Steel Hawk Berhad

FY2022 Sustainability Statement

Prepared for

STEEL HAWK BERHAD

Steel Hawk Berhad

Prepared by

AGV SUSTAINABILITY

AGV Sustainability & ESG Services Sdn. Bhd.
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About This Statement

Steel Hawk Berhad ("**Steel Hawk**" or "**Group**") proudly presents our inaugural Sustainability Statement for Financial Year 2022. This statement documents our concerted efforts to implement our environmental, social, and governance initiatives and performance for this fiscal year and marks the bedrock of our path to achieving our sustainability aspirations in line with the ultimate global sustainability agenda. As a provider of innovative solutions involving new technology for the local and international energy industry, we have embraced our role in the drive toward achieving our ESG goals for a sustainable future. This statement provides our stakeholders with insights into the Group's approach to integrating sustainability into our business and our journey of value creation over the long term. Readers are encouraged to read the statement along with the rest of this Annual Report for a more comprehensive perspective on Steel Hawk's business and operational performance.

Reporting Scope and Boundary

This statement discloses Steel Hawk's ESG performance from January 1, 2022, to December 31, 2022, as well as three years of comparative historical data, where applicable. The scope of this statement encompasses Steel Hawk's principal subsidiary, Steel Hawk Engineering Sdn Bhd **("SHESB")**, and the operations in Kemaman, Kerteh, and Miri, in addition to the Group's headquarters in Petaling Jaya, Selangor.

Reporting Framework

To ensure a meaningful and informative statement is delivered to our stakeholders, the FY2022 Sustainability Statement has been prepared with reference to the following standards.

Principal Guidelines Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).	BURSA MALAYSIA	**Reporting Reference** FTSE4Good Malaysia Index Criteria ("FGBM")	FTSE4Good
Reporting Guidelines Global Reporting Initiatives ("GRI") Standards	GRI	**Contributions to Global Initiatives** UN Sustainable Development Goals ("UN SDGs")	SUSTAINABLE DEVELOPMENT GOALS

Feedback

We welcome any comment, feedback, or inquiry that may help us enhance the quality of our reporting. Please do not hesitate to contact the person-in-charge listed below:

Vinthra A/P Vijayakumar
Chief Financial Officer
Email: vinthra@steelhawk.com.my

Steel Hawk Berhad
23-2 & 25-2, Block H,
Dataran Prima, Jalan PJU 1/37,
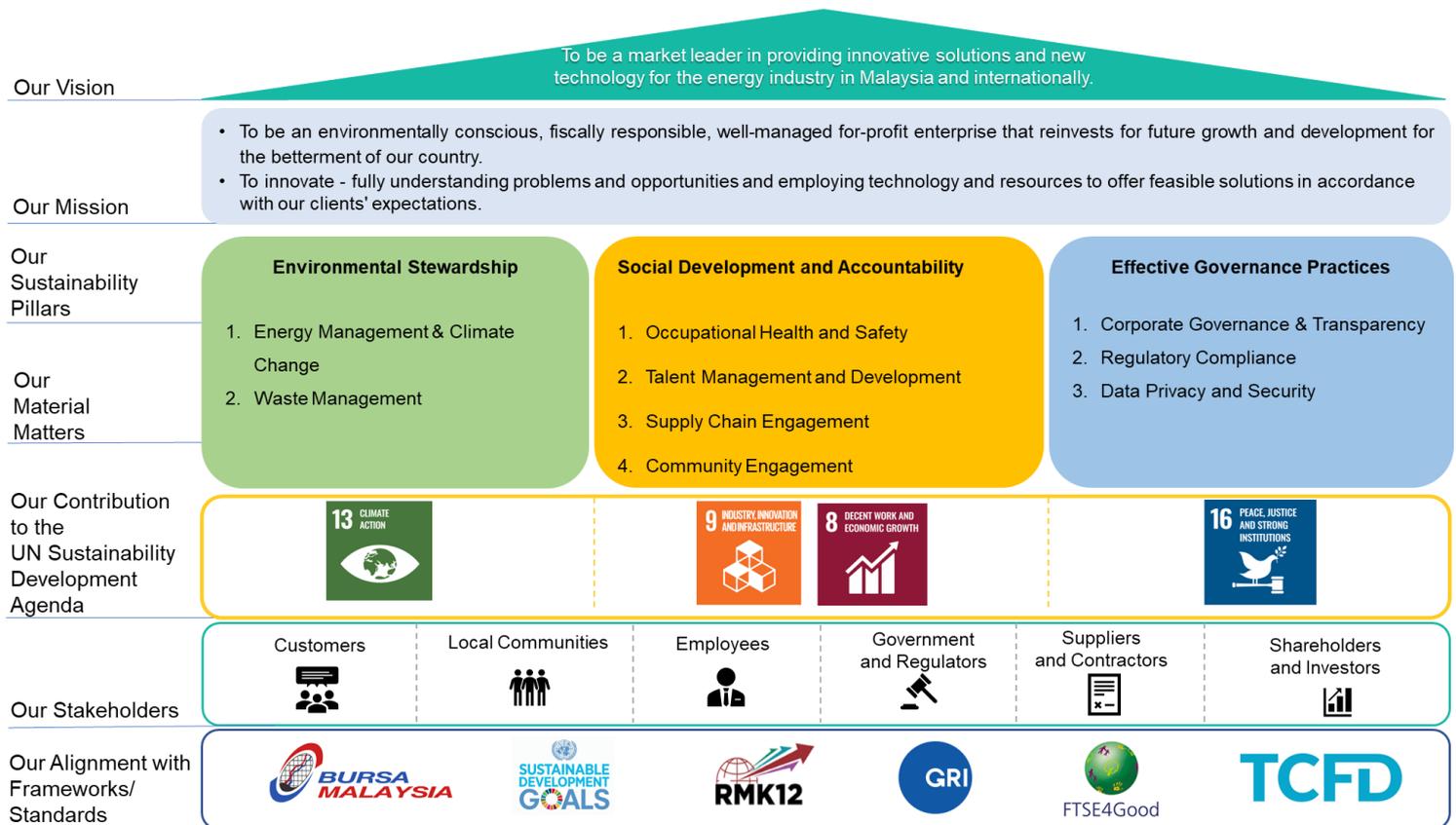47301 Petaling Jaya, Selangor.

Assurance

With the exception of financial data, we have not sought third-party assurance for the ESG data disclosed in this statement. Our near-term plan is to establish an internal audit team to process our data.

Sustainability Framework

Our framework is skewed towards the 12th Malaysia Plan, focusing on transitioning towards a low-carbon pathway through one of the focus areas in advancing green growth for sustainability and resilience. Aligning with the global trend, we aim to meet Bursa's Requirements by 2025 in terms of the Task Force on Climate-Related Financial Disclosures **("TCFD")** Recommendations.

In line with the global trend, we want to meet Bursa's TCFD-recommended criteria by 2025.

Our Vision	To be a market leader in providing innovative solutions and new technology for the energy industry in Malaysia and internationally.
Our Mission	• To be an environmentally conscious, fiscally responsible, well-managed for-profit enterprise that reinvests for future growth and development for the betterment of our country. • To innovate - fully understanding problems and opportunities and employing technology and resources to offer feasible solutions in accordance with our clients' expectations.

	Environmental Stewardship	Social Development and Accountability	Effective Governance Practices
Our Sustainability Pillars Our Material Matters	1. Energy Management & Climate Change 2. Waste Management	1. Occupational Health and Safety 2. Talent Management and Development 3. Supply Chain Engagement 4. Community Engagement	1. Corporate Governance & Transparency 2. Regulatory Compliance 3. Data Privacy and Security

Our Contribution to the UN Sustainability Development Agenda	13 CLIMATE ACTION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

	Customers	Local Communities	Employees	Government and Regulators	Suppliers and Contractors	Shareholders and Investors
Our Stakeholders						

Our Alignment with Frameworks/ Standards	BURSA MALAYSIA	SUSTAINABLE DEVELOPMENT GOALS	RMK12	GRI	FTSE4Good	TCFD

Sustainability Governance Structure

A robust sustainability governance structure is fundamental to driving the ESG initiative across the Group's operations. We have developed a three-tiered governance structure to oversee the performance of all sustainability-related matters.

The Board of Directors **(the "Board")** monitors the Group's four (4) subsidiaries' sustainability strategies at the pinnacle of the governance structure, supported by the Sustainability Committee **("SC")** led by the Chairman. The Sustainability Committee comprises respective Heads of Departments who oversee the implementation of the Group's sustainability programmes and activities on a daily basis.

Board of Directors
- Ultimate oversight of the Group's sustainability strategies, policies, initiatives and progress.
- Validates the Group's sustainability report, material matters and materiality matrix.
- Receives sustainability updates once a year from the chairman of the SC

Chairman of Sustainability Committee
- Chairman reports progress of sustainability initiatives and performance to the Board annually.
- Oversees the implementation of sustainability initiatives by the Sustainability Committee.
- Reviews the Group's sustainability report, initiatives, policies and strategies.

Sustainability Committee
- Consists of respective Heads of Departments who drive the initiatives.
- Develops and monitors sustainability targets and key performance indicators ("KPIs").
- Develops sustainability policies, strategies, initiatives.
- Reports the Group's sustainability progress to the SC chairman.
- Develops and prioritises material sustainability matters.

Sustainability Policy

The Group developed a Sustainability Policy to support the Sustainability Statement, which has been reviewed and approved by the Board for implementation in Steel Hawk's operations.

Steel Hawk's Sustainability Policy outlines the Group's commitment to creating a sustainable future. Our policy directs us to make an impactful and long-term contribution to the environment, social, and governance aspects of our business. This document was also established to streamline our existing policies related to ESG aspects and define the foundations governing ESG initiatives and strategies. The policy will serve to integrate sustainability throughout our value chain.

STEEL HAWK'S SUSTAINABILITY POLICY

Environmental Stewardship
Maintaining a clean environment by reducing any adverse environmental impacts arising from the Group's operations towards achieving the nationwide goal of Net Zero by 2050.
- Comply with relevant statutory and regulatory requirements in environmental-related matters;
- Incorporate environmental and climate change impacts and concerns into our decision-making and actions;
- Prevent and mitigate environmental impacts through management of natural resources and implement best waste management practices;
- Improve the efficiency of our businesses and operations to minimise operational Greenhouse Gas ("GHG") emissions.

Social Development and Accountability
Ascertain and manage the impacts of the Group on its stakeholders, particularly its employees, suppliers, and local communities.
- Compliance with Malaysian labour laws;
- Promotion of inclusivity in the workplace and equal opportunities for training and development;
- Support of local community by providing financial assistance to underprivileged students.

Effective Governance Practices
Upholding good corporate governance with an emphasis on transparency and accountability to implement ethical and efficient business practices of the utmost integrity.
- Emphasis on transparency to maintain the trust and confidence of our stakeholders.
- Fostering a culture of ethical business conduct across our operations.
- Implementation of stringent measures to ensure all applicable laws and regulations are complied with.

