CORE VALUE #2: HEALTH, SAFETY AND ENVIRONMENT

ENVIRONMENTAL Preserving and protecting the environment for present and future generations through climate action and resources efficiency

CLIMATE CHANGE RESILIENCE

Why It Matters

We recognise climate change as a pressing global issue that affects the global environment, social and economic systems, significantly shaping the future of our world. In Malaysia, heatwaves, excessive rainfall, and floods have disrupted communities and livelihoods.

The Intergovernmental Panel on Climate Change ("IPCC") 6th Assessment Report emphasises the need for global mobilisation and scaling up solutions to achieve a sustainable future. Therefore, we are committed to gradually reducing our GHG emissions and minimising non-renewable energy consumption. Additionally, we are dedicated to incorporating innovative approaches into our operations.

Given the uncertainties in carbon policy, low carbon technology maturity, and high investment costs, meticulous planning and execution of decarbonisation efforts are essential for a smooth transition to a low carbon economy.

Our Approach and Performance

Our dedication to protecting the planet is firmly established within our Sustainability Policy, Environmental Policy, and Climate Change Policy. These policies reflect the ethical climate set by the leadership at the Board, BRIC, and senior management levels, resonating throughout the entire organisation. For more information on our climate change-related policies, please visit our corporate website at www.deleum.com.



Governance

At Deleum, the Board holds direct oversight and ultimate accountability for all climate-related risks and opportunities. The Board serves as the ultimate decision-making authority concerning the Group's sustainability directions.

With the support of the BRIC, the Board remains informed on all climate-related risks and opportunities and all matters relating to sustainability. The Board is tasked with overseeing and approving sustainability policies and initiatives, considering climate-related issues when reviewing and guiding overall strategy, risk management policies and financial planning.

The GCEO, who also serves on the Board, is responsible for the overall implementation of sustainability strategies, priorities, goals, targets, and initiatives, including matters related to climate change-related risks and opportunities.

Within this governance structure, the MCRC assumes a pivotal role in supporting the Board by strategically managing significant sustainability and climate risk matters.

The MCRC supports the GCEO with the task of implementing sustainability strategies, priorities, goals, targets, and initiatives. Beyond that, the committee is also tasked to assess sustainability risks, including climate-related risks and opportunities. In FY2024, we have conducted Climate Change Strategy and Roadmap workshops to set GHG emissions reduction targets and initiatives.

Strategy

Recognising the potential impacts of global temperature increases within the range of 1.5 to 2.0 degrees Celsius, aligning with the Paris Agreement target, we have taken proactive measures for climate transition to aid in our planning and adaptation strategies for navigating the effects of climate change. We have also considered scenarios based on the national context, including Malaysia's commitment to reducing GHG emissions intensity by 45% by 2030.



Climate Change Strategy and Roadmap

Deleum develops its Climate Change Strategy and Roadmap 2025-2029, in line with the National OGSE Sustainability ("NOS") Roadmap. The NOS-Roadmap is designed to guide Oil and Gas Services and Equipment companies in adopting sustainable practices and initiating their sustainability reporting journey.



Business Continuity Management ("BCM")

We have conducted scenario-based simulations within our BCM System at operational sites to assess and enhance our emergency response capabilities. These exercises ensure the effective activation of response measures to safeguard our workforce, the environment, critical assets, and corporate reputation against climate-related and operational disruptions.



Issuing Travel Alerts

Adhering to adverse weather guidelines, we issue travel alerts based on forecasts to mitigate potential hazards posed by adverse weather conditions.

Monitoring Weather

We closely monitor weather patterns utilising rainfall data and forecasts provided by MetMalaysia to stay abreast of changing conditions and to anticipate potential risks.





Monitoring Climate Change Effects

We continuously monitor the effects of climate change on our business presence and operations, enabling us to adapt and respond effectively to evolving environmental conditions.

