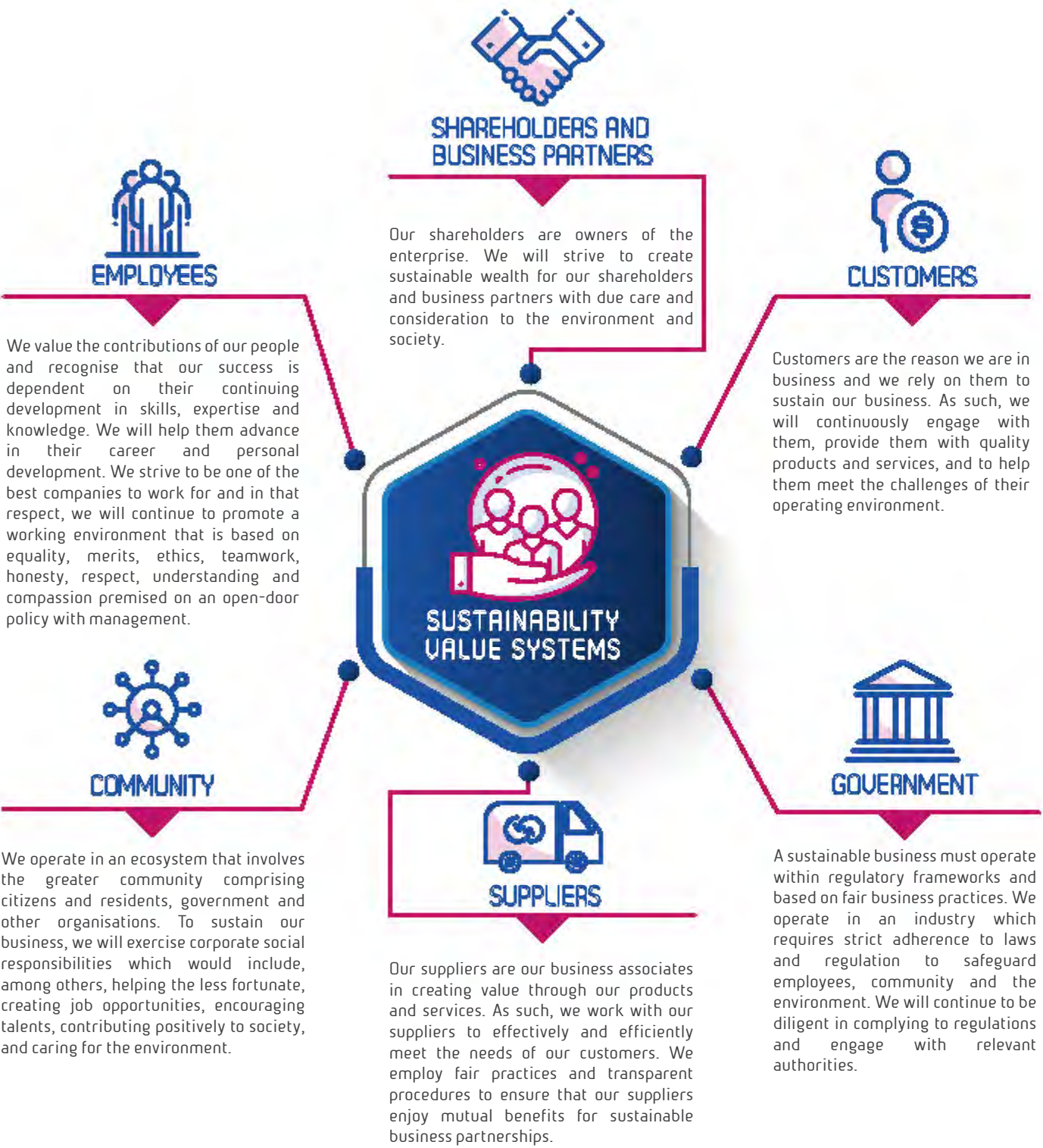


SUSTAINABILITY FRAMEWORK

OUR SUSTAINABILITY VALUE SYSTEMS





ECONOMICS

ECONOMIC SUSTAINABILITY OF OUR BUSINESS

STRATEGIC PLANNING FOR BUSINESS SUSTAINABILITY

Our success over the past 26 years was attributed to our strategy of focusing on our core competencies, which is providing O&M and EPCC services to the energy industry. Our strong market position as one of the top 2 service providers¹ for maintenance services including MRO of rotating equipment and IRM of static equipment amongst Malaysian Oil and Gas Service and Equipment Providers is complemented by our expansion into foreign markets to become a globally recognised total engineering solutions provider.

Besides growing organically, we continue to pursue a faster growth trajectory through strategic investments and acquisitions. Targeted investments and acquisitions include those that can provide us with diversification into new or complementary industries, facilitate expansion of our geographical markets, add value to our goal of becoming a total engineering solutions provider, as well as growing our other business segments.

Our asset ownership business model will focus on our core industries of oil and gas, as well as power generation and water & utilities industries. We will acquire stakes in companies that own industrial assets while leveraging on our existing core competencies in O&M and EPCC to develop, operate and maintain these assets. Such acquisitions would enable us to benefit from different revenue streams throughout the life-cycle of the industrial assets, including from EPCC during the development phase and O&M during the operational stage.

As and when opportunity arises, we will engage in strategic partnerships with industry and subject matter experts, and government agencies to gain technologies, skills and knowledge in areas we do not have expertise. Our strategic partnerships are undertaken through Memorandum of Understanding as well as Heads of Agreements.



CORE COMPETENCIES



STRATEGIC INVESTMENTS & ACQUISITIONS



ASSET OWNERSHIP BUSINESS MODEL



STRATEGIC PARTNERSHIPS

BUSINESS GROWTH PLANS

¹ Source: (Vital Factor Consulting analysis). Ranking was based on total group or company revenue for the FYE 2019 among PETRONAS-licensed companies in Malaysia

ECONOMICS

OUR BUSINESS PLANS FOR SUSTAINABILITY



ECONOMICS

GLOBAL CENTRE OF EXCELLENCE



One of our goals is to create Malaysia’s first MRO and IRM Global Centre of Excellence designed to serve the needs of the oil and gas as well as power generation industries in Malaysia. With our in-house facilities and resources, combined with those of our associate companies, business partners and vendors, our Global Centre of Excellence will be a one-stop engineering solutions centre for the repair and maintenance of plants, facilities, machinery and equipment.

In line with the developments of oil and gas industry in Malaysia, we have identified two areas which we believe would have tremendous demand for such services in the next few years, namely Bintulu, Sarawak and Pengerang, Johor.



ECONOMICS

Our MRO and IRM Global Centre of Excellence will be equipped with cutting edge technology such as high speed balancing machine, computer numerical control horizontal and vertical milling center, electrical discharge machine, high precision coordinate measuring machine as well as other cutting edge technology which will be the first in Asia.





ECONOMICS

GEOGRAPHIC EXPANSION



As a global company we continue to expand into new geographical markets. We adopt a two-pronged approach in our geographical market expansion strategy.

The first prong is to organically grow our business in new geographic markets using our core expertise in providing O&M services for the energy industry. In 2019, we extended our services and generated revenue from **Uzbekistan** by securing our first maintenance contract for an oil and gas plant in the country.

We further strengthened our foothold in Uzbekistan by securing an EPCC contract for a chlorine processing plant and a steam turbine power plant in the Hazarasp Free Economic area in the Khorezm region worth an estimated RM1 billion.

The second prong is through asset ownership, strategic investments and acquisitions. In 2018, we made our foray into the African continent when we entered into a joint-venture agreement with Junaco (T) Limited for the development and operation of a chlor-alkali plant in **Tanzania**. Moving forward, we plan to venture into other African countries to undertake EPCC and O&M projects.

