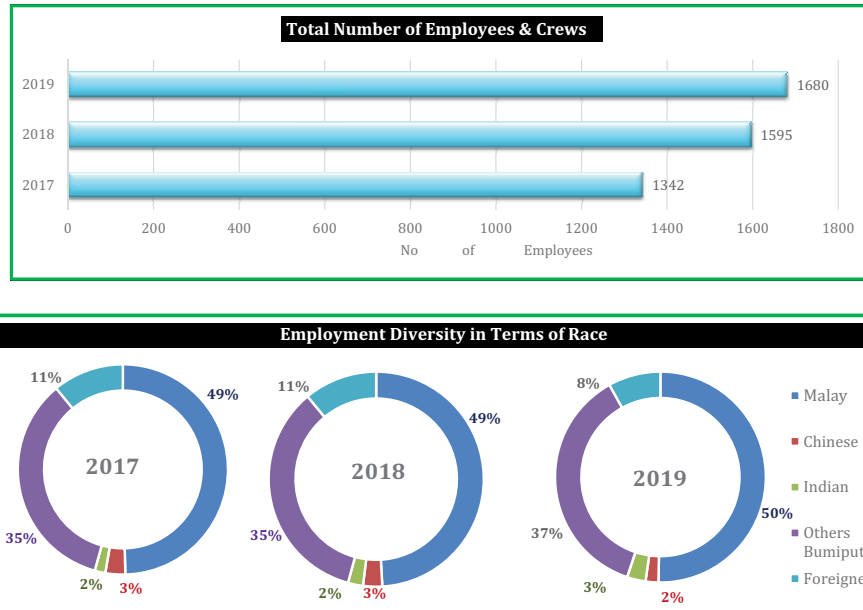
The Group also continuously provides its employees with skills development and trainings to enhance work productivity and self-enrichment. The bar chart below indicates the training hours of its employees from 2017 to 2019:



SUSTAINABILITY REPORT (CONTINUED)

a. Workplace (Cont'd)

The charts below illustrate the total number of employees and racial diversity within the Group:



b. Human Rights

For Our Marine Crew – the Group complies with ILO Requirement on Marine Labour Convention 2006 (MLC 2006).

c. Labour Rights for Employees

The rights for employees are governed mainly (but not limited) to the below governing laws:

- Employment Act 1955
- Industrial Relation Act 1967
- Sarawak Labour Ordinance (Act A1237)
- Sabah Labour Ordinance (Act A1238/2005)
- Employees Social Security Act 1969 and Employee Provident Fund Act

d. Personal Data Protection

Perdana has complied with the Personal Data Protection Act 2010 – the PDPA 2010.

e. Women Empowerment at Management Level

In Perdana, we are aware that the challenges faced by women in the workplace are not generic. Women in management face unique organizational, societal, structural and cultural hurdles. As such, it is vital for the Group to identify talent and nurture the personal and professional development of women in the new business world. The composition of our top management is 3 out of 8 are women.

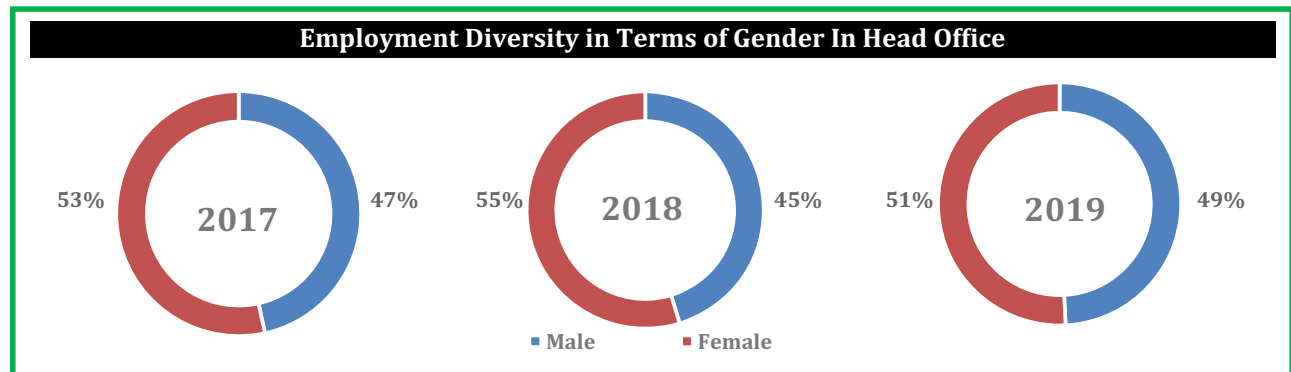
SUSTAINABILITY REPORT

(CONTINUED)

OUR APPROACH (CONT'D)

e. Women Empowerment at Management Level (Cont'd)

Perdana will continue to achieve a fully engaged, motivated, diverse workforce that includes women in management positions as it is fundamental to its success.



f. Community

Being sustainable encompasses an appreciation of the symbiotic relationship between ourselves and our communities. As such, playing an active role in engaging and giving back to our communities forms an integral part of the work that we do.

g. Sports and Recreational Activities

The Group encourages its employees to participate in sports and recreational activities in order to cultivate a good work-life balance culture. This would lead to a more productive workforce team and develop a caring, harmonious, cohesive and vibrant team-spirit based working environment. The following initiatives were carried out during the year:

- Staff gathering in conjunction with festive seasons;
- Sponsorship of weekly after-work-sports such as badminton and futsal; and
- Sponsorship to staffs' participation for the charity marathon events in Klang Valley.