Stakeholder Engagement

Stakeholder engagement, assessment, and feedback are critical components of our strategy for sustainable value creation. We constantly enhance our engagement approach through multiple communication channels to ensure that we communicate with our stakeholders effectively, obtain feedback relevant to current requirements, and understand their changing priorities.

Customers		
Product and Service Quality	Ensure quality products and services based on obtained customer feedback from completed projects.	
	Engagement channel: • Customer's feedback	Frequency: • Throughout the year
HSE Practices	Publish the HSE Policy and ISO certification on company website, and monitor HSE Performance Goals.	
	Engagement channel: • Steel Hawk's website	Frequency: • Throughout the year
Relationship Building	Strengthen relationships with customers by understanding and relaying relevant updates through project meetings.	
	Engagement channel: • Project meetings and updates	Frequency: • Throughout the year

Employees		
Training and Career Progression	Provide appraisals and training programmes.	
	Engagement channel: • Training programmes • Performance appraisal	Frequency: • Throughout the year
Employee Wellbeing Health and Safety	Promote safety and wellbeing awareness at the workplace.	
	Engagement channel: • Mental health mobile application • Toolbox Meeting • Committee Meeting • HSE Campaign	Frequency: • Throughout the year • Daily • Monthly • Quarterly
Relationship Building	Organise inclusive celebrations to encourage participation from all genders and races.	
	Engagement channel: • Cultural celebrations	Frequency: • Throughout the year
Safe and Conducive Workplace	Conduct internal communications to ensure that all employees in Steel Hawk are kept updated with the latest HSE procedures and controls.	
	Engagement channel: • Toolbox meeting	Frequency: • Throughout the year
Work Life Balance	Ensure employees only work 45 hours per week as compliant with the Malaysia Employment (Amendment) Act 2022.	
	Engagement channel: • Supervisory control for productivity of employees	Frequency: • Throughout the year

Suppliers and Contractors		
Supplier Evaluation	Assess supplier performance with reviews	
	Engagement channel: • Procurement meetings	Frequency: • Regularly
Product and Service Quality	Maintain good relationship with suppliers to achieve desired quality of service.	
	Engagement channel: • Product quality feedback	Frequency: • Throughout the year
ESG Practices and Commitments	Outline our ESG commitments in documents involved in the tender process.	
	Engagement channel: • Tender and requests for proposals	Frequency: • Throughout the year

Local Communities		
Job and Business Opportunity	Hire and source locally.	
	Engagement channel: • CSR programmes	Frequency: • As and when required
Community Support and Development	Visit the communities, sponsor community service events, and donate.	
	Engagement channel: • CSR programmes and activities	Frequency: • As and when required

Government and Regulators		
Compliance	Provide appraisals and training programmes.	
	Engagement channel: • Training programmes • Performance appraisal	Frequency: • Throughout the year
HSE Practices	Promote safety and wellbeing awareness at the workplace.	
	Engagement channel: • Mental health mobile application	Frequency: • Throughout the year
Certifications and Awards	Organise inclusive celebrations to encourage participation from all genders and races.	
	Engagement channel: • Cultural celebrations	Frequency: • Throughout the year
Corporate Governance	Conduct internal communications to ensure that all employees in Steel Hawk are kept updated with the latest HSE procedures and controls.	
	Engagement channel: • Toolbox meeting	Frequency: • Throughout the year

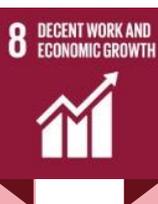| Shareholders and Investors		
Business Outlook and Strategy	Communicate business strategy through annual general meetings.	
	Engagement channel: • Annual general meetings	Frequency: • Annually
Financial and Operational Performance	Practice good strategic financial management	
	Engagement channel: • Annual report • Dividends announcement	Frequency: • Throughout the year
	Ensure reporting is in accordance with Bursa Compliance.	
	Engagement channel: • Steel Hawk website • Annual report submission to Bursa Malaysia	Frequency: • Throughout the year
	Update business and financial performance through dashboard on website.	
	Engagement channel: • Steel Hawk website	Frequency: • Throughout the year

Stakeholder Alignment of Our ESG Strategy with the UN Sustainable Development Goals (UN SDGs)

We aim to commit to and contribute to the four UN SDGs through the implementation of our ESG Framework, which governs our sustainability approach.

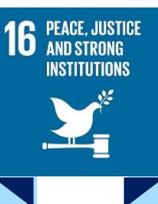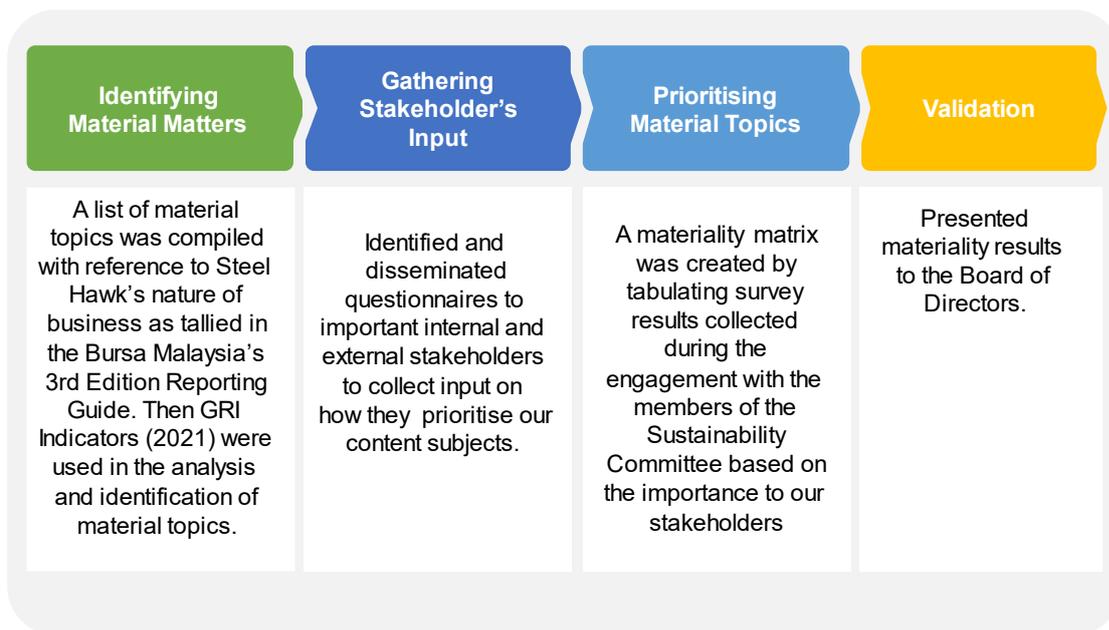| Targets and Indicators		Our contributions to the UN SDGs
• **Target 8·5:** Full employment and decent work with equal pay • **Target 8·8:** Protect labour rights and promote safe working environments	**8 DECENT WORK AND ECONOMIC GROWTH**	• Compliance to Malaysia's 2022 Minimum Wage order • Established Labour and Human Rights and Health and Safety Policy that outlines our commitment to prevent labour issues and provide a safe and secure environment
• **Target 9·1:** Develop quality, reliable, sustainable and resilient infrastructure with a focus on affordable and equitable access for all	**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**	• Employees in Kemaman, Kerteh and Miri are provided with four-wheel vehicles and bicycles to commute in reducing carbon footprint
• **Target 13·2:** Integrate climate change measures into policies and planning • **Target 13·3:** Build knowledge and capacity to meet climate change	**13 CLIMATE ACTION**	• Committed to mitigate environmental impact that contributes to climate change in our Sustainability Policy • Started recording and monitoring Scope 1 and 2 data for all of our operations
• **Target 16·5:** Substantially reduce corruption and bribery in all their forms • **Target 16·6:** Develop effective, accountable and transparent institutions at all level	**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**	• Established our ABAC Policy and Manual and a dedicated whistleblowing channel • Signed the Corporate Integrity pledge to show commitment towards ensuring a fair business environment • Effective corporate governance measures such as the implementation of our Integrity Committee

SUSTAINABLE DEVELOPMENT GOALS

Our Material Sustainability Matters

Materiality Assessment

This year, we conducted a materiality assessment through a four-step process to identify significant sustainability concerns that are important to Steel Hawk and its stakeholders. The annual evaluation guarantees that we have a thorough awareness of the material topics that have the greatest influence on our company and stakeholders. The evaluation also allows us to identify key concerns for reporting disclosures and prioritise them in our business strategies and operations.

Identifying Material Matters	Gathering Stakeholder's Input	Prioritising Material Topics	Validation
A list of material topics was compiled with reference to Steel Hawk's nature of business as tallied in the Bursa Malaysia's 3rd Edition Reporting Guide. Then GRI Indicators (2021) were used in the analysis and identification of material topics.	Identified and disseminated questionnaires to important internal and external stakeholders to collect input on how they prioritise our content subjects.	A materiality matrix was created by tabulating survey results collected during the engagement with the members of the Sustainability Committee based on the importance to our stakeholders	Presented materiality results to the Board of Directors.

Materiality Matrix

A materiality matrix was created by tabulating the survey results collected during the engagement with members of the Sustainability Committee, and have been plotted based on their importance to our stakeholders.

Our top five material matters with very high significance to both business operations and stakeholders alike are Occupational Health and Safety, Regulatory Compliance, Corporate Governance and Transparency, Supply Chain Management and Data Privacy. Occupational Health and Safety, under Social Development and Accountability, is our most important material matter. This is attributed to the nature of our business involving the wellbeing of our employees to ensure smooth operations, as well as prioritising our procurement.
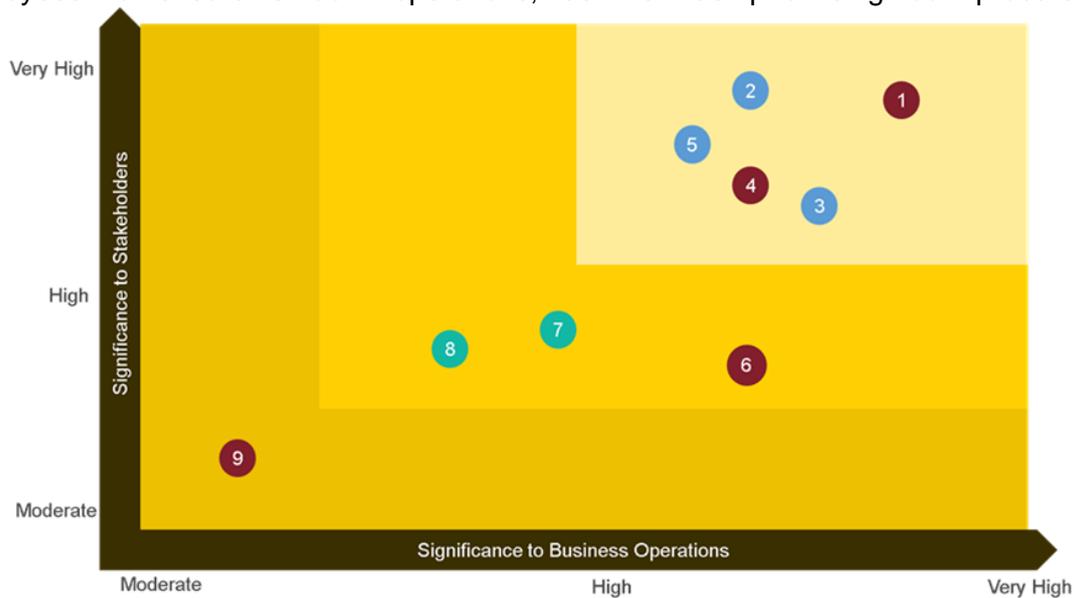
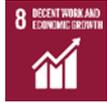| Ethical Governance Practices	Social Development and Accountability	Environmental Stewardship
2. Regulatory Compliance 3. Corporate Governance and Transparency 5. Data Privacy	1. Occupational Health and Safety 4. Supply Chain Management 6. Talent Management 9. Community Engagement	7. Waste Management 8. Energy Management and Climate Change

Mapping of Our Material Matters

The table below depicts the relationships between our material matters, respective GRI Indicators, and our stakeholders.