In 2018, we also expanded our operations in Southeast Asia by securing an EPCC contract to develop two small hydropower plants in Xam Tai district, Houaphan province in **Laos**. To fortify our business interest in the country, we entered into an agreement to acquire a minority stake in OHP Ventures Incorporated, which owns the said small hydropower plants.



^ Earthworks in progress for the Chlor-Alkali Plant in Tanzania

ECONOMICS

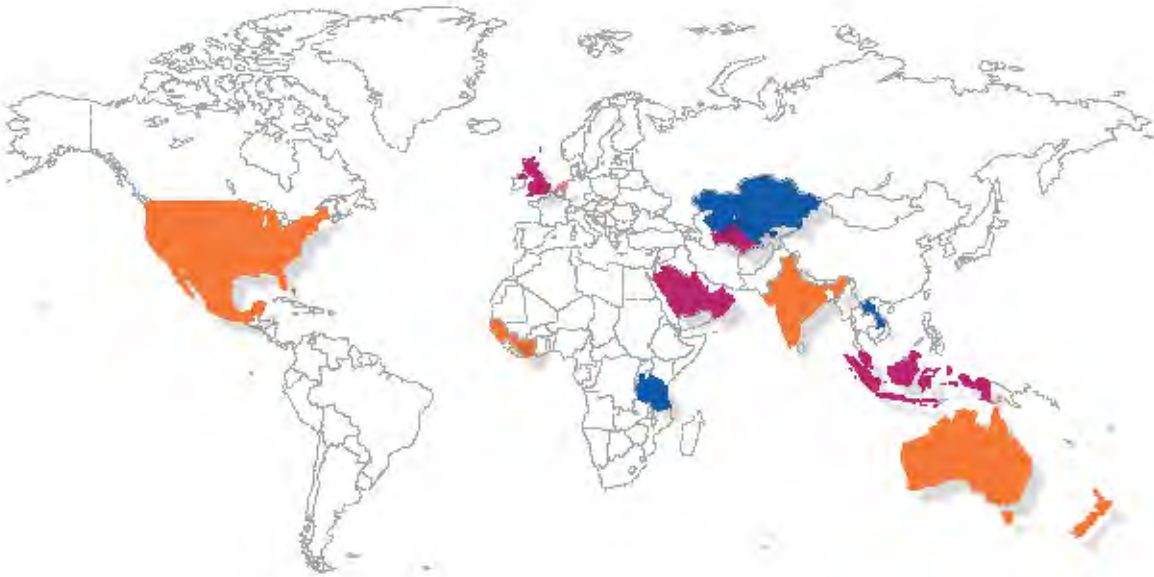
Last year in 2018, we made several strategic investments and acquisitions, including:

- ▶ Al-Sagar Engineering Group LLC and Al-Sagar National Establishment (collectively known as Al-Sagar), with head office in Abu Dhabi, UAE;
- ▶ CSE Global Limited ("CSE Global"), with head office in Singapore;
- ▶ eNOAH iSolution India Pvt Ltd ("eNOAH"), with head office in India;
- ▶ La Rapida SA, with head office in Switzerland;
- ▶ Psicon AVV and Psicon BV (collectively known as Psicon), with head office in Netherlands, Amsterdam;
- ▶ Sreem Serba Turbines Pvt Ltd ("Sreem Serba"), with head office in India.

However, this year in 2019, we slowed down our acquisitions and focused on nurturing these foreign companies that we have acquired. During the year, we only made two strategic investment and acquisitions namely OMT S.r.l. from Italy and Geppert GmbH from Austria, both of which have complementary and synergistic businesses to our Group.

We plan to leverage on CSE Global's network to gain access into United States ("US"), Mexico, Australia and New Zealand. Al-Sagar will strengthen our presence in UAE, while eNOAH and Sreem Serba will strengthen our presence in India. Our acquisition of Psicon, with offices in Netherlands, Houston, Texas United States of America and Curacao, will help us make inroads to these new markets.

We leverage on our strategic acquisitions to grow our business globally



Current Presence Recently Entered Potential future markets via our recent acquisitions

ECONOMICS

INDUSTRY 4.0



To be future ready we need to stay ahead and embrace the next industrial revolution phase - **Industry 4.0**. The fourth industrial revolution is changing how the world of business functions.

In 2018, we partnered with Microsoft APAC Digital Advisory to collaborate on a digital transformation plan to integrate digital capability into our core competencies, most particularly for our O&M segment.

Coupled with our strategic investment and acquisition of eNOAH, we have developed a Smart Maintenance Platform, which is artificial intelligence driven, to complement our O&M business segment.

eNOAH has been extending its expertise to pilot the digitalisation of our CNG plant in Indonesia. We saw that eNOAH's expertise and capabilities were highly valuable in achieving our Industry 4.0 goals, thus we made a strategic investment in the company to leverage on its technological capabilities.



^ Our Smart Maintenance Platform won the Digital Innovation Award 2019 by the World Information Technology and Services Alliance ("WITSA")



^ Our Group MD/CEO, Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah and other panelist at the International Applied Vibration Conference 2019

The Smart Maintenance Platform is able to manage and plan maintenance in an efficient and thorough manner as it optimises manpower allocation. With this platform, plant owners are able to see their resources remotely and allocate their workforce to tasks based on their technical specialties and competencies. They would also be able to monitor task progress and completion.

We have also started to introduce such product offering to our customers in Malaysia and Indonesia. We aim to expand this product offering to the Middle East and Central & South Asia. We also plan to expand this product to other industries such as power generation and facility management.

ECONOMICS

In our efforts to inspire others to the forefront of the digital transformation era, during the year, we organised the "Beyond Paradigm Summit 2019" in Kuala Lumpur as well as in Kuching, Sarawak. Our goal is to bring together businesses who have been working on adopting small scale Industry 4.0 solutions, and gathering them to initiate ideas, discuss concepts and implement these ideas to change Malaysia's digital landscape.

The summit also served as a platform for us to seek new information technology and digitalisation components to add value to our core business, namely engineering services and solutions for the oil and gas industry.



We also featured Sophia, the social humanoid robot powered by artificial intelligence, for the first time in Malaysia. Sophia is an example of how state-of-the-art artificial intelligence can add value to businesses as it binds together various separate processes through the Internet of Things.



^ Our Group MD/CEO, Dato' Dr. Ir. Ts. Mohd Abdul Karim and former Prime Minister of Malaysia, Tun Dr Mahathir Mohamad interacting with Sophia The Robot at the Beyond Paradigm Summit 2019

ECONOMICS

IMPROVING INTERNAL CAPABILITIES



^ Sreem Serba's workshop in Hyderabad, India

Our core competencies are in O&M and EPCC. Within O&M, we provide MRO of rotating equipment and IRM of static equipment and structures. While we carry out the majority of the works internally, there are certain scope of works that are subcontracted out to third party service providers, as we do not have the resources in-house.

Between 2018 and 2019, we invested in several companies that have operations, facilities and licences that complement our core competencies and improve our capabilities. Having these capabilities internally will enable us to offer wider solutions to our customers, as well as increase our competitiveness when we bid for jobs.

Our recent investments in 2019 are OMT S.r.l. from Italy and Geppert GmBH from Austria. OMT specialises in the supply and production of blades for steam and gas turbines. OMT is a certified ISO 9001 company and has a production capacity of approximately 60,000 blades. OMT is considered to be one of the main suppliers of blades by OEMs of turbines worldwide. Thus, we will be able to learn and transfer knowledge from our associate.