Issuing Flood Alerts

In alignment with adverse weather guidelines, we issue flood alerts, highlighting potential hazards and providing evacuation instructions to safeguard personnel and assets.



Activating Emergency Response

Our Emergency Response Team is activated to aid flood victims and address the impact on operational facilities, ensuring a swift and coordinated response to mitigate disruptions.

Our approach to climate change involves systematic-based scenario testing and strategic risk management. We are committed to enhancing operational resilience by integrating environmental adaptation strategies that protect our assets, personnel, and communities.

These measures help us proactively respond to emerging environmental challenges, ensuring our organisation remains adaptable and responsible in a changing climate.

Risk Management

We have integrated climate-related risk management processes into our Sustainability Framework and ERM Framework. Our approach aligns with COSO guidelines, ensuring a comprehensive strategy for addressing climate change challenges.

The following outlines our strategic approach to ensuring comprehensive management and integration of climate-related risks across all facets of Deleum's business operations:

Identify

- The climate change risk assessment process is guided by the risk-related framework policy and procedures, specifically the ERM Framework.
- All business units and corporate resources functions are required to conduct an annual review of their risk profiles.
- Integrate climate change risk into the enterprise-wide multi-disciplinary risk heat map, facilitated by the CCSR Department.

Manage

- Monitor performance against set targets.
- Regularly monitor and report GHG emissions and energy consumption indicators.
- Identify and implement actions to reduce GHG emissions.

Report

- Streamline and consolidate into a unified risk reporting structure to present to the MCRC, BRIC, and Board on a quarterly basis.
- Provide quarterly reports to the MCRC, BRIC, and Board through the internal sustainability progress report and risk management report, detailing the actions taken to address climate change risks for deliberation and revision.







Additionally, the management team conducts reviews of risks stemming from climate change and associated impacts through the MCRC.

We recognise the physical and transitional risks posed by climate change, understanding their potential material impact on returns and long-term business value.

To address these challenges proactively, we have embedded climate-related risk management processes and practices into our ERM framework, enabling us to identify and evaluate climate-associated risks across the Group's business value chain, spanning short, medium, and long-term horizons, as outlined in the following:

				Estimated Time Horizon		
Category	Туре	Risk	Opportunities	Short (<5 years)	Medium (5-10 years)	Long (>10 years)
Physical	Acute	Floods, strong wind/ monsoon that affect productivity and business activities	As climate adaptation becomes essential, businesses can be positioned to capitalise on the demand for resilient infrastructure, disaster preparedness through weather monitoring and early warning system.	•	0	\bigcirc
	Chronic	Rising sea levels, extreme heat poses health impacts	As climate adaptation becomes essential, businesses can be positioned to capitalise on the demand for resilient infrastructure, disaster preparedness through weather monitoring and early warning system.			v
Transition	Policy and Legal	Public disclosure obligations, data accuracy and transparency	The Group can achieve business excellence by prioritising innovation, fostering a culture of continuous improvement, and adapting to changing market dynamics	0	0	
	Technology	Costs to adopt low emissions technologies	Switching to renewable energy reduces climate risks and creates future business opportunities through innovative climate adaptation technologies		\bigcirc	
	Market	Increasing customer preferences for low- carbon products and services	Seize opportunities by investing in emissions reduction projects and monetising carbon credits while developing innovative solutions for climate adaptation to address and mitigate climate risks	0	0	
	Reputation	Heightened level of scrutiny, concern, and feedback from stakeholders	Harness the increased stakeholders' interest by enhancing communication, addressing concerns, and leveraging feedback to improve and strengthen relationships	0	0	

Metrics and Targets

We continue to refine our data measurement, accounting, and validation processes to ensure reliable and accurate GHG and energy consumption data for Scope 1 and Scope 2, in line with our commitment to provide stakeholders with a comprehensive and reliable overview of our GHG emissions. As part of this commitment, we are adopting ISO 14064 certification–an international standard for quantifying and reporting greenhouse gas emissions to further improve our credibility. This aligns with our broader environmental goals, demonstrating our dedication to accountability and responsible business practices.