Pillars	UN SDGs	Material Matter	GRI Indicator	Stakeholder Group
Ethical Governance Practices	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Regulatory Compliance	**2-23, 2-26 2-27, 3-3 205-2**	• Employees • Shareholders and Investors
		Corporate Governance and Transparency	**2-23, 2-26 2-27, 3-3 205-2**	• Employees • Shareholders and Investors
		Data Privacy	**3-3, 418-1**	• Employees • Customers
Social Development and Accountability	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	Occupational Health and Safety	**403-2, 403-4, 403-5, 403-9**	• Employees • Government and Regulators
		Supply Chain Management	**2-6, 204-1**	• Suppliers and Contractors
		Talent Management	**404-1, 404-2**	• Employees
		Community Engagement	**413-1**	• Employees • Local Communities
Environmental Stewardship	13 CLIMATE ACTION	Waste Management	**3-3, 303-2, 303-4, 306-1 306-2, 306-3**	• Employees • Shareholders and Investors
		Energy Management and Climate Change	**302-1, 302-2 302-4, 3-3 305-1, 305-2**	• Employees • Local communities • Shareholders and Investors

ESG Key Performance Indicators

For the following year (2023), Steel Hawk has established nine (9) Key Performance Indicators ("KPIs") as part of our commitment to bolstering our ESG performance. These KPIs allow us to track the performance of our sustainability strategies and initiatives throughout the reporting period, keeping the Group aligned with our Sustainability Pillars and achieving our ESG goals.

Pillars	Material Matters	KPIs
Ethical Governance Practices	• Regulatory Compliance • Corporate Governance and Transparency • Data Privacy and Security	• Achieve zero non-compliance with relevant laws and regulations • Maintain zero incidences of bribery and corruption • Establish a 'Data Protection and Cybersecurity' Policy as Steel Hawk's commitment towards protecting the Group's confidential data.
Social Development and Accountability	• Occupational Health and Safety • Supply Chain Management • Talent Management and Development • Community Engagement	• Maintain zero fatalities throughout the reporting period. • Achieve a targeted number of training hours per employee. • Increase participation from local Bumiputera small and medium enterprises (SME) in the Vendor Development Programme. • Achieve the targeted number of community programmes conducted per year.
Environmental Stewardship	• Waste Management • Energy Management and Climate Change	• Record types and amount of scheduled waste. • Commence tracking of employee commute for Scope 3 emissions.

Ethical Governance Practices

Steel Hawk has established high-level policies to guarantee that we conduct ourselves ethically in all of our commercial operations. We have established a governance structure, policies, management systems, and a code of conduct, all of which clearly define our ethical beliefs and expected behaviour.

Regulatory Compliance

We acknowledge that adherence to regulations is crucial to preserving the operational integrity of the Group as a whole and preventing financial crimes in all of our business operations. It bolsters our internal risk management systems and inspires confidence among our stakeholders. Constant communication with authorities and up-to-date information on regulatory reforms are essential for staying abreast with the most recent regulatory requirements and ensuring that our personnel maintain high levels of integrity across the Group through continuous training and development.

We maintain a compliance obligations register to ensure we actively adhere to all required regulations.

Laws and Regulations

Companies Act, 2016

Local Government Act, 1976

Employment Act, 1955

Children and Young Persons (Employment) Act, 1966

Petroleum and Safety Act 1984

Industrial Relations Act, 1997

National Wages Consultative Council Act, 2011

Minimum Wages Order, 2018 and its Amendments

Personal Data Protection Act, 2010

Coronovirus Disease 2019 ("COVID-19") Act, 2020

Environmental Quality Act, 1974 and its Amendments

Occupational Safety and Health, 1994

Factories and Machineries Act, 1965

Construction Industry Development Board Act, 1994

Petroleum and Safety Act, 1984

Permits, License or Other Certificates

Construction Industry Development Board ("CIDB")

- Grade G7 License
- 3-stars Rating
- Contractor License for Bumiputra Status

Enables us to undertake unlimited amount of civil engineering and building construction.

Petronas Approved License and Registration

Enables us to supply products and services to Malaysian oil and gas/exploration companies.

DOSH Approved Certificate

Verifies compliance with the regulations governing the safety, health, and welfare of employees.

The Industrial Co-ordination Act 1975 (ICA)

Allows us to engage in manufacturing operations without requiring a licence.

ISO 9001:2015 Quality Managent System

Ensures the consistent quality of our products and services.

Ministry of Finance Certified License

Enables us to participate in government-sector projects, including tenders and contracts.

Corporate Governance and Transparency

The Board of Directors **("the Board")** is guided by an internal Board Charter **("the Charter")** which has been established according to the principles and best practices of the Malaysian Code on Corporate Governance, 2021 **("MCCG")**.

Serving to inform Directors of their roles and responsibilities during their term, The Charter outlines the standards of professional behaviour expected of them. It is reviewed regularly by the Board to ensure relevance and suitability with the latest regulatory requirements.

The values, principles and expectations of professional conduct are further upheld through the Group's Code of Behaviour and Ethics **(the "Code")**. The Code contains clear guidelines on how employees and associates are expected to behave, as well as the disciplinary actions in the event of non-compliance. Therefore, the Code should be read alongside these Policies.

Policy	Function
Code of Behaviour and Ethics	Governs the basic standards and principles the company has adopted to promote honest and ethical business conduct.
Whistleblowing Policy	Provides guidelines for a safe channel to raise concerns about unethical practises without fear of reprisal.
Anti-Bribery and Corruption Policy	Establishes a framework for corruption risk management to ensure the prevention of corruption
Integrity Policy	Establishes and provides input for Steel Hawk to manage integrity.
Labour and Human Rights Policy	Emphasises fairness, equity and respects all aspects of diversity, and eliminates workplace discrimination.

Upholding a Bribe-Free Culture of Transparency

Promoting a transparent, zero-bribery culture within the Group is among our chief priorities to ensure integrity and accountability within the company. Though we have long since established our Anti-Bribery Policy which acts as a guide to principled workplace practices for our employees, we have aligned with the Malaysian Anti-Corruption Commission's Corporate Integrity System ("CISM") to further improve how we address corruption and improve our credibility.

To accomplish this, the Group has also signed the Corporate Integrity Pledge ("CIP") which sets the principles that corporations can adopt to ensure a fair and transparent business environment, further demonstrating our commitment to combating corruption.

Steel Hawk Berhad and
Corporate Integrity Pledge

Data Privacy and Security

The COVID-19 pandemic has accelerated the acceptance of the "new normal" in internet interaction and operations. Cyberattack susceptibility has increased as a result of the adoption of remote working modes and the rapid expansion of digital technology.

Businesses are placing an increasing value on the personal and financial data that they produce, gather, and retain. Therefore, it is crucial to safeguard such data from dangers like data breaches. The Personal Data Protection Act ("PDPA") 2010, the law that regulates the gathering, use, disclosure, and maintenance of personal data, guides how Steel Hawk does business. In accordance with the PDPA of 2010, we offer our employees and customers with a Personal Data Protection Notice that describes the purpose of processing personal data and any disclosures of such data.

To further ensure data security, we have implemented a number of technological and organisational security measures.

Preventative Maintenance

Preventative maintenance will be conducted bi-annually to ensure all IT in Steel Hawk are operating in satisfactory conditions.

Safeguarding Data Loss

To prevent cybersecurity attacks, we installed Sophos Endpoint Protection, an intrusion prevention system that includes antimalware and data lost prevention ("DLP").

Social Development and Accountability

Occupational Health and Safety

Ensuring the health and safety of our workforce, regardless of subsidiaries, is a primary commitment for enhancing our Group's productivity. Steel Hawk's Quality Health and Safety Management System ("QHS") establishes a safe and secure working environment for everyone through implementation initiatives, key procedures, and a guiding policy.

HSE Committee as the Pillar of OHS

STEEL HAWK ENGINEERING

Health, Safety and Environment Committee Organization

CHAIRMAN
(Project Manager)

SECRETARY
(HSE Officer)