Geppert is involved in the development of small hydropower plants where Geppert provides various turbines and individual solutions, and may act as turnkey contractor. Having Geppert as our associate would benefit our Group as

we are able to tap onto their expertise in developing small hydropower plants which we are also involved in.

Meanwhile, our past acquisitions such as Al-Sagar is the only company to have a pump performance test facility in the UAE. Thus, we will be able to leverage on our associate's facility when we undertake pump maintenance jobs in the UAE.

Moreover, some of these companies have authorised distributorships for leading global brands. For example, Al-Sagar is an authorised distributor of pumps for Mitsubishi Heavy Industries and SPP Pumps, and La Rapida is a licensed supplier of OEM parts for brands such as General Electric. Companies such as Psicon have developed a range of intellectual properties involving rotating performance upgrade process module engineering, while Sreem Serba has the capability to design and manufacture steam turbines up to 10 MW capacity.

We continue to strengthen our competitive advantages and grow our business through these strategic investments and acquisitions.



^ OMT's facility in Milan, Italy

ECONOMICS

GROW 'OTHER' BUSINESS SEGMENT



Our Group's other business activities include ICT services, and technical education and training which contributed a small proportion to our Group's earnings. In 2019, revenue

contribution from this segment grew to over RM100 million mainly attributed to our ICT services segment.

TECHNICAL EDUCATION AND TRAINING



Our Technical Education and Training unit is supported by our training centres that are approved by City & Guilds, a vocational education organisation in the United

Kingdom. With our knowledge and experience in specific industries, we customised our training programmes using the City & Guilds syllabus, assessments and programme guidance notes as a basis while incorporating other technical and specific course contents for each training programme relating to the provision of O&M services to the oil and gas industry.

We conduct theoretical training courses at our Serba Dinamik Global Skill Centre in Shah Alam, while practical classes are conducted at our six service centres located in Paka, Pasir Gudang, Bandar Penawar, Labuan, Bintulu and Miri in Malaysia. These training courses are offered to our own employees, as well as external students sent by other companies or through government initiatives. We also partnered with Centre of Technical Excellence Sarawak ("CENTEXS") to offer our programs to their students.

Since our first cohort with City & Guilds back in 2008, we have been a key player in closing the talent gap for the oil and gas industry by producing over 600 successful graduates with City & Guilds certification. Approximately 97% of our graduates have secured job placements in the oil and gas industry upon completion of their technical education programmes.

97%
of our graduates
secured JOB
placements

In 2018, we made an acquisition in Materials Technology Education Sdn Bhd ("MTE"), a company providing training and education services in Malaysia specialising in delivering Institute of Materials Malaysia ("IMM") Training and Certification Programmes. IMM has trained and certified over 600 coating inspectors and 2,500 blasters and painters, supervisors, corrosion technicians, and cathodic protection technicians and engineers. Additionally, IMM certification programmes are recognised by PETRONAS and other oil and gas operators in Malaysia. We believe that this strategic acquisition would enable us to expand our technical education and training segment, which would be beneficial to the new training centre that we will establish at our PeIP.



^ Our batch of students through CENTEXS

In early 2020, we entered into a conditional Share Sale Agreement ("SSA") to acquire the entire business of University Malaysia of Computer Science & Engineering ("UNIMY"), which was owned and operated by Prestariang Education Sdn Bhd. The acquisition is our strategic move to accelerate the expansion of our technical education and training business segment and to design training curriculum specifically for the oil and gas industry. Additionally, UNIMY's focus in IT education also complements our Group's strategy for industry players including the future workforce to be Industry 4.0 ready. We would also be able to develop future skilled workers for our own workforce through developing their capabilities, competencies and readiness to serve in the era of Industry 4.0.

^ As at the date of this reporting, the acquisition has not been finalised.

ECONOMICS

IT SOLUTIONS

Our IT Solution business segment was strengthened when we made a strategic investment in eNOAH iSolution India Pvt Ltd back in 2018. With the support from eNOAH, we have set up an innovation laboratory in the Indian Institute of Technology in Chennai and managed to attract a pool of professionals from the industry in India. eNOAH also has a wholly-owned unit in Silicon Valley and is in collaboration with Stanford University’s artificial intelligence research team.

With this collaboration, we were able to innovate and develop the Smart Maintenance Platform which complements our O&M business segment. In addition, we are also able to provide customised solution and system integration tailored to our clients’ operating environment and needs.

Besides supporting our core business with the development of the Smart Maintenance Platform, our IT Solution business segment also developed several business application software solutions such as QwikPay, MyTPA, gceXchange, NidCert and EasyBuyBye. Currently, these products are operational in Malaysia. We also have plans to launch these products in Indonesia, Qatar, India, United States and China.



^Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah (third left) with representatives of the Association of Bumiputra Women Entrepreneurs Malaysia (Usahanita) at the Usahanita's Women Entrepreneur Convention 2020 in Malaysia to roll out three applications namely QwikPay, gceXchange and EasyBuyBye for Usahanita members



QwikPay is a ticketless and cashless payment solutions provider in Malaysia. Currently, QwikPay works by issuing users a QR code to make payments for parking at 22 locations in Malaysia including office buildings and shopping malls.



MyTPA, or Malaysian Medical Third-Party Administration, is an app-based online management system for clinics. MyTPA regulates payment claims made by panel clinics, and provides an online depository of integrated records. Currently, there are approximately 1,400 clinics under this registry.



EasyBuyBye is an e-commerce platform which covers a number of products across various categories such as fashion (men, woman and kids), electronics, health and beauty, home and living, sports, travel and grocery.



gceXhange is a cloud-based online content sharing platform which provides unlimited access to the largest collection of contents ranging from books, journals, thesis, audio files, multimedia, videos and any format of contents.



NidCert is a blockchain application that offers users a well-structured, secure and easily accessible record keeping model.

ECONOMICS

During the year, we invested RM13 million to develop a virtual reality theme park – D’Virtual Park located in Kota Samarahan, Sarawak. The investment was partly to fund the development as well as collaboration with Startup Borneo, a community initiative in Sarawak. The collaboration with Startup Borneo is to seek networking opportunity for start-ups in the digital technology segment. The theme park is set to open to the public by the first quarter of 2020.

Game offerings can be customised so that it can be enjoyed by all players, regardless of their skill levels. Highlight of the park is the customised hologram theatre show, giving visitors a revolutionary form of cinematic experience.



The theme park features nine main attractions including:

VR SPEED CRUISER

VR ELEVATION D'LUXE

VR GYRATE

VR GIANT SLIDE

VR GATLING GUN

VR TREKKER

VR KNIGHT RIDER

VR D'BATTLESHIP

VR QUAD SQUAD

ECONOMICS

INDUSTRY DIVERSIFICATION



It has always been our strategy to diversify our revenue streams by entering into new industries with the aim of mitigating over reliance on any single industry. However,

our industry diversifications will always be grounded on our core competencies in O&M and EPCC. We have diversified into industries including water & utilities, chemical production, and biogas power generation.



^ EPCC works for water treatment plant project in Kuala Terengganu

- ▶ In 2017, we made inroads into the **water & utility industry** via our minority equity stake in Konsortium KAJV Sdn Bhd ("KAJV") as well as our first EPCC project to develop one 120 million-litre per day ("MLD") and one 28 MLD water treatment plant as part of the Kuala Terengganu Utara Water Supply Scheme for the State Government of Terengganu, Malaysia.