Scope 3 emissions are currently in the pre-determined process stage, where we are identifying and evaluating all relevant sources of indirect emissions within our value chain. This involves collaborating with suppliers and other stakeholders to gather accurate data and ensure comprehensive reporting.

In FY2024, Deleum's CO₂e emissions across Scope 1 and Scope 2 are as below:

- Scope 1: 1,207.7 tCO₂e
- Scope 2: 657.3 tCO₂e
- Total of Scope 1 and Scope 2: 1,865.0 tCO,e

These data provide us with a comprehensive view of our carbon footprint and act as guidance for Deleum's efforts to mitigate climaterelated risks and implement effective reduction strategies.

More information is provided in GHG Emissions and Energy Management on pages 55 to 59.

GHG EMISSION



Why It Matters

We acknowledge climate change as a global issue, critically influencing the development of the natural world, the economy, and society. Hence, we pledge to steadily decrease our GHG emissions in the coming years. Recognising our role in creating a sustainable future, we understand that combating climate change is not only ecologically important but also essential for business success and societal progress.

Our Approach and Performance

Carbon Emissions

Our carbon emissions include both direct and indirect emissions. Focusing on energy efficiency helps reduce energy consumption, which consequently lowers emissions. Since carbon emissions contribute to climate change and are primarily derived from energy consumption, we continue to pursue efficiency in using both direct and indirect energy sources.

We remain committed to adopting best practices to progressively reduce emissions across business operations. We comply with the calculation methods as prescribed by TCFD, the GHG Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"), GRI and the Energy Commission's National Energy Balance 2016.

GHG Emission Procedure

In FY2024, we established a GHG Emissions Inventory Management Procedure to systematically manage and reduce our carbon footprint. This procedure was designed to guide our business operations in the quantification, monitoring, and reporting of GHG emissions, specifically Carbon Dioxide ("CO₂"), Methane ("CH₄"), Nitrous Oxide ("N₂O") and fugitive emissions.

Deleum has adopted Operational Control as the consolidation approach. This approach shall be applied consistently across all entity levels and reporting scopes (Scope 1 and Scope 2). Under operational control, Deleum accounts for 100% of the GHG emissions over which it has operational control. For clarity, Deleum does not account for GHG emissions from operations in which it owns an interest but does not have operational control in Malaysia.

GHG Emissions Sources

Scope 1: Direct GHG Emissions from Malaysian operations include emissions from stationary sources such as generators, power packs, and welding machines. Additionally, mobile combustion sources encompass on-road vehicles such as company-owned cars, vans and trucks as well as non-road vehicles such as company-owned forklifts.

Scope 2: Indirect GHG Emissions from Malaysian operations arise from the purchased electricity supplied by local energy providers in Peninsular and East Malaysia.

Following are the Group's total emissions based on Scope 1 and Scope 2 sources in metric tonnes of carbon dioxide equivalent ("tCO2e") in reference to GHG Protocol, as presented below:

*GHG Emission Category	FY2022 ⁽¹⁾	FY2023 ^{(1) & (2)}	FY2024 ⁽²⁾
Scope 1 Direct Emissions (tCO ₂ e)	895.5	1,188.1	1,207.7
Breakdown ⁽³⁾ :			
Carbon Dioxide (kgCO ₂)	-	1,150,573.9	1,169,540.8
Methane (kgCH ₄)	-	244.8	213.7
Nitrous Oxide (kgN ₂ O)	-	2,228.5	3,530.8
Hydrofluorocarbons (kgHFCs)			
- R22	-	17,904.6	17,904.6
- R31	-	8.7	8.7
- R32	-	2,426.8	2,426.8
- R410A	-	7,483.7	7,483.7
Scope 2 Indirect Emissions (tCO ₂ e)	534.3	562.2	657.3
Total Scope 1 and Scope 2 (tCO ₂ e)	1,429.8	1,750.3	1,865.0

* Note: In FY2024, our GHG baseline year has been revised from FY2019 to FY2023, to reflect the significant projects and adopting new methodologies of ISO14064:1. The Global Warning Potential ("GWPs") used in our calculations are sourced from the Intergovernmental Panel on Climate Change ("IPCC") Sixth Assessment Report (AR6), with a GWP time horizon of 100 years.