60%
Employee representation in OHS Committee

Employer Representative

| QC Supervisor | Project Engineer | Planning Engineer |

Employee Representative

General Supervisor	Material Coordinator	Work Leader
Safety	DC Controller	Rigger
Procurement		
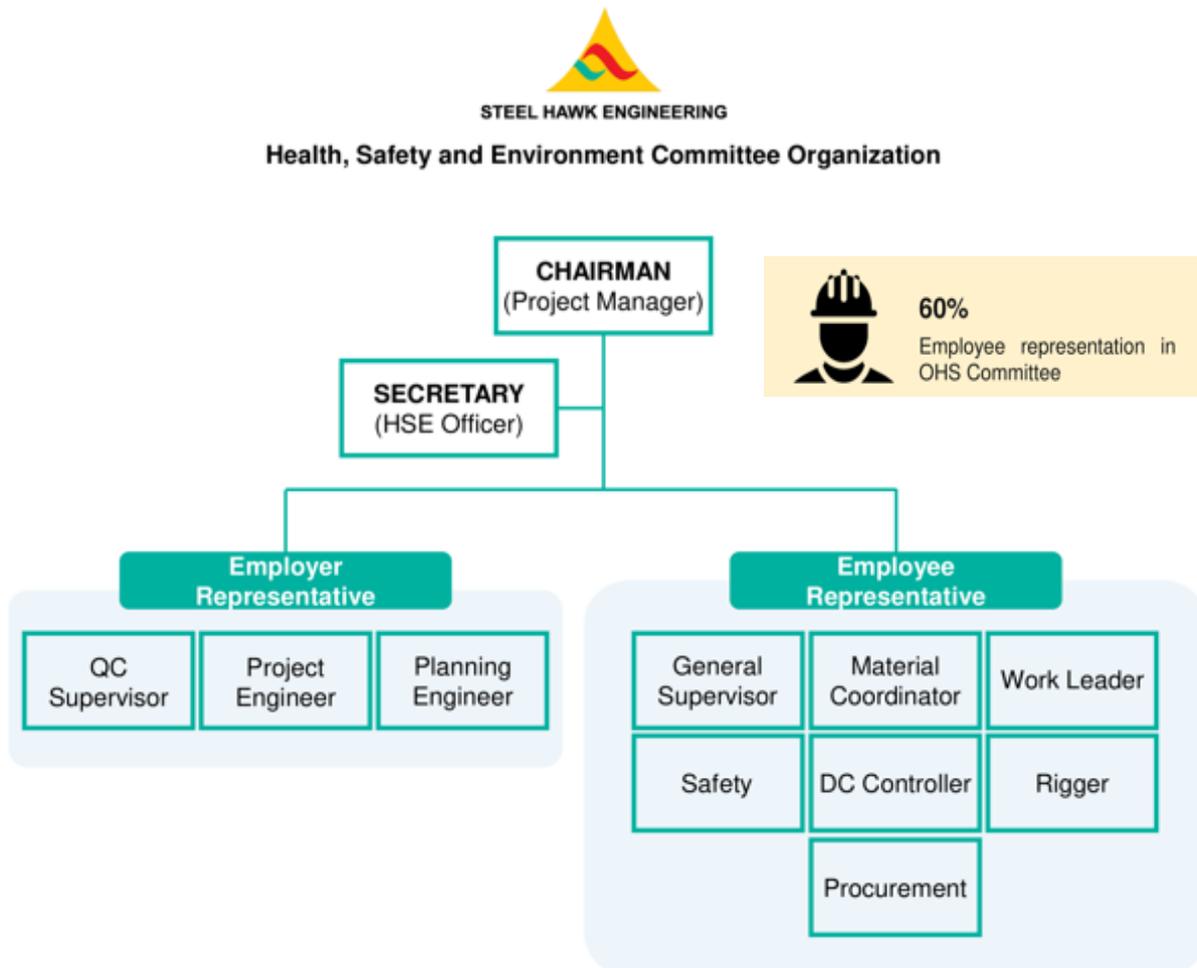
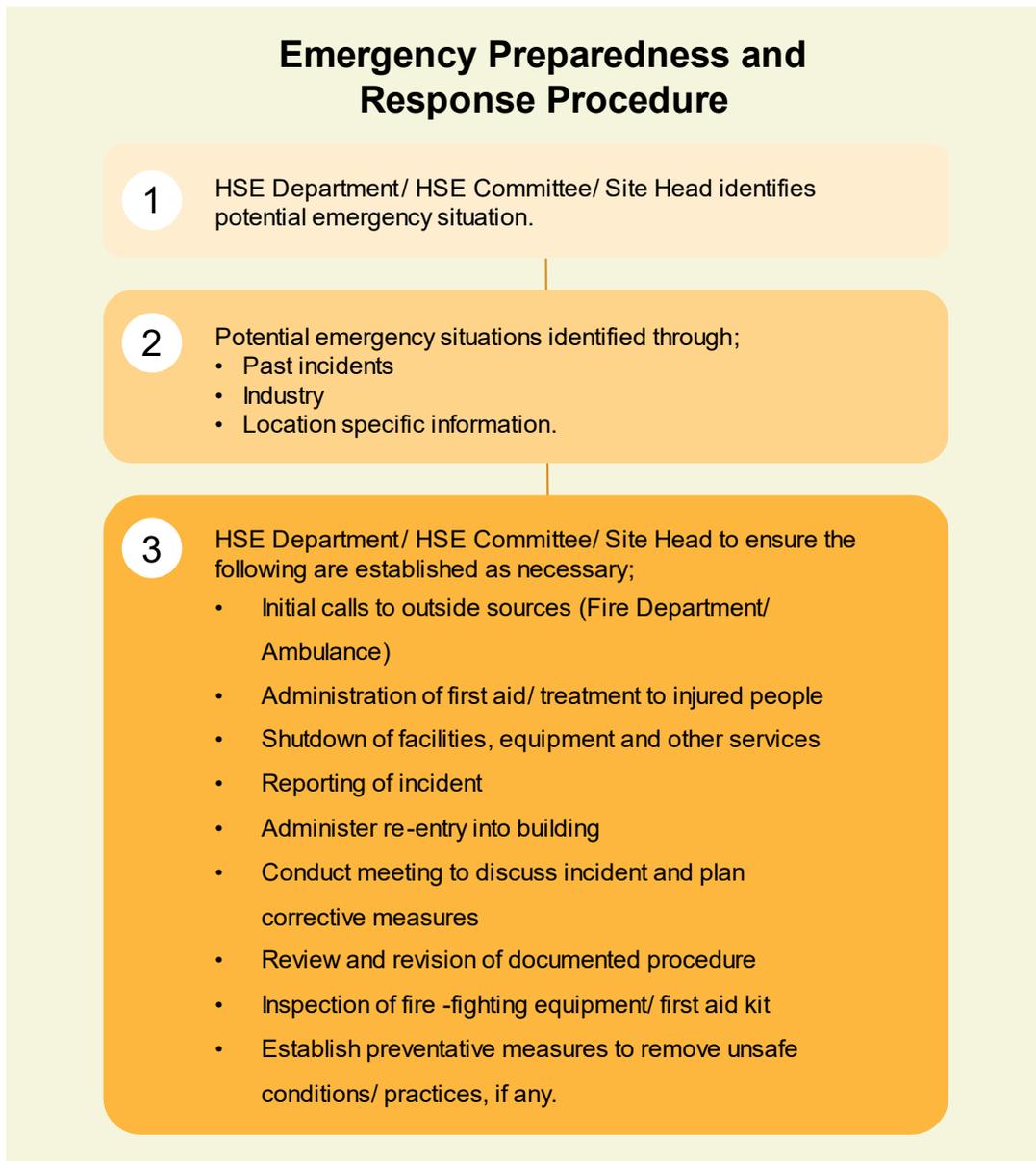**Quality Health and Safety Management System (QHS)**

Our Group will be safeguarded against financial, operational, and legal repercussions with a robust system in place. As a market leader in innovative solutions and new technologies, our QHS system has been customised for the engineering service sector to include relevant procedures. We recognise the significance of incorporating a certified system into our operations; thus, Steel Hawk is proud to announce that we are ISO 9001:2015 certified. For the duration of 2022, our operations have been subject to rigorous internal and external audits in an effort to achieve ISO 45001 accreditation. Internal auditors evaluate the efficacy of the system to ensure that it complies with both ISO 9001 and ISO 14001, while top management assesses the system's structure and provides feedback.

Health, Safety, and Environment ("HSE") Policy is synchronised with the Hazard Identification, Risk Assessment and Risk Control ("HIRARC") Procedure as a guiding document for the OHS management of our operations. HIRARC assists us in identifying risks and executing mitigation measures accordingly. In the event of any incidents, an investigation and report will be conducted in compliance with the regulations. This is to ensure that incidents are reported in a timely manner and that their causes are identified so mitigation measures can be undertaken towards achieving zero lost-time injuries ("LTI") and fatalities. As of 2022, we were able to log 250,260 working hours with zero LTIs and fatalities.

HAZARD AND RISK ASSESSMENT PROCESS

1. Identify full scope of work and the location of activities.

2. Hazard Identification of each activity.

3. Risk Assessment Matrix.

4. Implementation of control measures.

5. Evaluate effectiveness of control measures.

Steel Hawk has an Emergency Preparedness and Response Procedure in the event that unforeseen events endanger the safety of our workforce, regardless of whether we embed a system within our operations to address OHS risks.

Emergency Preparedness and Response Procedure

1 HSE Department/ HSE Committee/ Site Head identifies potential emergency situation.

2 Potential emergency situations identified through;
- Past incidents
- Industry
- Location specific information.

3 HSE Department/ HSE Committee/ Site Head to ensure the following are established as necessary;
- Initial calls to outside sources (Fire Department/ Ambulance)
- Administration of first aid/ treatment to injured people
- Shutdown of facilities, equipment and other services
- Reporting of incident
- Administer re-entry into building
- Conduct meeting to discuss incident and plan corrective measures
- Review and revision of documented procedure
- Inspection of fire -fighting equipment/ first aid kit
- Establish preventative measures to remove unsafe conditions/ practices, if any.

OHS Trainings and Campaigns

Oil and Gas Safety Passport

Working at Height Level 1
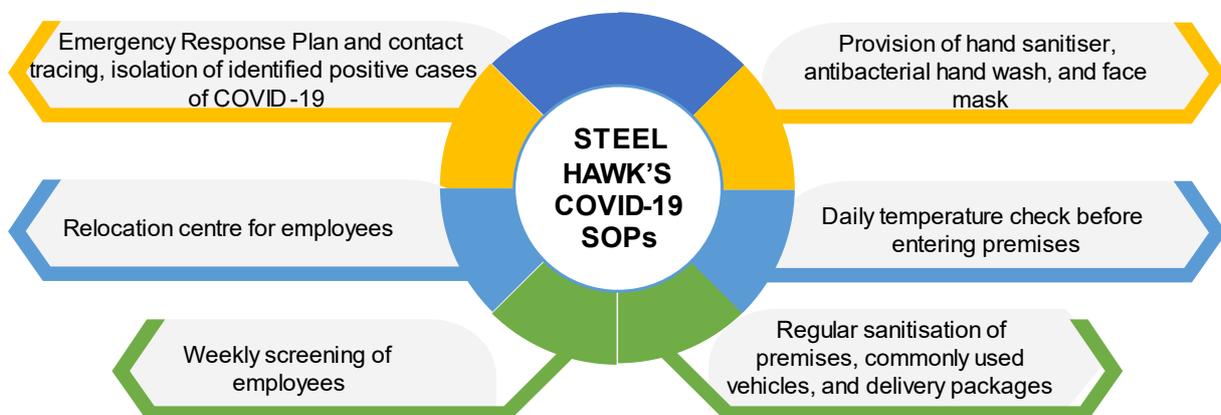
Basic Occupational First Aid