^ Engineering design of the Chlor-Alkali Plant in Tanzania

- ▶ In 2018, we forayed into the chemical production industry with an EPCC job to develop a chlor-alkali plant for the production of chlorine and caustic soda in Tanzania. As part of our asset ownership business model strategy, we also took a minority stake in Sufini Holdings Ltd, a joint-venture company with Junaco (T) Ltd, owner of the chlor-alkali plant.
- ▶ In 2019, we secured another EPCC job to develop a chlorine processing plant and a steam turbine power plant in Uzbekistan.



^ Biogas power plant

- ▶ In 2018, we diversified into the biogas power generation industry when we secured an EPCC contract for a 2.7 MW biogas power plant from Green & Smart Holdings PLC ("Green & Smart"). To gain more similar contracts, we acquired a minority stake in Green & Smart.

ECONOMICS

RENEWABLE ENERGY



We have actively invested in renewable energy assets in line with our mission to become a sustainable and environmentally responsible company. Through our asset ownership business model, we increased our investments

in companies involved in hydropower generation and biogas power generation between 2015 and 2019. This bring our Group's renewable energy portfolio to approximately 59 MW.



SMALL/MINI HYDROPOWER PLANTS

Between 2015 and 2018, we entered into agreements to acquire minority stake in companies which owns small or mini hydropower plant projects. These companies have obtained the necessary approvals to develop hydropower plants and supply electricity to the national power grid. The following diagram depicts some of our interests in mini/small hydropower plants.

Our interests in mini/small hydropower plants



BIOGAS POWER PLANT

In 2018, we took a 25% equity interest in Green & Smart Holdings Plc ("GSH") which is involved in the renewable energy sector in Malaysia. It focuses on power generation from biogas captured through the treatment of palm oil mill effluent ("POME"). To date, GSH group has completed two biogas power plants located in Johor and Penang. It has awarded one EPCC contract to our subsidiary, Serba Dinamik Sdn Bhd, for a 2.7 MW biogas power plant in Teluk Intan, Perak.

Biogas is formed naturally when POME decomposes in the absence of oxygen. More than 50% of biogas comprises methane, a greenhouse gas ("GHG") that is many times more damaging than carbon dioxide as a heat-trapping gas that contributes to global warming. The biogas power plant would reduce the impact of methane in climate change by harnessing biogas to generate electricity.





ECONOMICS

VALUE CREATION

CONTRIBUTION TO ECONOMIES AND BEYOND

As we expand our operations globally, we are proud to be able to create value in the economies which we have operations. The scale of our operations allows us to make the following significant and long-term economic contributions:

- Direct economic contribution of our business activities;
- Taxes to governments in the various countries where we operate.

OUR VALUE DISTRIBUTED TO THE ECONOMY IN FYE 2019



Additionally, our business operations create jobs and stimulate the production and consumption of goods and services in the countries we operate in. This is achieved through our supply chain as we purchase goods and services to operate our business. Similarly, we are part of the value chain where our products and services are, in turn, used by our customers to create value. In combination, our supply chain and value-added chain create multiplier effects where wealth moves from one sector of the economy to the next, thus benefitting a wide circle of the commercial and consumer community.

The larger our revenue base, the higher the quantum of benefits to the various economies and communities in the countries where we operate.

ECONOMIC VALUE DISTRIBUTION

	FYE 2019 RM Million
Economic value generated	
Revenue and other income	4,537.00
Economic value distributed	
Operating costs ¹	3,572.71
Wages and benefits to employees ²	119.19
Payments to providers of capital ³	344.20
Payments to government ⁴	51.47
Economic value retained	449.43
Aggregated economic contribution	4,087.57

1 Operating cost are related to expenses recognised in the financial statements. This includes expenditure paid to suppliers, contractors, and professional fees for provision of technical consultancy and related fees and exclude employee/personnel expenses such as wages and benefit, payments to governments, depreciation and taxes.

2 Wages and benefits to employees include wages and salaries of personnel directly related to contracts/projects, and technical personnel, as well as full time employees from various departments including managerial and professional, clerical, administrative, sales and marketing and others.

3 Payments to providers of capital refer to dividends paid to shareholders of our Group, and interest payments comprising interest expense on borrowings for project financing and finance acquisition of companies.

4 Payments to government refer to payments of corporate income tax.

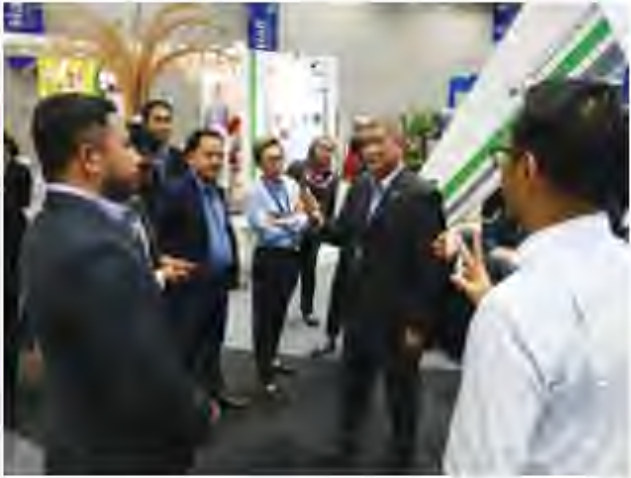
ECONOMICS

OUR VENDOR DEVELOPMENT PROGRAMME

In 2015, we were appointed by Malaysia's Ministry of International Trade and Industry ("MITI") to be an anchor company for a vendor development programme ("VDP"). Our role as anchor company is to assist in nurturing and developing Malaysian Bumiputera entrepreneurs relating to MRO of rotating equipment and IRM of static equipment and structures.

In 2018, PETRONAS launched VDPx, a new vendor development scheme as an extension of its VDP programme, with the collaboration of several major industry players in Malaysia. We were selected together with 17 other organisations to be anchor companies to replicate PETRONAS' VDP programme to reach out to more local vendors, and further amplify its benefits to the industry as well as the nation.

We are committed to operate our VDP to support local small and medium enterprises ("SME") in their pursuit of excellence, and contribute to the economic growth of the Malaysian industrial community.



^ Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah at the Vendor Innovation Partnership Programme 2019 which provides a platform for anchor companies and vendors to expand their business through various steps and stages of the supply chain.

To date, we have 12 vendors registered under our VDP. Since the commencement of our VDP in mid-2016 till end-2019, we have awarded contracts totaling RM2.03 billion to these vendors.



DEVELOPING SMALL AND MEDIUM ENTERPRISES

- Provide opportunities for local SME to participate in the engineering solutions sector, including MRO of rotating equipment and IRM of static equipment and structures.
- Nurture SME to be globally competitive to secure foreign earnings to benefit the Malaysian economy.
- Create business transactions to contribute directly to economic value generation to bring wealth to Malaysia.
- Fiscal contribution from property and corporate taxes to government revenue, which provides support to public infrastructure and service development for the local communities.



CREATING AND SUSTAINING JOBS

- Building SME capabilities by developing human capital covering entrepreneurship, technological and engineering expertise, and product development capabilities within the engineering sector for the oil and gas, and power generation industries.
- Initiate and develop training programmes to encourage on-the-job training and skills development programme with targeted efforts to meet international standards.
- Encourage people development by creating linkages with global suppliers for technology, skills and knowledge transfer.

ECONOMICS

THINK GLOBALLY, ACT LOCALLY

As we expand our business internationally, we always instill on our employees a “Think Globally, Act Locally” philosophy. To be successful in a foreign country we need to learn to be respectful and adapt to its people’s culture, practices and environment. Setting a global vision for a company is important as it helps us achieve the primary objective of the business, which is profit maximisation. However, at the same time, we need to be able to satisfy local workers, customers, suppliers, government and the environment.