¹ Our Scope 1 and Scope 2 figures for FY2022 to FY2023 have been restated as correction of error.

² Our Scope 1 and Scope 2 figures for FY2023 and FY2024 have been verified by independent third party, BSI in accordance with ISO14064-1: 2018, at a materiality threshold of 5%. The Verification Opinion Statement can be viewed at pages from 94 to 98 of this Report.

³ The breakdown of GHG is only available starting from FY2023.

GHG Intensity

GHG intensity refers to the amount of GHG emissions that are produced per unit of activity, such as per unit of energy consumed or per unit of product manufactured.

By measuring GHG intensity, it is possible to identify opportunities for reducing emissions and improving the sustainability of various industries and processes.

* GHG Intensity Category	FY2022	FY2023	FY2024
GHG Intensity per workforce (tCO ₂ e/Workforce)	1.8	2.2	1.4
GHG Intensity per revenue (tCO ₂ e/RM Million)	2.0	2.2	2.1

* Note: Our GHG Intensity and Energy Efficiency for FY2022 and FY2023, have been restated as correction of error. GHG intensity is quantified by dividing the total GHG emission with the Group's total revenue and total number of workforce.

The analysis of the GHG emissions and intensity movement can be found at our Energy Management section of this Statement.

Enhancing Environmental Performance Across the Value Chain

We are committed to minimising environmental impact throughout our supply chains, with a particular focus on supporting our value chain members to reduce their environmental footprint. To identify and estimate these emissions, we are currently conducting a preliminary assessment to determine the relevant Scope 3 GHG emissions.

Strategic GHG Emissions Management

Our involvement in these associations not only advances our own sustainability contributions but also drives our sustainability journey forward in advocating sustainable development among our peers in the oil and gas industry, ensuring environmental responsibility and transitions towards a more sustainable future. Through active participation in networks, we collaborate with industry leaders to promote innovative solutions and best practices:

CEO Action Network

The CEO Action Network's climate change strategy focuses on collective commitments to sustainability leadership, policy advocacy, and capacity building to drive meaningful climate action and achieve net-zero emissions by 2050



Malaysian Gas Association

The Malaysian Gas Association's climate change strategy focuses on advancing environmental sustainability and supporting Malaysia's energy transition goals to achieve net-zero carbon emissions by 2050





The Malaysian Oil, Gas and Energy Services Council's climate change strategy focuses on sustainable growth and energy transition to achieve net-zero carbon emissions by 2050, while enhancing the competitiveness of Malaysian companies in the global market

Institute of Corporate Directors Malaysia



The Institute of Corporate Directors Malaysia's climate change strategy emphasises embedding climate governance in corporate strategy and decision-making to achieve net-zero emissions by 2050

Through deliberate efforts in sustainability and innovation, we strive to drive meaningful change and set new standards for environmental responsibility.



Satellite imaging to track emissions for better climate change management



Digital slickline operations that can do more work in a single run to reduce energy consumption



Deleum formulated chemicals that can treat sludge, with oil as a by-product, which also saves costs and emissions from incinerating the sludge otherwise

These initiatives, which highlight the ongoing efforts to enhance climate resilience through innovation and strategic investments, can be found in the Innovation and Technology section of this Statement.

ENERGY MANAGEMENT



Why It Matters

We fully understand the fact that the Group's operations may impact the surrounding environment, such as energy and carbon footprints. With a dedication for preserving the environment, we are committed to practices that would lower our overall impact on power consumption, exhaust emission rates and pursuing the use of renewable sources of power. This commitment also demonstrates our goal of environmental conservation and future sustainability.