Permit to Work Level 2

Basic Rigging and Slinging

High Pressure Water Jet Training
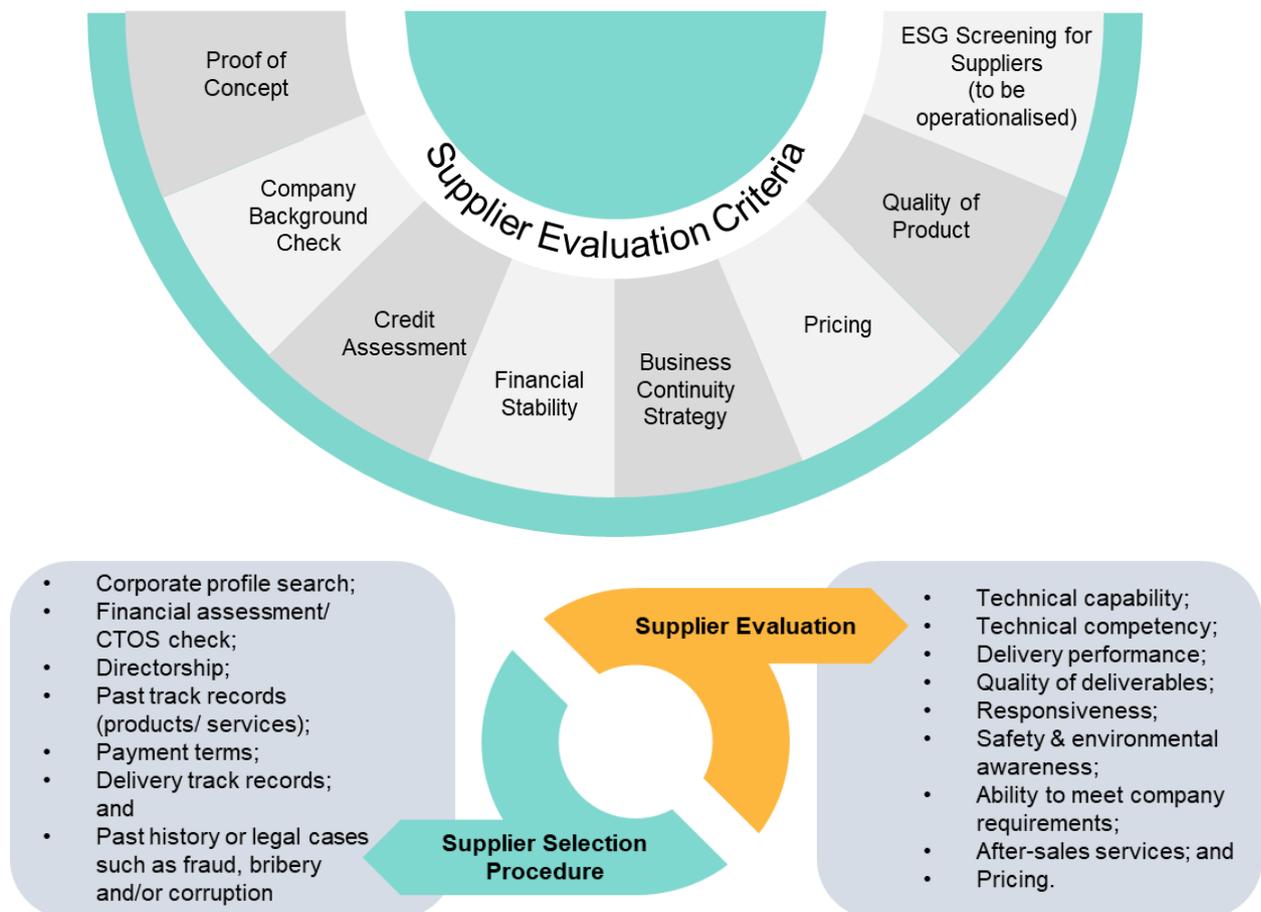
Covid-19 Crisis and the Workforce

To safeguard the health of our employees during FY2022, we extended COVID-19 preventative measures despite transitioning into the endemic phase. The Standard Operating Procedures (SOPs) in Malaysia were updated in 2022, and we have incorporated the Ministry of Health's revisions.

Emergency Response Plan and contact tracing, isolation of identified positive cases of COVID-19

Provision of hand sanitiser, antibacterial hand wash, and face mask

Relocation centre for employees

STEEL HAWK'S COVID-19 SOPs

Daily temperature check before entering premises

Weekly screening of employees

Regular sanitisation of premises, commonly used vehicles, and delivery packages

Supply Chain Engagement

In our Subcontracting & Management Policy & Procedure, we prioritise ethical business practises, and we expect our suppliers to adhere to the same values. We expect all our suppliers, service providers, and other third-party vendors to do business in accordance with Steel Hawk's values.
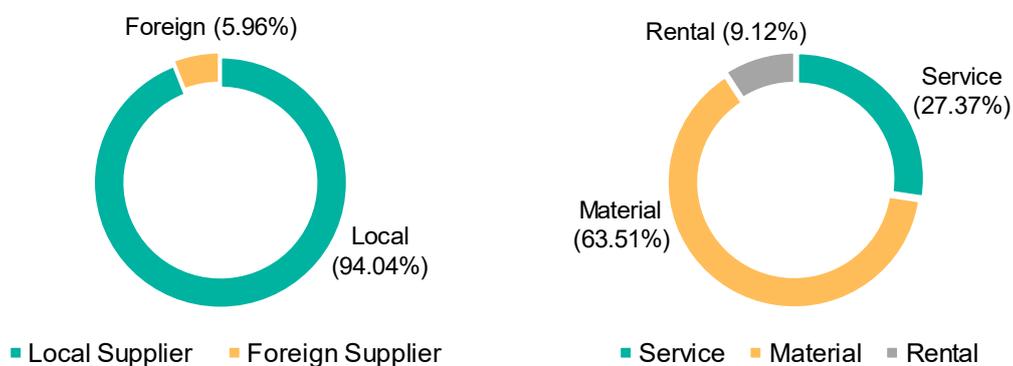
As indicated in the table below, we have taken steps toward a more sustainable supply chain by implementing stringent supplier selection criteria and performance evaluations. The Procurement Executive is responsible for implementing these regulations.

Supplier Evaluation Criteria
- Proof of Concept
- Company Background Check
- Credit Assessment
- Financial Stability
- Business Continuity Strategy
- Pricing
- Quality of Product
- ESG Screening for Suppliers (to be operationalised)

Supplier Selection Procedure
- Corporate profile search;
- Financial assessment/ CTOS check;
- Directorship;
- Past track records (products/ services);
- Payment terms;
- Delivery track records; and
- Past history or legal cases such as fraud, bribery and/or corruption

Supplier Evaluation
- Technical capability;
- Technical competency;
- Delivery performance;
- Quality of deliverables;
- Responsiveness;
- Safety & environmental awareness;
- Ability to meet company requirements;
- After-sales services; and
- Pricing.

Upholding Our Local Suppliers

We prioritise the acquisition of goods and services from local suppliers who meet our requirements, and we frequently source items locally first. We seek to contribute to the economic success of our local communities while strengthening the resilience of the domestic supply chain.

In 2022, we expended RM19,800,147.80 on materials and services from local vendors, accounting for 94.78% of our entire procurement expenditure. We have demonstrated our commitment to local suppliers by ensuring their appointment in the vast majority of cases (94.04%). We focus more on material supplies as the source of procurement for our operations.

Foreign (5.96%)

Rental (9.12%)

Service (27.37%)

Local (94.04%)

Material (63.51%)

■ Local Supplier ■ Foreign Supplier

■ Service ■ Material ■ Rental

Vendor Development Programme

Steel Hawk assists Petronas in managing and developing local Bumiputera small and medium-scale industry vendors in the oil and gas-related services market.

Talent Management and Development

The employees of Steel Hawk are our most valuable asset, as they are the primary drivers of our operations, and their performances directly impact the value of our business. We are committed to investing in our employees and ensuring that they have access to opportunities for technical, professional, and personal growth. By doing so, we strive to equip our employees with the knowledge and skills necessary for professional success.
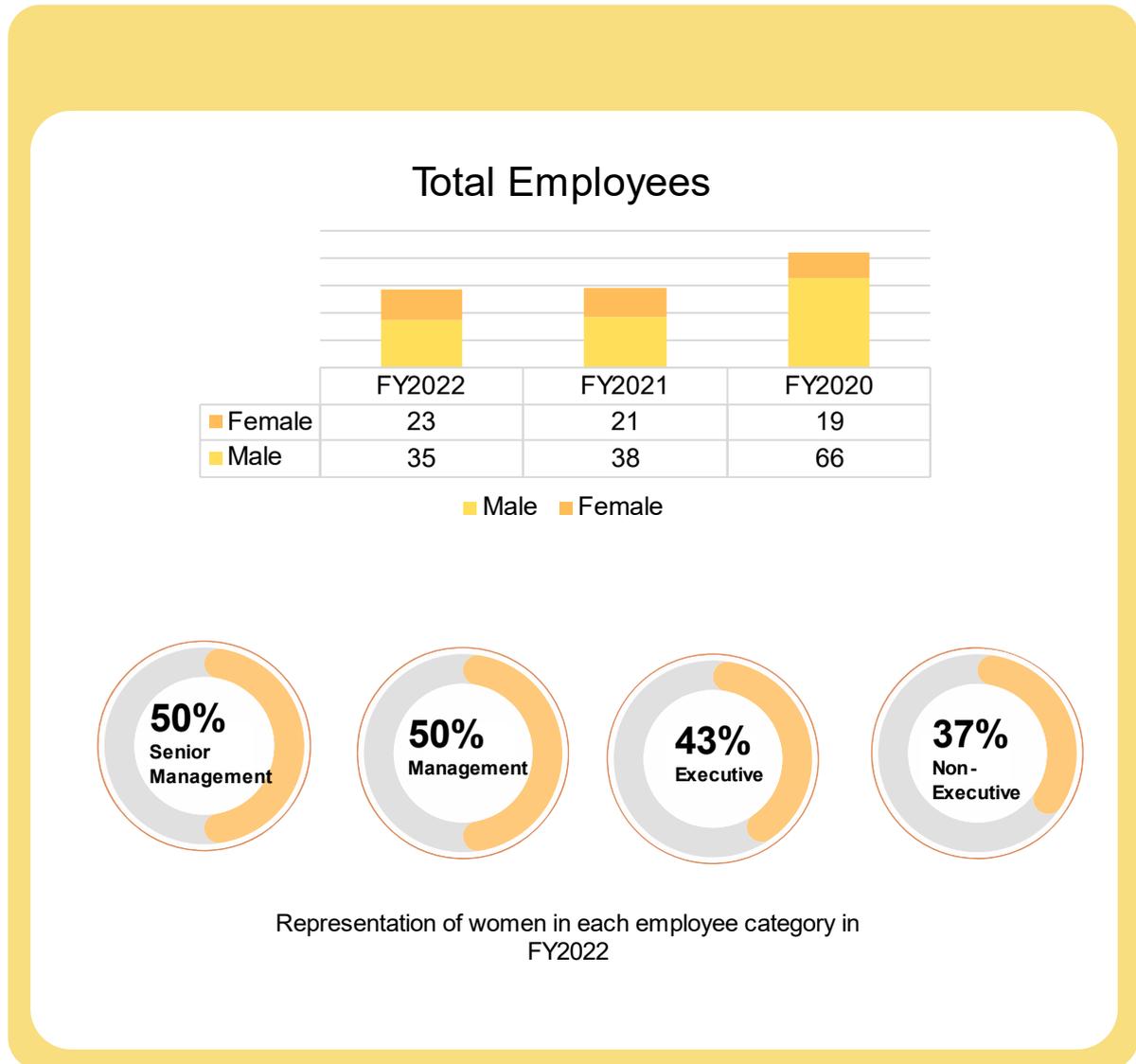
Diversity and Inclusion

Steel Hawk Berhad has thrived in a culture of inclusivity, diversity, and respect. We have made a focused effort to create a diverse environment and workforce. By embracing diversity and inclusion, we are able to draw from a larger talent pool, cultivate fresh perspectives, and improve our business. We provide all of our employees, regardless of age, gender, ethnicity, or nationality, with equal opportunities for professional advancement. To foster a meritocratic and inclusive society, we strive to quell stereotypes and prejudices.