SUPPLY CHAIN

Our relationship with suppliers is critical to our business operations and sustainability. In the countries where we operate we seek to work with suppliers that share our value systems and comply with our supplier’s code of conduct including, among others, corporate governance, fair and legal practices, health and safety, transparency, labour laws, human rights and environmental compliance. Through engagements with suppliers and assessment of our supply chain, we will continue to improve our performance and create mutually beneficial shared values.

In 2019, we purchased goods and services from more than 1200 suppliers. These are mainly for the purchase of parts, consumables, tools, equipment and services.



We will continue to support, where possible, local suppliers in the respective countries where we operate. In Malaysia, as we are charged with the role of an anchor company for VDP, we will continue to prioritise and actively support Malaysian-owned companies.

EMPLOYING LOCALS

Job creation is also a goal we aim to achieve whenever we enter into new geographic markets. Having the support of the locals would also be beneficial to our operations. During our early years operating in Bintulu and Miri in Sarawak we were mainly supported by local Sarawakians, some of whom have been working with us for over 20 years.

We intend to create the same impact in foreign countries where we operate.

During the year, we undertook projects in Tanzania and Laos for the development of a chlor-alkali plant and small hydropower plants respectively. As part of our Group’s goal to hire the locals, more than 60% of our workforce in Tanzania and Laos are locals including site supervisor, site engineers, technicians, administrative and account executives.



^ Our employees in Tanzania for the Chlor-Alkali project





ENVIRONMENT

ENVIRONMENT

PROTECTING AND CARING FOR THE ENVIRONMENT

ENVIRONMENTAL CONSCIOUSNESS

OUR APPROACH

We are aware that we are part of the value chain in extracting, processing and using non-renewable resources in the form of fossil fuel like oil and gas. As such, the more wealth is created for our shareholders, the more impact our business would be on the environment. We acknowledge that the environment is a shared resource which affects every living being on the planet. What we choose to do with the environment would eventually affect the sustainability of our business. Our ability to preserve the sanctity of the environment and possibly reverse some of the ravages on the environment will hold us in high esteem by our customer as well as the local community. Generating goodwill will contribute a long way to the sustainability of our business.

As a consumer of resources such as energy and water, we will continue to play our part to reduce usage to conserve these scarce resources.

We are committed to address challenges and opportunities in our natural surroundings where we conduct our business. This will enable us to contribute to environmental value and minimise damage to the environment. We are an ISO 14001:2015 certified organisation. We strive to maintain and adhere to sound environmental management system with the following approaches:

- ▶ Investing and supporting activities that are involved in renewable and clean energy to create environment sustainability and economic value.
- ▶ Implement environmental management programmes including creating awareness and consciousness of the importance of environmental preservation.
- ▶ Management review and monitoring to meet environmental standards in minimising energy and water consumption to reduce our impact on the environment.
- ▶ Formulate energy efficiency initiatives in our operational facilities to improve energy efficiency level.

Our international environmental standards are detailed in our health, safety, environment control framework. Our projects and operational facilities comply with local environmental regulations and internal standards.

With our international presence, our capabilities to streamline work processes with clearly defined responsibilities will contribute to greater efficiency and bottom line by facilitating environmental initiatives and improvements.



Water Conservation



WATER CONSUMPTION
66,416 m³ of water was consumed from our Malaysian operations for FYE2019

Although water is a renewable resource its availability in a form that is drinkable and usable for other domestic and industrial uses is limited. As the world continues to develop and population continues to grow, the demand for clean water is prevalent. In view thereof we encourage responsible water usage and conservation. Through the introduction of water initiatives, control and monitoring programmes, we intend to educate our employees in reducing wastage of water and streamline the approach in meeting our internal environmental standards.

Energy Saving Initiatives



We encourage our employees and site personnel to turn off their computers and laptops if they are going to be away from their desk for a break or for a long period of time. Staff are also required to turn off the lights when not needed during break time and after office hours. We also carry out regular maintenance on all our office equipment to keep them running efficiently.

ELECTRICITY CONSUMPTION
6.71 GWh of electricity was consumed from our Malaysian operations for FYE2019

Waste Management

Proper waste management, with effective communication, promotes and increases awareness and environmental consciousness in the community.

As a maintenance service provider, the types of waste that we generate are items such as lubricating oil and contaminated containers and rags. These scheduled wastes are packaged, labelled and then transported in accordance with the prescribed local guidelines and regulations. Our Bintulu Service Centre has a Certified Environmental Professional in Schedule Waste Management ("CePSWaM") who is responsible to ensure the scheduled waste management of our service centre are being handled and disposed properly in line with the Environmental Quality (Scheduled Wastes) Regulation 2005. Two of our employees from Labuan and Paka Service Centre respectively are also in the midst of obtaining their certifications.

ENVIRONMENT

ENVIRONMENTAL SUSTAINABILITY PROGRAMME 2019

EDUCATING THE SOCIETY ABOUT WASTE MANAGEMENT



On 25 to 28 August 2019, we collaborated with Bintulu Development Authority ("BDA") to organise our inaugural Environmental Sustainability Programme in Bintulu, Sarawak. The programme involved 24 Mechanical Engineering students from University Technology Petronas (UTP), Perak and 25 families from Kampung Jepak in Bintulu



During the four-day programme, students from UTP were taught the Bokashi composting method, a cost-effective and organic way of producing fertiliser, by lecturers from the Department of Crop Science, the Faculty of Agriculture and Food Sciences of Universiti Putra Malaysia ("UPM") Bintulu Campus.

The Bokashi composting method involves recycling food scraps such as vegetables and fruits into organic compost fertilisers which is then used to grow agricultural produce.



ENVIRONMENT

These students then share the said composting method with their respective foster families in Kampung Jepak as cultural and knowledge exchange. Coming from urban cities in Peninsular Malaysia, these students also learnt about the Sarawak culture, tradition and food from their respective foster families during the course of this programme. Since the programme was launched, these families have continued to process their food wastes into natural fertilisers.



This was an effort to change the habits and open the minds of our society by encouraging more responsible and systematic disposal of organic waste as well as helping the local government to achieve the goal of fostering a more harmonious and healthy community life.

SUPPORTING THE GO GREEN CAMPAIGN



Part of our support for the Go Green campaign for Environmental Care Awareness, our Labuan Service Centre planted trees within the compound of our service centre in March 2019.



This programme was our first step in raising awareness and educating the villagers about the importance of solid waste management. Moving forward, we will be continuing to introduce other methods of recycling and organising environmental management programmes with the community. We hope that in the long run this awareness is shared within the community thus helping to reduce the cost of waste disposal and eventually extends the lifespan of dump sites.





ENVIRONMENT

SUPPORTING CLEAN ENERGY

INVESTMENTS IN RENEWABLE POWER GENERATION ASSETS

We are aware that we are part of the value chain in extracting, processing and using non-renewable fossil fuels such as oil and gas. While the world today continues to be heavily dependent on fossil fuels, we are committed to pursue alternative renewable and clean energy. During the year, we maintained our investments in companies which are involved in renewable and clean energy at approximately 59 MW.



BRIDGESTONE WORLD SOLAR CHALLENGE 2019

In line with our Group's support for the innovation of renewable energy, we were one of the sponsors for the Eco Photon Solar Racing Team, Malaysia's sole participant from Universiti Teknologi Mara ("UiTM"), to participate in the Bridgestone World Solar Challenge which took place in Australia in October 2019. The team completed the 3,000 km journey from Darwin to Adelaide.