Our Approach and Performance

In committing to carbon neutrality by 2035, we have outlined the targets for carbon or GHG emission reduction, underpinned by the following initiatives:



In FY2024, our energy consumption increased from FY2023, in line with the growth in our operational activities. Despite the rise in total consumption, we reduced energy intensity per employee and revenue by optimisation, stringent internal controls and awareness promotion.

Energy Consumption

Year	Diesel (GJ)	Petrol (GJ)	Purchased Electricity (GJ)	Total Energy Consumption (GJ)
FY2022 ⁽¹⁾	11,625.8	170.9	2,915.5	15,266.0
FY2023 ^{(1) & (2)}	16,314.1	169.8	3,137.3	19,621.1
FY2024 ⁽²⁾	16,744.1	52.4	3,525.9	20,322.4

Energy Intensity

*Energy Intensity Category	FY2022 ⁽¹⁾	FY2023 ^{(1) & (2)}	FY2024 ⁽²⁾
Energy Intensity per Permanent Employees (GJ/Employee)	19.5	25.3	15.4
Energy Intensity per Revenue (GJ/RM Million)	21.9	24.8	22.3

* Notes: In FY2024, our GHG baseline year has been revised from FY2019 to FY2023, to reflect the significant projects and adopting new methodologies of ISO14064:1. This includes:

¹ Our Scope 1 and Scope 2 figures for FY2022 to FY2023 have been restated as correction of error.

² Our Scope 1 and Scope 2 figures for FY2023 and FY2024 have been verified by independent third party, BSI in accordance with ISO14064-1: 2018, at a materiality threshold of 5%. The Verification Opinion Statement can be viewed at pages from 94 to 98 of this Annual Report.

WASTE AND WATER MANAGEMENT

Why It Matters

We recognise that our operations may impact environmental quality, including air, water, and land, thereby endangering people and the surrounding ecosystem. We are committed to sustainable environmental protection, aiming to minimise potential pollution impact and to protect the environment through pollution prevention, waste reduction, water conservation, and resource consumption minimisation.

Our Approach and Performance

We strengthen our commitment towards sustainable environmental practices, as pledged in our Sustainability Policy, Climate Change Policy and Environmental Policy through pollution prevention, resource optimisation, and responsible waste management.

Our chemical operations are also guided by a structured system aligned with the ISO 14001:2015 Environmental Management System and customer requirements, which maximises our efficiency and minimises the impact on pollution.

In FY2024, we actively engaged in actions that transcend environmental conservation. We prioritise optimising natural resource usage to reduce and prevent pollution, as emphasised in the following initiatives:



Identified environmental risks and opportunities, and implemented effective controls to prevent incidents causing environmental pollution. Reduced water leakage through regular maintenance.

Minimised water pressure and outflows for toilets, washbasins and pantries. Enhanced our environmental performance through regular reviews and audits of our practices and policies.

Practised responsible waste management in accordance with the Environmental Quality Act of 1974, ensuring proper storage and collection of waste and recyclables.

Conducted training and awareness sessions on the Course for Certified Environmental Professional in Scheduled Waste Management, Lithium Battery Awareness, Hazardous Waste Handling, and the "6R" principles: Reuse, Reduce, Refuse, Repurpose, Recycle, and Rethink.

> Continued the Rainwater Harvesting Programme.

Promoted responsible consumption among our employees through initiatives like used fabric donation collections and proper disposal of Information Technology assets.

Water Management

We actively strive to reduce our reliance on municipal water sources by optimising rainwater harvesting at our facilities. Although we operate in a region with minimal water scarcity issues, this underscores our dedication to responsible water management and conservation efforts.