The majority of our current workforce is male due to the nature of the work in the oil and gas engineering services sector, but we encourage more female applicants to join our team in the future. Our current talent pool is made up of 56 employees, including 17 new hires. Male employees outnumbered female employees, even among new hires. Because of their work experiences, employees ranging in age from 30 to 50 years old made up the majority this year. With 17 hires, we recorded a turnover of 8 employees.
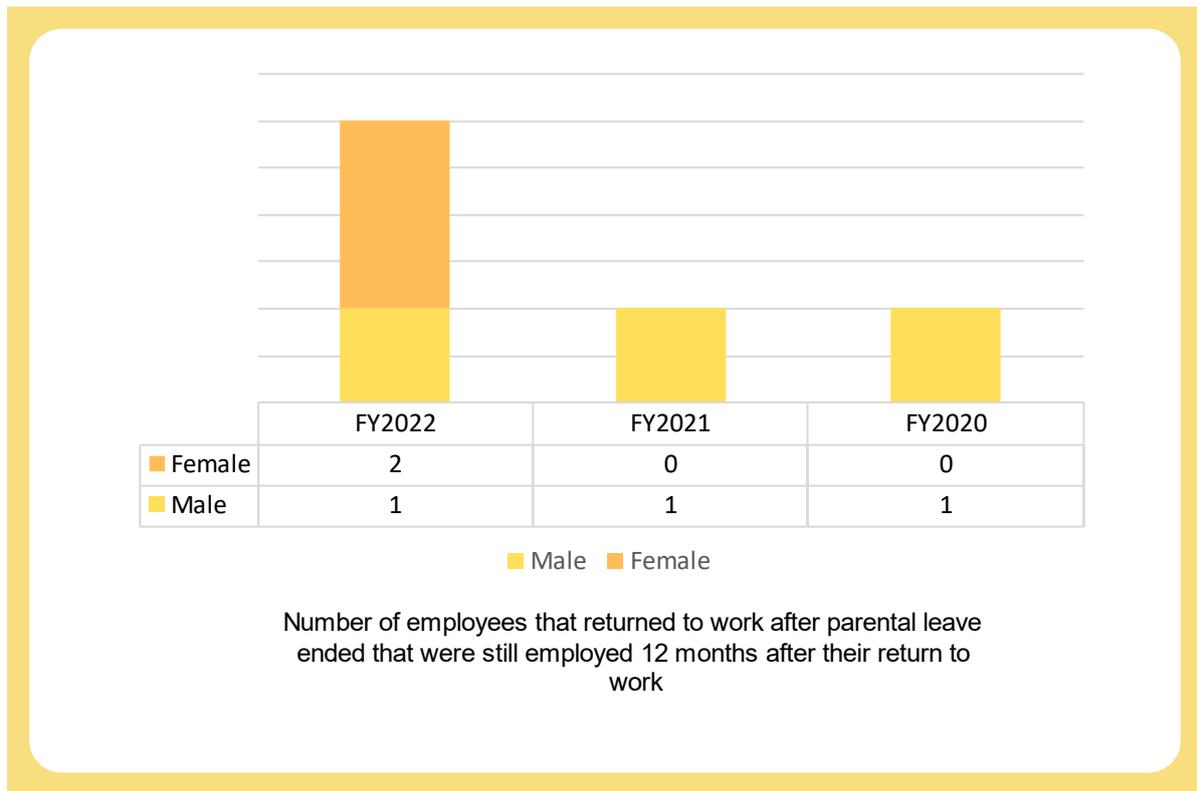
With 50% of women in senior and management positions, we have demonstrated our commitment to female representation in our workforce. Women held more than a quarter of positions in the executive and non-executive sectors. Steel Hawk adheres to the Malaysian Code on Corporate Governance (MCCG), 2021, which controls the selection and appointment of Board members and senior management. MCCG establishes objective standards based on merit while taking into account diversity in abilities, experience, age, cultural background, and gender.

	2022	
	Number of Employees	Rate (%)
New Hires		
Total	**17**	
Male	12	20.87
Female	5	8.70
Age Diversity		
Total	**56**	
3<30 years old	14	25
30-50 years old	41	73.21
>50 years old	1	1.79
Employee Turnover		
Total	**8**	
Male	5	13.91
Female	3	5.22

Total Employees

	FY2022	FY2021	FY2020
■ Female	23	21	19
■ Male	35	38	66

■ Male ■ Female

50%
Senior
Management

50%
Management

43%
Executive

37%
Non-Executive

Representation of women in each employee category in FY2022

Parental Leave

In 2020 and 2021, only one employee took maternity leave, and remained under our employment upon returning to work 12 months. This year, a male and two female employees took parental leave and then returned to work.

	FY2022	FY2021	FY2020
■ Female	2	0	0
■ Male	1	1	1

■ Male ■ Female

Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work

Promoting Anti-Discrimination

Steel Hawk has always been committed to treating all employees with respect, fostering a positive work environment, and striving to create a workplace that recognises the worth and rights of each employee. With the implementation of an Integrity Handbook outlining anti-harassment policies, we ensure employees are treated with respect, thereby promoting a harassment-free workplace. Human rights violations such as forced labour are not tolerated by us, and our business practises correspond to the established Labour and Human Rights Policies. With the policies in place, we are pleased to report that Steel Hawk committed no human rights violations during the course of its operations.

Employee Benefits

At Steel Hawk, we place a high value on the welfare of our employees, in accordance with local labour standards and expectations, by providing employee benefits.
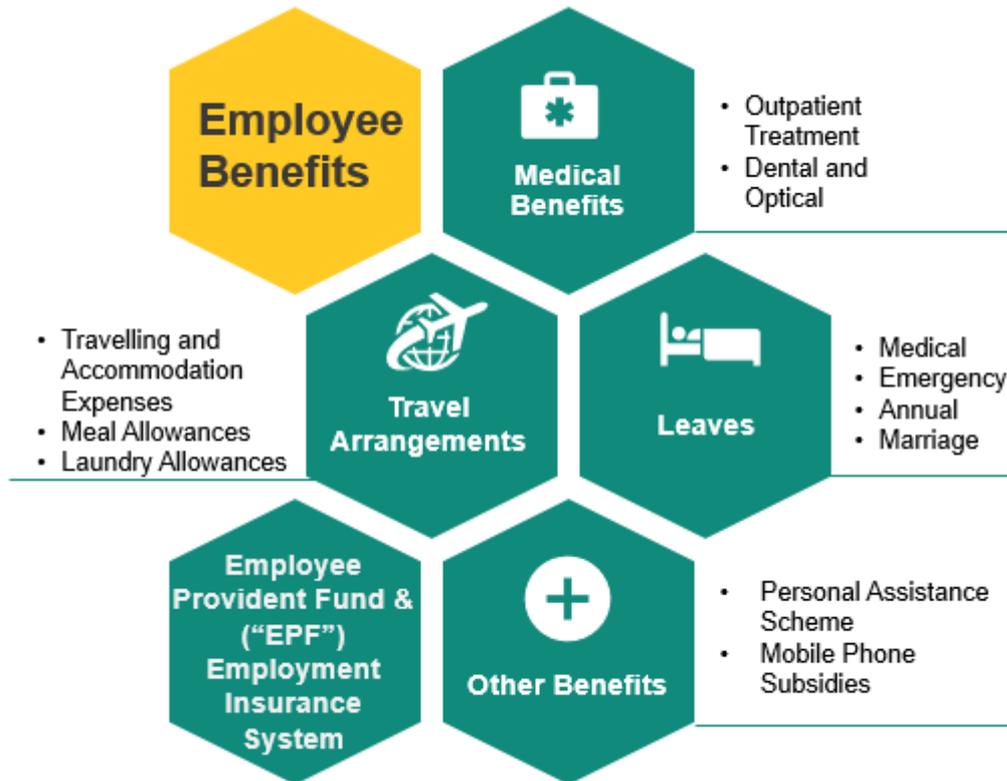
Cultivating a Healthy Mental State

The Group understands that maintaining the mental wellness of our employees is of equal importance to maintaining their physical wellbeing, as improved mental health elevates the productivity of our employees. To this end, Steel Hawk has taken the initiative to subscribe to an IT-based application with this purpose in mind called "Plus Vibes".
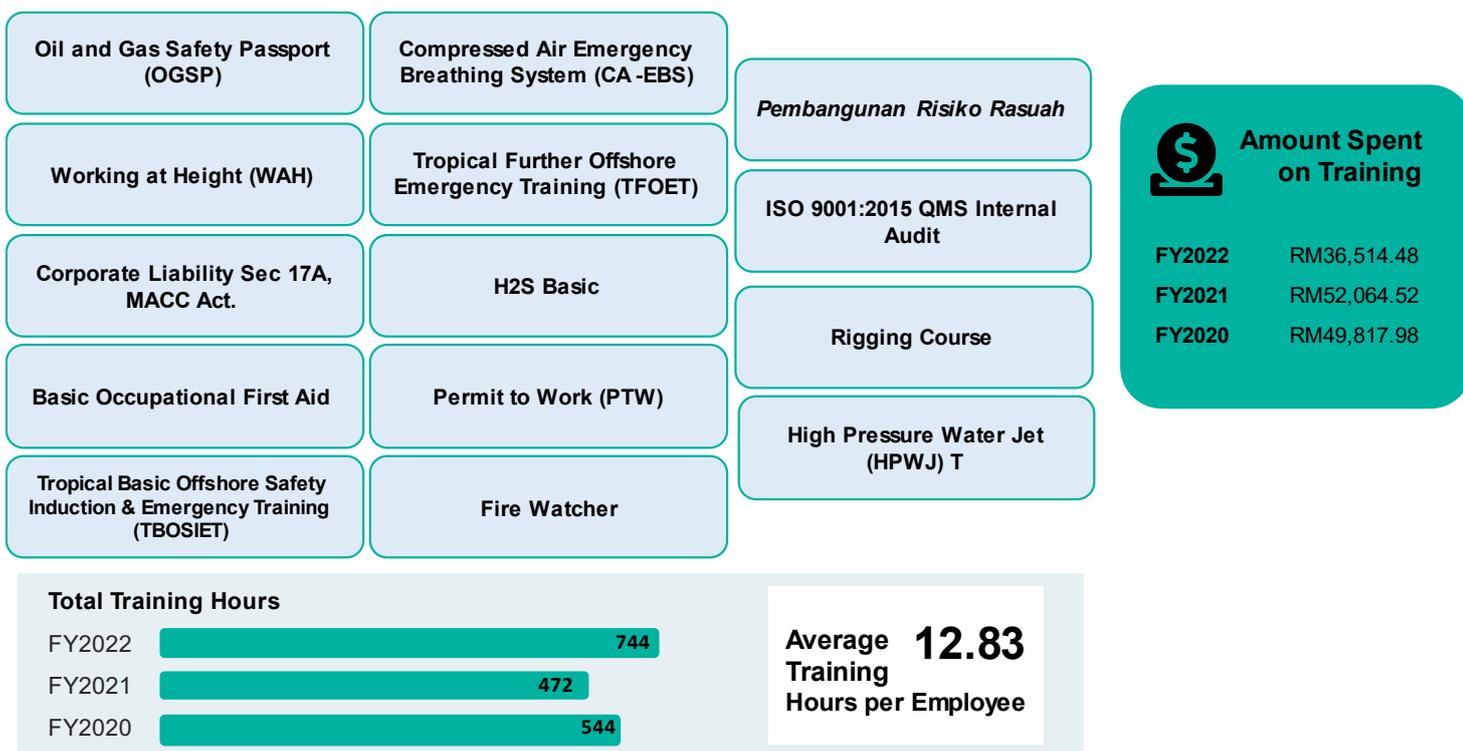

Available on both the Google Play and Apple App Stores for accessibility and installation ease amongst all employees, Plus Vibes offers four (4) different features aimed at promoting the mental and emotional wellbeing of our employees. These features are Motivational Content, Relaxation Activities, Chatting with Qualified Listeners known as Vibers, who assess the overall mental state of users, and finally Mental Health Modules and Assessments.