ENVIRONMENT

HYDROGEN ZERO EMISSION MOBILITY AND EDUCATION ROADSHOW 2019

Serba Dinamik Indonesia and Ecubes Arcola, with the full support from the British Embassy in Indonesia and the Surabaya City Government, delivered the hydrogen mobility education roadshow in Surabaya, East Java.



Hydrogen Zero Emission Mobility and Education Programme is an initiative by Ecubes Arcola to deliver clean energy infrastructure based on hydrogen technologies. Ecubes Arcola entered into a 25-year agreement with the regional South Sumatran government to deliver a rolling programme of hydrogen power generation and transportation projects throughout the province.

This initiative kick-started at the 2018 Asian Games where Ecubes Arcola facilitated hands-on technology workshops for 1,000 school children in South Sumatra and Java, Indonesia where students work to create the most energy efficient vehicle using custom-designed Lego kits and miniature hydrogen fuel cells.



In 2019, Serba Dinamik Indonesia and Ecubes Arcola continued to deliver this programme to 90 students from 30 Junior High Schools in Surabaya. Students were challenged to build-design-race hydrogen powered model cars using custom-designed lego kits and 1.5M miniature hydrogen fuel cells to create the most energy efficient vehicle possible. Moving forward, the British Embassy in Indonesia and the Surabaya City Government together with Serba Dinamik Indonesia and Ecubes Arcola will work together in developing the first zero emission bus using hydrogen fuel cell.



SOCIAL

SOCIAL RESPONSIBILITY TOWARDS OUR EMPLOYEES AND THE COMMUNITY

CORPORATE SOCIAL RESPONSIBILITIES

COMMUNITY OUTREACH

We recognise that investing in the community goes beyond monetary measures. Part of our “Building Stronger Relationship with the Community” programme is to contribute our efforts, time and involvement in activities

that matter most to the community. During the year in 2019 we organised and participated in community service and social activities. We make efforts to give back to the communities in which we operate including Bintulu, Miri, Paka, Labuan and Greater Kuala Lumpur in Malaysia, as well as in Indonesia.



17 MAY 2019



SHAH ALAM
Selangor

Bubur Lambuk Distribution

- Distribution of bubur lambuk (congee) to the public surrounding our head office



23 MAY 2019



MIRI
Sarawak

ASNAF Donation during Ramadhan

- Distribution of food supplies and donations to the Voluntary Youth Development Miri, which is an association involve in providing donations to families of ASNAF



29 MAY 2019



SHAH ALAM
Selangor

Iftar Ramadhan

- Distribution of donations to Tahfiz school, orphanage homes and people with disabilities.
- Our employees in Kuala Lumpur celebrating Ramadhan and breaking fast with children from Tahfiz schools and orphanages, as well as people with disabilities.

SOCIAL



29 MAY 2019



PAKA
Terengganu

ASNAF Donation during Ramadhan

- Distribution of food supplies and donations to ASNAF families



29 MAY 2019



JAKARTA
Indonesia

Iftar Ramadhan Dinner

- Our employees celebrating Ramadhan and breaking fast with 80 orphans from Rumah Zakat and Al-Munawwaroh foundation.



29 MAY 2019



CHUKAI
Terengganu

Donation to SK Bukit Anak Dara

- Distribution of donation to SK Bukit Anak Dara



19 NOV 2019



BALIKPAPAN
Indonesia

Donation for Orphans and Dhuafa

- Distribution of donations to orphans and dhuafa from Rumah Zakat Foundation



3 JUNE 2019



LABUAN

Semurni Kasih Ramadhan

- Distribution of donations to Tahfiz schools, old folks' home, and orphans from Kompleks Anak Yatim Darul Kifayah, MAIWP Labuan.
- Our employees in Labuan celebrating Ramadhan and breaking fast with children from Tahfiz schools and orphanages, as well as senior citizens from an old folk's home.



SOCIAL

COVID-19 CSR Programme

In the early of 2020, Malaysia as well as the entire world was hit with the global pandemic COVID-19 crisis. As a corporate citizen, we did our part by supporting the front liners in fighting the COVID-19 outbreak. We distributed personal protection equipment ("PPE") and other medical supplies including more than 100,000 face masks, disinfectants, latex gloves and infrared thermometers worth up to RM1.0 million to several hospitals in Kuala Lumpur, Selangor and Sarawak.

We also distributed food packages to the hard working and brave front liners at the hospitals who have been battling with COVID-19 daily.

Some of the hospitals which we donated are:

- University of Malaya Medical Centre
- Hospital Canselor Tuanku Muhriz UKM
- Serdang Hospital
- Selayang Hospital
- Sungai Buloh Hospital
- Kuala Lumpur Hospital
- Bintulu Hospital



**27 MARCH 2020****KUALA LUMPUR**
University of Malaya Medical Centre

Food Pack Donation

**2 APRIL 2020****KUALA LUMPUR**
Hospital Canselor Tuanku Muhriz UKM

PPE Donation



**7 APR 2020****SELANGOR**
Sungai Buloh Hospital

Food Pack Donation



**21 APRIL 2020****BINTULU**
Bintulu Hospital

Food Pack Donation







SOCIAL

CHARITABLE ACTIVITIES AND DONATIONS

As a responsible business entity, we not only focus on our business performance, but also strive to give back to society and the community. Part of our contributions goes to supporting institutions such as orphanages and non-profit government organisations.

We made several financial contributions and other benefits in kind. Over the past three years, we have collectively contributed approximately RM 600,000 to these deserving communities in Malaysia.

	Amount Disbursed (RM)		
	2017	2018	2019
Supporting the Underprivileged – Orphanages			
Teratak Nur Barakah	36,000	36,000	36,000
Rumah Amal Al Firdaus	36,000	36,000	36,000
Rumah Perlindungan Nur Hati	36,000	36,000	36,000
Baitulrahmah Hidayah Centre	58,080	58,080	36,000
Lembaga Kebajikan Anak-Anak Yatim Sarawak (PERYATIM)	-	38,839	7,000
Pelajar Kompleks Darul Kifayah MAIWP and PAWE Labuan	-	17,209	4,500
Anak-Anak ASNAF	-	8,755	5,500
Sekolah Kebangsaan Anak Bukit Dara	-	-	3,600
Persatuan Belia Miri	-	-	1,400
Pondok Biyadatul Hidayah Kundasang Lama	-	3,000	-
Supporting Non-Profit Government bodies			
Malaysian AIDS Foundation	-	22,400	-
National Kidney Foundation	-	10,000	-
Total monetary contribution	166,080	266,283	166,000

Our operations in Indonesia also gives back to the society and community. In FYE2019, we collectively contributed more than 140 million Rupiah or RM 40,000 to these deserving communities in Indonesia.