LOOKING AHEAD

We continuously improve the sustainability approach towards formalizing sustainability within our business and we recognize that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will keep abreast of new developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

Moving forward, we will enhance the materiality factors, metrics and targets to measure issues that are material to our business and move towards benchmarking our progress against international standards of reporting.

As we look to the future, it is our hope to strive for innovative and quality services to be provided to our customers, enrich our local communities, create values for our stakeholders, and be an organisation that people will be proud to associate with.

This Statement has been approved by the Board on 15 May 2020.

SUSTAINABILITY REPORT

(CONTINUED)

GRI Content Index

This Content Index provides an overview of the GRI Standard Disclosures made in this Sustainability Statement and throughout this Annual Report.

General Standard Disclosure		General Standard Disclosure	
Organisational Profile		Stakeholder Engagement	
Disclosure 102-1	Name of the organisation	Disclosure 102-40	List of Stakeholder groups
Disclosure 102-2	Activities, brands, products, and services	Disclosure 102-42	Identifying and selecting stakeholders
Disclosure 102-3	Location of headquarters	Disclosure 102-43	Approach to stakeholder engagement
Disclosure 102-4	Location of operations	Disclosure 102-44	Key topics and concerns raised
Disclosure 102-5	Ownership and legal form		
Disclosure 102-6	Markets served	Reporting Practice	
Disclosure 102-7	Scale of the organisation	Disclosure 102-45	Entities included in the consolidated financial statement
Disclosure 102-8	Information on employees and other workers	Disclosure 102-46	Defining report content and topic Boundaries
Disclosure 102-9	Supply chain	Disclosure 102-47	List of material topics
Disclosure 102-11	Precautionary Principle Approach	Disclosure 102-48	Restatements of information
Disclosure 102-12	External initiatives	Disclosure 102-49	Changes in reporting
Disclosure 102-13	Membership of associations	Disclosure 102-50	Reporting period
		Disclosure 102-51	Date of most recent report
Strategy		Disclosure 102-52	Reporting cycle
Disclosure 102-14	Statement from senior decision -maker	Disclosure 102-53	Contact point for questions regarding the report
Ethics and Integrity		Disclosure 102-54	Claims of reporting in accordance with the GRI Standards
Disclosure 102-16	Values, principles, standards, and norms of behavior		
Governance		Disclosure 102-55	GRI content index
Disclosure 102-18	Governance Structure		

SUSTAINABILITY REPORT

(CONTINUED)

General Standard Disclosure		General Standard Disclosure	
Topic-specific Standard : Economic		Topic-specific Standard : Social	
Disclosure 201	Management Approach	Disclosure 401	Management Approach: Employment
Disclosure 201-1	Direct Economic value generated and distributed	Disclosure 401-1	New Employees hired
Disclosure 202	Management Approach : Market Presence	Disclosure 403	Management Approach : Occupational Health and Safety
Disclosure 203	Management Approach : Indirect Economic Impacts	Disclosure 403-1	Workplace representation in formal joint management - worker health and safety committees
Disclosure 203 - 1	Infrastructure Investment and services supported	Disclosure 404	Management Approach : Training & Education
Disclosure 204	Management Approach: Procurement Practices	Disclosure 404-1	Average hours of training per year per employee
Disclosure 205	Management Approach : Anti Corruption	Disclosure 404-2	Programmes for upgrading employee skills and transition assistance programme
Disclosure 205-1	Operations assessed for risks related to corruption	Disclosure 405	Management Approach : Diversity
Disclosure 205-2	Communication and training about anti corruption policies and procedures	Disclosure 406	Management Approach : Non Discrimination
Topic-specific Standard : Environmental			
Disclosure 302	Management Approach : Energy	Disclosure 413	Management Approach : Local Communities
Disclosure 302-1	Energy Consumption within the organisation	Disclosure 413-1	Operations with local community engagement and development programmes
Disclosure 302-3	Energy Intensity	Disclosure 415	Management Approach : Public Policy
Disclosure 302-4	Reduction in energy consumption	Disclosure 418	Management Approach : Customer Privacy
Disclosure 303	Management Approach : Water	Disclosure 419	Management Approach : Socioeconomic Compliance
Disclosure 305	Management Approach : Emissions		
Disclosure 307	Management Approach : Environmental Compliance		
Disclosure 307-1	Non-Compliance with environmental laws & regulations		