The following data outlines the Group's total water consumption and rainwater harvested in FY2024:

Total Water Consumption in FY2024



11.3 megalitres Reduction of 28% in water consumed

FY2023: **15.6 megalitres** FY2022: **22.4 megalitres** Total Rainwater Harvested in FY2024

77.3 cubic metres

Increase of 3% in rainwater harvested

FY2023: **75.2 cubic metres** FY2022: **49.5 cubic metres**

Notes:

- The water consumption for FY2022 has been restated due to errors made in the previous reporting period. The restated total water consumption is 9% higher for FY2022 compared to the consumption reported previously.
- The rainwater harvested for FY2022 has been restated due to errors made in the previous reporting period. The restated total rainwater harvested is 4% lower than the cumulative cubic metres reported previously.

Waste Management

Adhering to a waste management hierarchy is imperative in aligning with the Environmental Quality Act of 1974, an important legislative framework that underscores the significance of minimising environmental impact.

We are committed to promoting the efficient use of resources in our facilities, focusing on reducing both hazardous and non-hazardous waste generation. Our hazardous wastes are handled by in-house Certified Schedule Waste Competent Person, duly registered and recognised by the Department of Environment. We are committed to the following principles to manage our waste and reduce adverse environmental impact:



Waste generated

	FY2022	FY2023	FY2024
*General waste directed to disposal (MT)	-	-	2.2
Hazardous waste directed to disposal (MT)	41.2	79.3	95.9

* Note: Data recording for general waste commenced in September 2024 for headquarter office in Kuala Lumpur only. Hence, reporting data is not available for FY2022 and FY2023.

Environmental Spillage and Compliance Management

In FY2024, we successfully achieved our goal of zero spillage, showcasing our unwavering commitment to preventing environmental pollution. Throughout the period, there were no environmental fines nor penalties reported.

	FY2022	FY2023	FY2024
Minor spillage Incidents	1 Incident	Zero Incident	Zero Incident
Environmental fines and penalties	Nil	Nil	Nil

Waste Management Programme

In FY2024, we launched the Own Your Own Waste ("OYOW") programme, beginning with a pilot project involving several departments at our headquarter office in Kuala Lumpur. This initial phase aimed to evaluate and enhance our understanding of waste management practices.

Following the successful pilot project, we fully implemented the OYOW programme on 19 September 2024. Moving forward, we plan to extend the programme to other offices and facilities, with the goal of achieving full implementation across the Group by 2026. This initiative underscores our commitment to sustainable waste management and environmental stewardship.

Overview: How OYOW works?



Deriveled Waste FV2024 (MT)	Paper	Plastic	Tin/Can
Recycled waste FY2024 (MT)	0.268	0.0187	Nil

* Note: Data recording for recycled waste commenced in September 2024 for headquarter office in Kuala Lumpur only.

BIODIVERSITY

Why It Matters

Biodiversity holds significant relevance to Deleum's operations within the oil and gas industry, given the inherent interaction of exploration, production, and servicing activities within diverse ecosystems. We strive to safeguard the ecosystems where we operate and contribute towards the sustainability of natural resources for future generations.

Our Approach

To our knowledge, the Group operates in areas that are not deemed high in biodiversity value or adjacent to sites containing flora and fauna species as in the International Union for Conservation of Nature Red List. We avoid encroaching into areas that serve as critical refuge for known vulnerable or endangered species.

Nevertheless, we will continue to monitor the environmental impact of our business presence and operations. We aim to maintain a net positive or at least neutral biodiversity impact through collaboration with NPOs and other entities to support biodiversity conservation.

Our Performance

The Deleum Mangrove Planting Programme 2024 took place at Pantai Kemasik, Kemaman, uniting 35 enthusiastic participants, including 23 Deleum volunteers and 12 representatives from EcoCare and the local community.

The half-day initiative saw the successful planting of 300 mangrove trees and featured activities such as mangrove seeding and replanting. Participants were also engaged in discussions on the importance of mangroves to coastal ecosystems.