Some of the beneficiaries in Indonesia that we contributed are :

- Rumah Zakat Foundation
- Masjid Yayasan Berkah Mutiara
- Rumah Madani Forum
- Forum Muslimah Bellacasa Charity

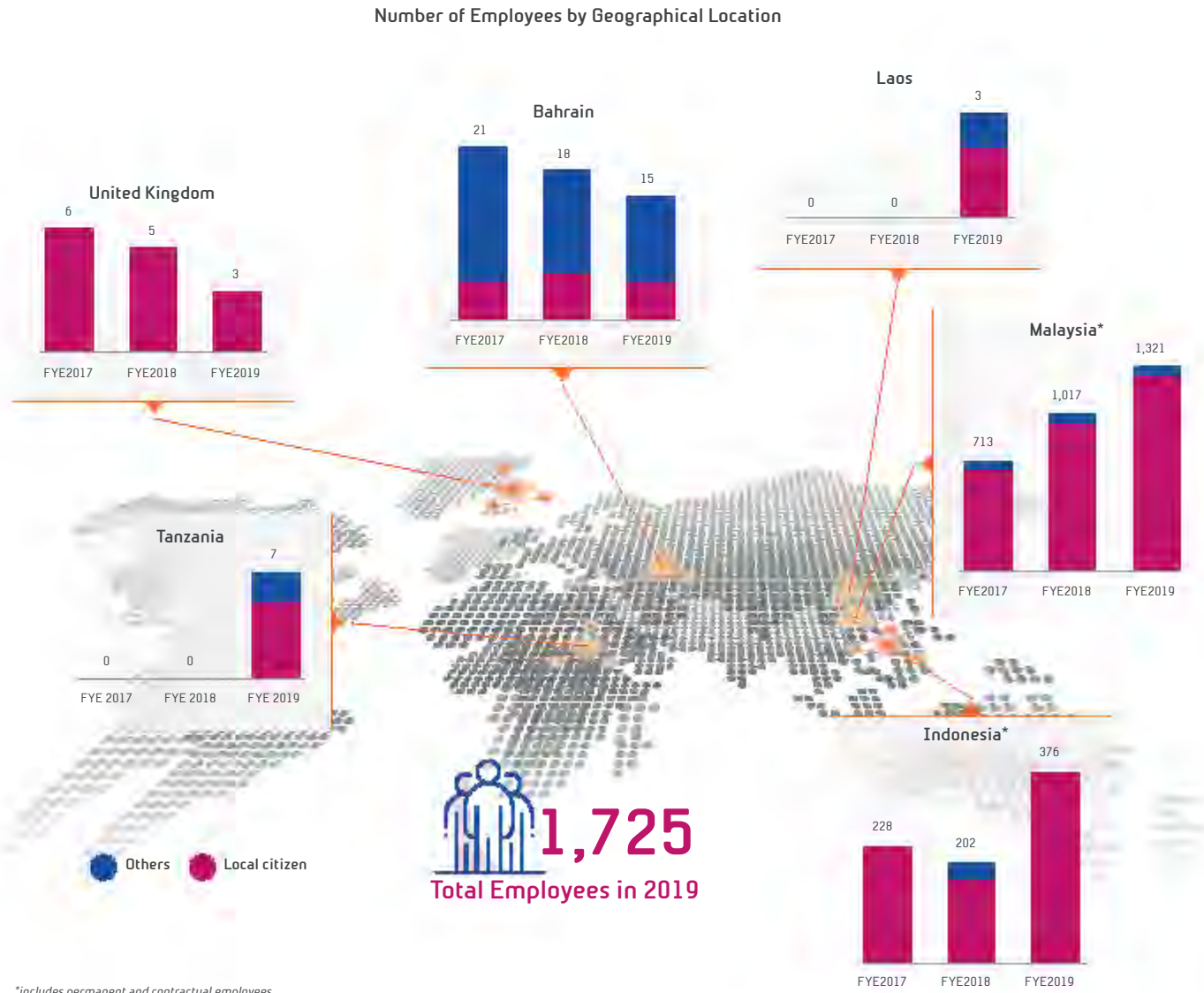
SOCIAL

THE WORKPLACE

WORKPLACE DIVERSITY

Having diversity in the workplace ensures variety of perspectives, skills and experiences. Being a global company with operations in various countries, we have a diverse workforce including people of varying gender, age, religion, race, ethnicity, cultural background and languages.

For example, while we are a Malaysian based company, our operations in Malaysia comprises employees from other countries including Bosnia, India, Indonesia, Guinea, Myanmar, Yemen, Philippines, Sri Lanka, Switzerland, Thailand, and United Kingdom. In a diverse workplace, employees are exposed to multiple perspectives and worldviews leading to higher innovation rate and increased creativity.





SERBA GROUP EMPLOYEES

"Always
deliver more than
expected."

"Coming
together
is a beginning,
staying
together
is progress,
and
working
together
is
success."

"See things in the
present, even if they
are in
future."

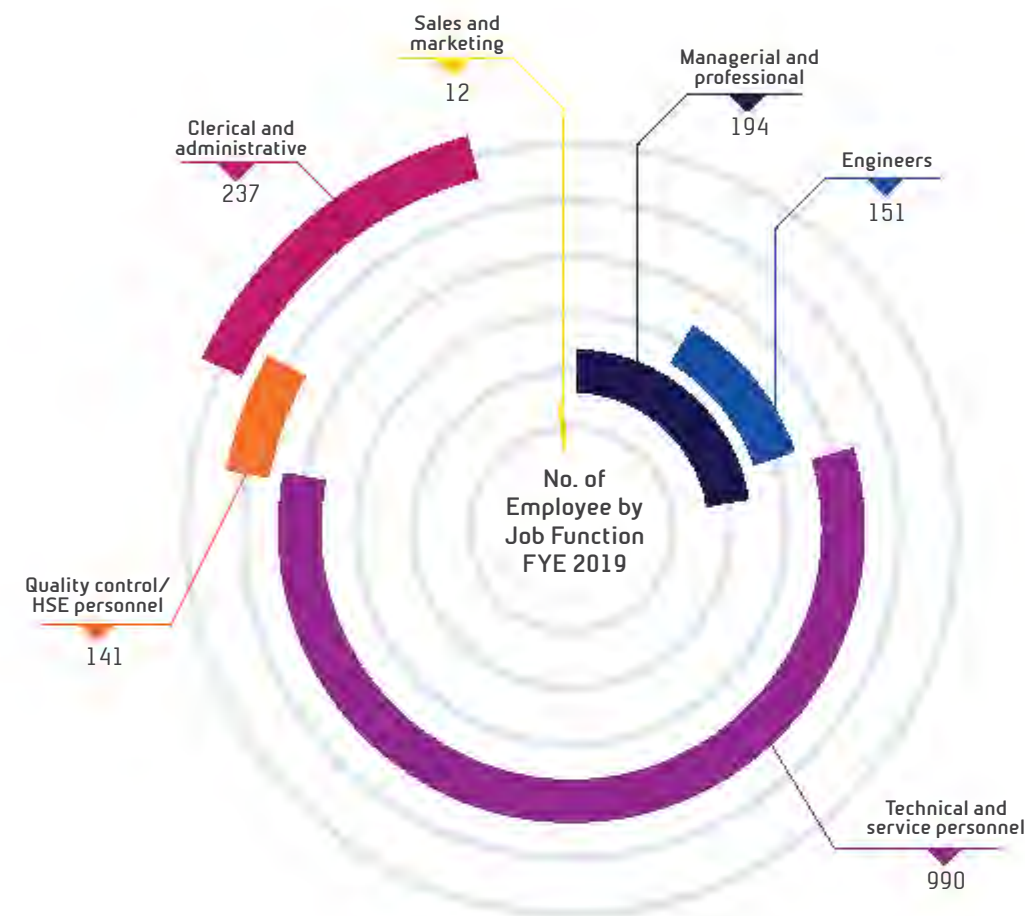
"Alone we can
do so little;
together
we can do
so much."