Employee Engagement, Training and Development

Access to meaningful growth and development opportunities is a critical component of Steel Hawk's efforts to cultivate a skilled, competent, and adaptive workforce. To provide our employees with the skills necessary to attain their full potential, we offer a variety of training and development programmes.

Employee Training in FY2022:

Oil and Gas Safety Passport (OGSP)	Compressed Air Emergency Breathing System (CA -EBS)	*Pembangunan Risiko Rasuah*
Working at Height (WAH)	Tropical Further Offshore Emergency Training (TFOET)	ISO 9001:2015 QMS Internal Audit
Corporate Liability Sec 17A, MACC Act.	H2S Basic	Rigging Course
Basic Occupational First Aid	Permit to Work (PTW)	High Pressure Water Jet (HPWJ) T
Tropical Basic Offshore Safety Induction & Emergency Training (TBOSIET)	Fire Watcher	

Amount Spent on Training

FY2022	RM36,514.48
FY2021	RM52,064.52
FY2020	RM49,817.98

Total Training Hours

FY2022	744
FY2021	472
FY2020	544

Average Training Hours per Employee **12.83**

All employees will undergo a Training Needs Analysis ("TNA"), and the resulting data will be applied to develop an Annual Training Plan. The Human Resources Department of the Group conducts an annual performance appraisal to assess the progress of our employees. Each employee is subject to the Performance Improvement Plan ("PIP") in order to determine the extent to which they have met the required criteria. With this in place, Steel Hawk is able to develop relevant training for the talent development of our workforce.

Community Investment

Community engagement must begin with a high level of trust before any development or change can actually occur. It is an opportunity to promote the empowerment and wellbeing of the local community where we work. Giving back to the community also enables us to play an active role in community development, learn to work together, and foster a feeling of community, enhancing our long-term social commitment to the welfare of these communities. This year, Steel Hawk is pleased to be able to nurture young talent through education.

In FY2022, we have contributed to the community through the following:

Sponsorship

Provide financial support for students of the indigenous community through a collaboration with Kenosis Sarawak Rehabilitation Program.

7 students are funded with RM 600.00 on a monthly basis for their education fees.

Moving forward, we intend to install solar panels in the homes of those in need in our local communities. This will indirectly benefit communities, particularly in terms of energy conservation.

Environmental Stewardship

Waste Management

The nature of Steel Hawk's business is oil and gas servicing which generates scheduled and non-scheduled waste. For the scheduled waste we are currently utilising contractors licensed by the Department of Environment Malaysia to collect, transport, and dispose of our offshore waste.

To improve waste management practices, we organised a Scheduled Waste Awareness Programme for our subcontractors. We intend to enhance our commitment towards tracking our waste generation by putting in place a formal recording system.

Energy Management and Climate Change

Steel Hawk is cognisant of the need to protect the environment for the wellbeing of present and future generations. We are committed to minimising our environmental footprint by reducing the quantity of resources we consume, establishing ethical waste management methods, and encouraging our employees to exercise environmental stewardship.

The Group makes an effort to control environmental impacts created by all of our commercial operations in an ethical manner. On this front, we strive to reduce our carbon footprint, manage our resource consumption, and integrate environmental concerns into every step of our value chain.

Energy Management

Steel Hawk strives to identify opportunities to increase energy efficiency by continuously monitoring and analysing internal operations. We introduced our first green initiative for our staff to raise awareness and embrace low-carbon practices. We look toward implementing more progressive initiatives in the future to establish our place in effective energy management.

Initiative in Energy Saving

Green Initiative

In accordance with the effort to reduce carbon emissions, we played our role by encouraging our workforce to commute via bicycle within the facilities in our Miri and Kerteh offices instead of driving four-wheeled vehicles.

A total of 100 bicycles were provided to the employees for this initiative.
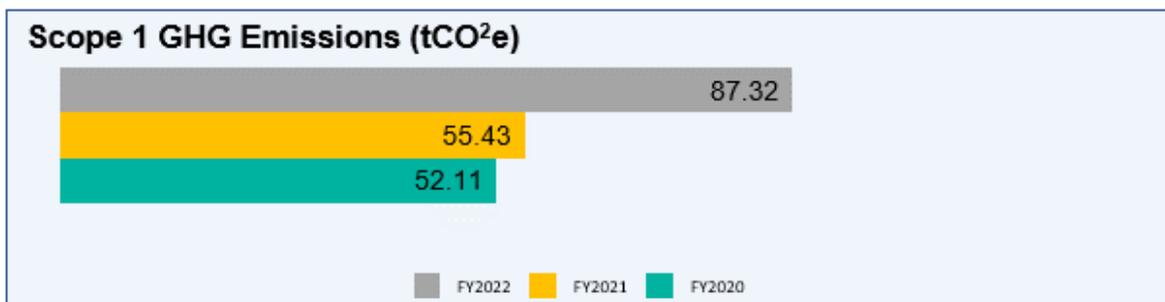
GHG Emissions

For this reporting period, we calculated our Scope 1 and Scope 2 greenhouse gas ("GHG") emissions. Scope 1 emissions are defined as direct emissions caused by the combustion of carbon fuel sources, which are estimated by converting our total fuel consumption to total CO2 released using a diesel fuel emission factor[1]. We utilised the grid emission factor[2] for Peninsular Malaysia to convert total energy consumption into total CO_2 emissions for our Scope 2 emissions, which are defined as indirect emissions caused by grid electricity use.
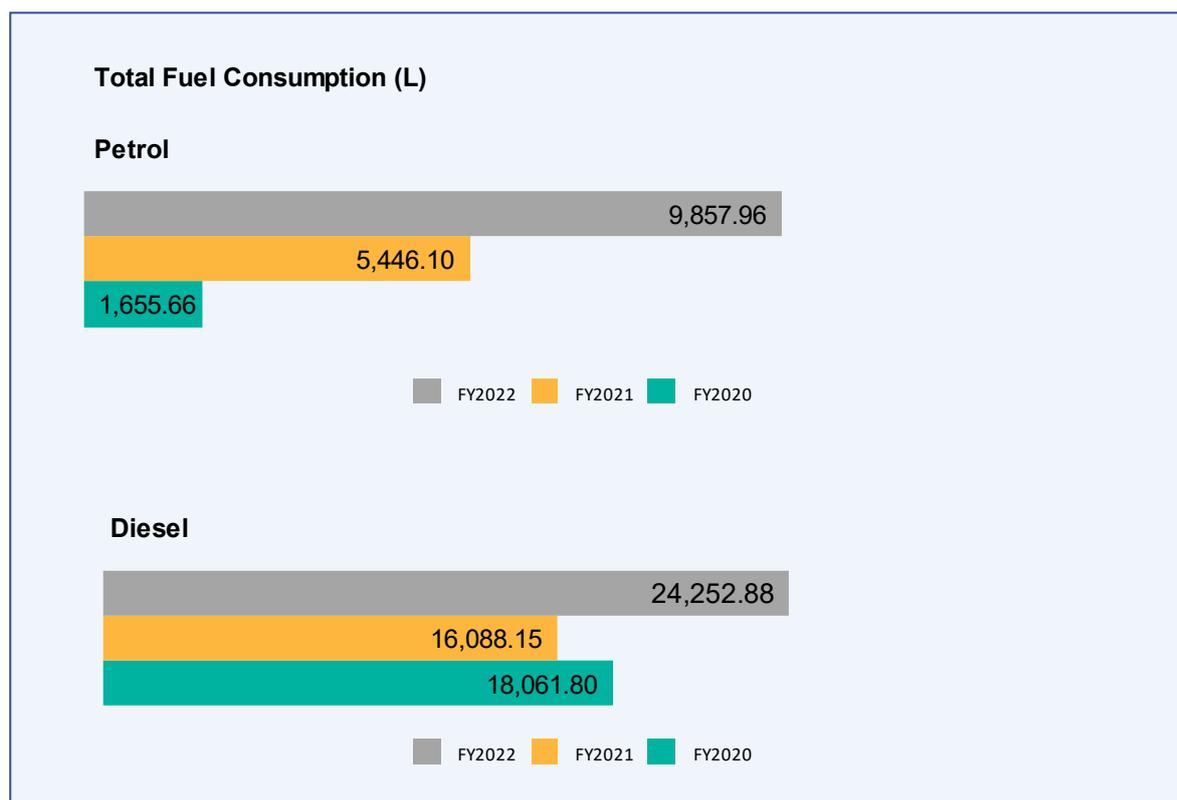
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[1] 2006 IPCC Guidelines for National Greenhouse Gas Inventories: https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf

[2] 2017 CDM Electricity Baseline for Malaysia: https://www.mgtc.gov.my/wp-content/uploads/2019/12/2017-CDMElectricity-Baseline-Final-Report-Publication-Version.pdf
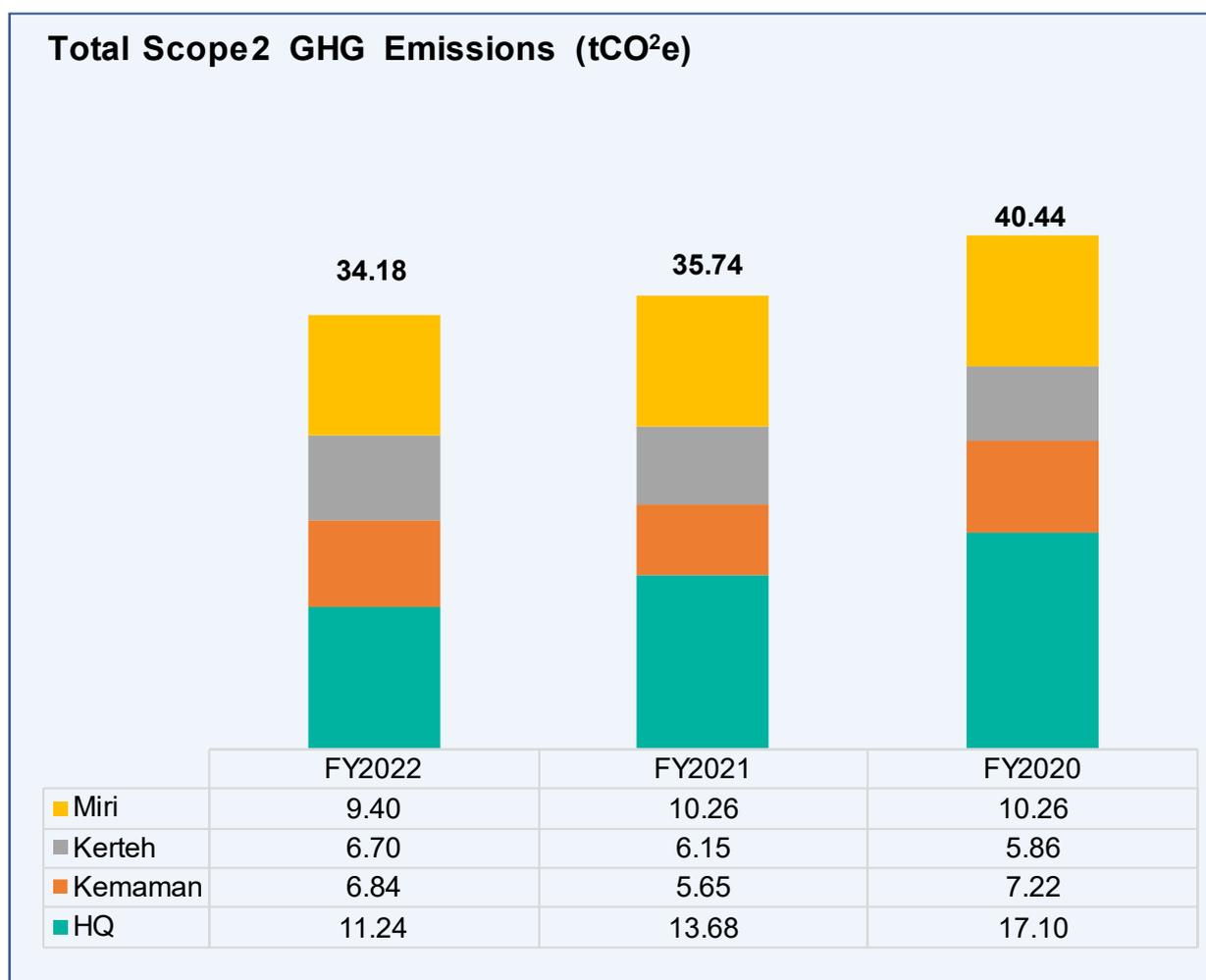
Scope 1 (Direct) Emissions

Scope 1 emissions are direct GHG emissions caused by the Group's vehicle fuel consumption. Steel Hawk's tracking data for fuel consumption has been used to calculate the total Scope 1 GHG emissions from 2020 until 2022 for this year's reporting. 2022 has seen an increase of as much as 31.89 tCO_2e compared to 2021 which has increased from 55.43 tCO_2e to 87.32 tCO_2e. 2021 has seen an increase of as much as 3.29 tCO_2e from 2020.

Total Fuel Consumption (L)

Petrol

FY2022	9,857.96
FY2021	5,446.10
FY2020	1,655.66

■ FY2022   ■ FY2021   ■ FY2020

Diesel

FY2022	24,252.88
FY2021	16,088.15
FY2020	18,061.80

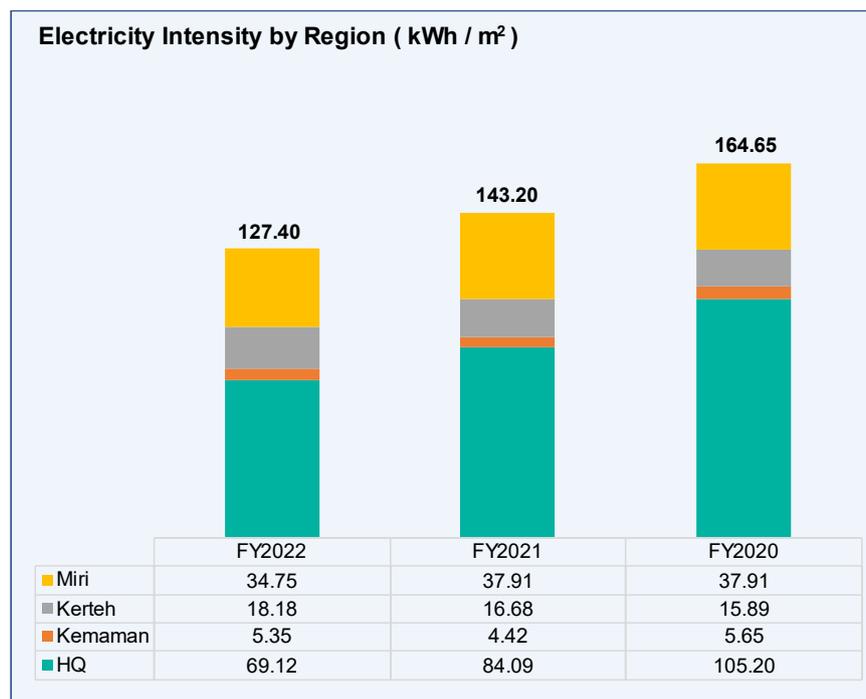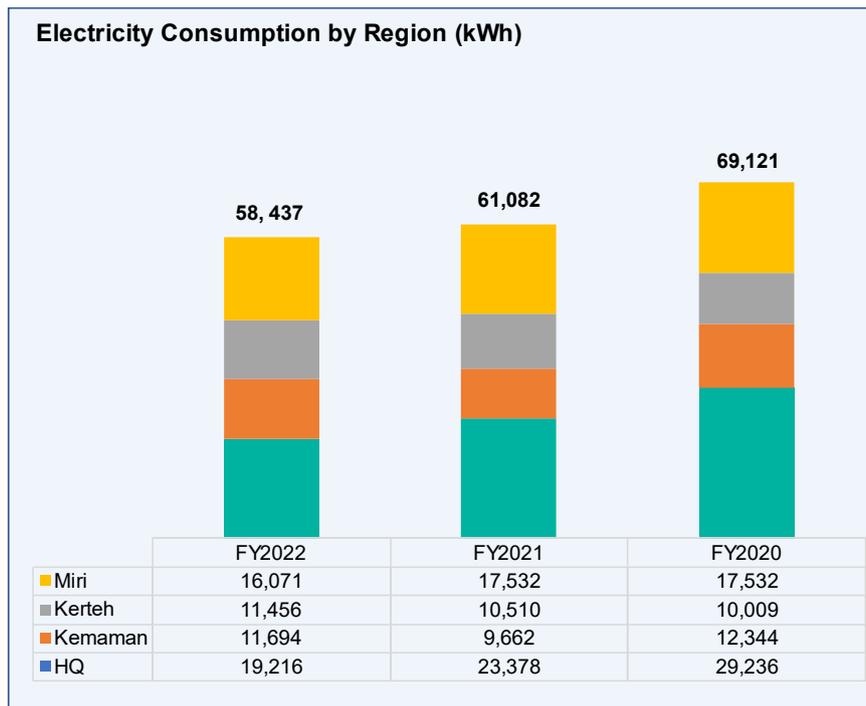■ FY2022   ■ FY2021   ■ FY2020

Our total fuel consumption tracking was conducted throughout the past three consecutive years to study the pattern of fuel usage in our facilities. Steel Hawk recorded 9,857.96 litres for petrol consumption compared to last year's 5,446.10 litres, an increase of as much as 81%. Diesel consumption in 2022 is 24,252.88 litres, up from 16,085.15 litres last year. The variance between the two fuel types is 59.35%. The increase shown is due to our expansion into additional regions in 2022.

Scope 2 Emissions

Total Scope 2 GHG Emissions (tCO$_2$e)

	FY2022	FY2021	FY2020
Miri	9.40	10.26	10.26
Kerteh	6.70	6.15	5.86
Kemaman	6.84	5.65	7.22
HQ	11.24	13.68	17.10

Totals: FY2022 = 34.18, FY2021 = 35.74, FY2020 = 40.44

Scope 2 emissions represent indirect GHG emissions associated with electricity generation from the grid. The decrease in Scope 2 GHG emissions is a result of the decrease in electricity consumption and intensity. In 2022, Steel Hawk recorded a decrease of 1.56 tCO$_2$e compared to the year before. There was also a decrease in Scope 2 GHG emissions from 2020 to 2021 with a difference of 4.7 tCO$_2$e.

Electricity Consumption and Intensity

Electricity Consumption by Region (kWh)

	FY2022	FY2021	FY2020
■ Miri	16,071	17,532	17,532
■ Kerteh	11,456	10,510	10,009
■ Kemaman	11,694	9,662	12,344
■ HQ	19,216	23,378	29,236

Electricity Intensity by Region (kWh / m²)

	FY2022	FY2021	FY2020
■ Miri	34.75	37.91	37.91
■ Kerteh	18.18	16.68	15.89
■ Kemaman	5.35	4.42	5.65
■ HQ	69.12	84.09	105.20

Throughout 2022, the total electricity consumption was 58,437 kWh, or 127.40 kWh per square metre. This year's electrical consumption has decreased by 2,645 kWh (4.33%) compared to last year, and by 19.06 % compared to 2020.

The electricity intensity, at 127.40 kWh per square metre compared to last year's 143.20 kWh per square metre is a reduction of 15.80 kWh per square metre (11.03%). The reduction in electricity intensity proves efficiency despite the increase in operations. This analysis will allow us to rationalise the facilities' consumption pattern and develop eco-efficiency strategies to attain optimal consumption and desired energy usage.

Water Consumption

As we acknowledge the potential for water scarcity and its implication for our generations, we have put in place the necessary measures to track our water consumption in FY2023. For the current reporting year, we have installed water-efficient taps in our washrooms with built-in flow restrictors that reduce water flow and decrease wastage. We also understand the importance of raising water awareness amongst our workforce. Thus, we have initiated water efficiency discussions at team meetings and placed water awareness posters on the walls of high-traffic shared spaces.

Our Achievements

Steel Hawk Berhad has gotten off to a solid start and is on course to continue scaling new heights of success as we progress along the sustainability path. For 2022, we successfully upheld compliance and fostered a culture of ethical conduct within our governance. This year we have enhanced our stance on corporate ethics with the signing of the Corporate Integrity Pledge ("CIP"). In addition, we considered the social aspects of our workforce and provided multiple employee benefits including training and development. This also occurred in the form of gender participation equality and fostering a safe working environment. For the community, we invested in educational funding among the less fortunate children, and for our suppliers, we prioritised contributing to the local economy. By promoting cycling among our staff as part of a green initiative, we have also demonstrated our commitment to protecting the environment. Steel Hawk will continue to generate value for our stakeholders while simultaneously increasing our (ESG) performance by capitalising on our leadership abilities, capabilities, and strong market position.

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