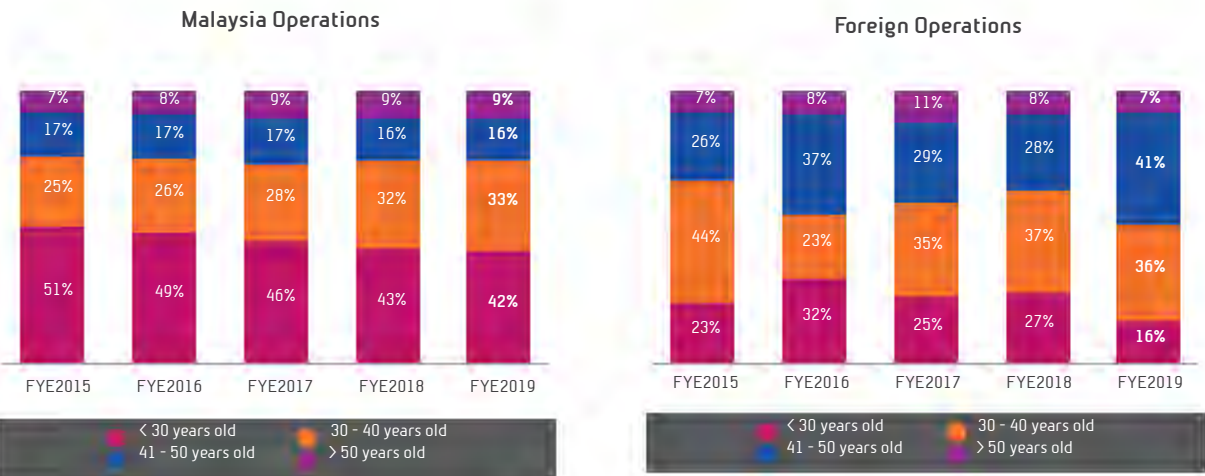


SOCIAL

No. OF EMPLOYEES BY JOB FUNCTION



AGE GROUP COMPOSITION (%)



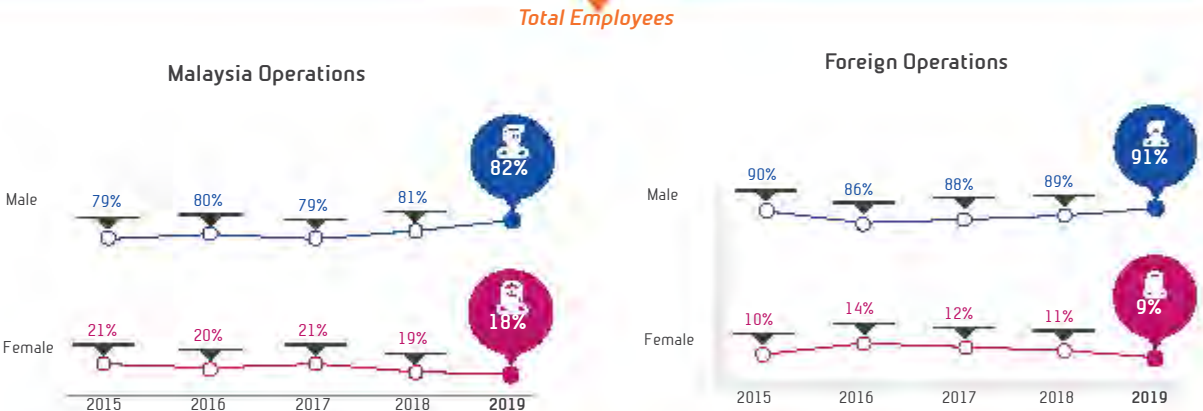
SOCIAL

GENDER DIVERSITY

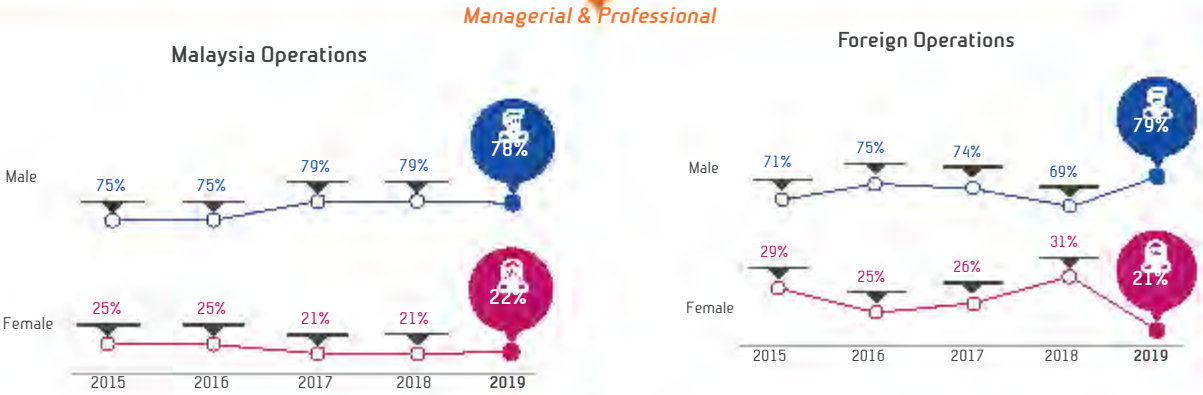
We support gender equal opportunity in our workplace by providing equal employment, career development and advancement opportunities, and pay packages without discrimination. We also seek to increase our Group's total female composition. However, the engineering field is a male dominated industry. As our total employee numbers grow, we make efforts to at least maintain our total female composition in Malaysia which stands between 18% and 21% over the past five years. It is inevitable that the total female composition in our overseas operations are low, however we make efforts to employ female in managerial and professional positions. The female composition in managerial and professional positions for both our Malaysian and foreign operations has been more than 20% for over the past five years. During the year, we also increased the female composition among our board of directors to 25%.

We recognise that more work needs to be done to create gender equal opportunities in our operations, and we are stepping up our actions to improve the imbalance by increasing the employment of women across all areas of our organisation. To this end, we have introduced some internal initiatives to attract and retain talented women employees, including developing and accelerating the career of female employees who demonstrate leadership skills in their areas of operation. In addition, we recognise that one of the ways of achieving an equal balance of men and women in our Group is to build the pipeline of potential female employees. Part of our initiatives for 2019 is to give seminars and talks targeted at female engineering students in tertiary educational institutions as well as vocational students with the intention of attracting them to join our Group.

GENDER COMPOSITION (%)



GENDER COMPOSITION (%)



SOCIAL

SOCIAL



HAMIDAH BT JUSOH,
QAQC Engineer
(Joined in 2015)

MY DAILY LIFE IN SERBA DINAMIK

“My role as a quality assurance and quality control engineer involves preparation of checklist, inspection test plan and WCS before commencing any job. I am also involved in inspecting pump parts and record measurements for overhaul activities at the workshop and plant site. I would also communicate with the respective clients on any findings and finally create the final report for the job.”

SERBA DINAMIK MADE ME A BETTER ENGINEER

“In the beginning, I didn’t like engineering even though I have an engineering degree. However, when I started to work in Serba Dinamik as a new employee, I was given the opportunity to handle equalising pump overhaul from the beginning until it was completely dismantled. I was given the responsibility to source spare parts, and companies to fabricate pinion shafts as well as blasting and painting. Throughout it all, my senior and quality assurance and quality control manager guided me diligently. Until today I continue to learn new knowledge and master new skills to be an exemplary asset to my employer. I am excited to learn more about mechanical engineering which eventually made me fall in love with engineering.”

PROUD MOMENTS IN SERBA DINAMIK

“I am proud that Serba Dinamik has given me the opportunity to present myself as a quality assurance and quality control engineer and be inclusive in the company. No one has ever treated me differently just because I am a woman. I am also grateful that Serba Dinamik is very focused and always maintain quality, health and safety of each worker.”

WOMEN IN ENGINEERING

“Nowadays, the engineering field is not only for men. Due to current developments, educated women can also have careers in engineering. By involving women, they can offer different perspectives to situations and come up with ideas that guys may never thought about before.

My advice to young girls out there that are interested in pursuing engineering, is to always be motivated and prepare yourself mentally and physically. Also know that the industry values women as well.”

“No one has ever treated me differently just because I am a woman”