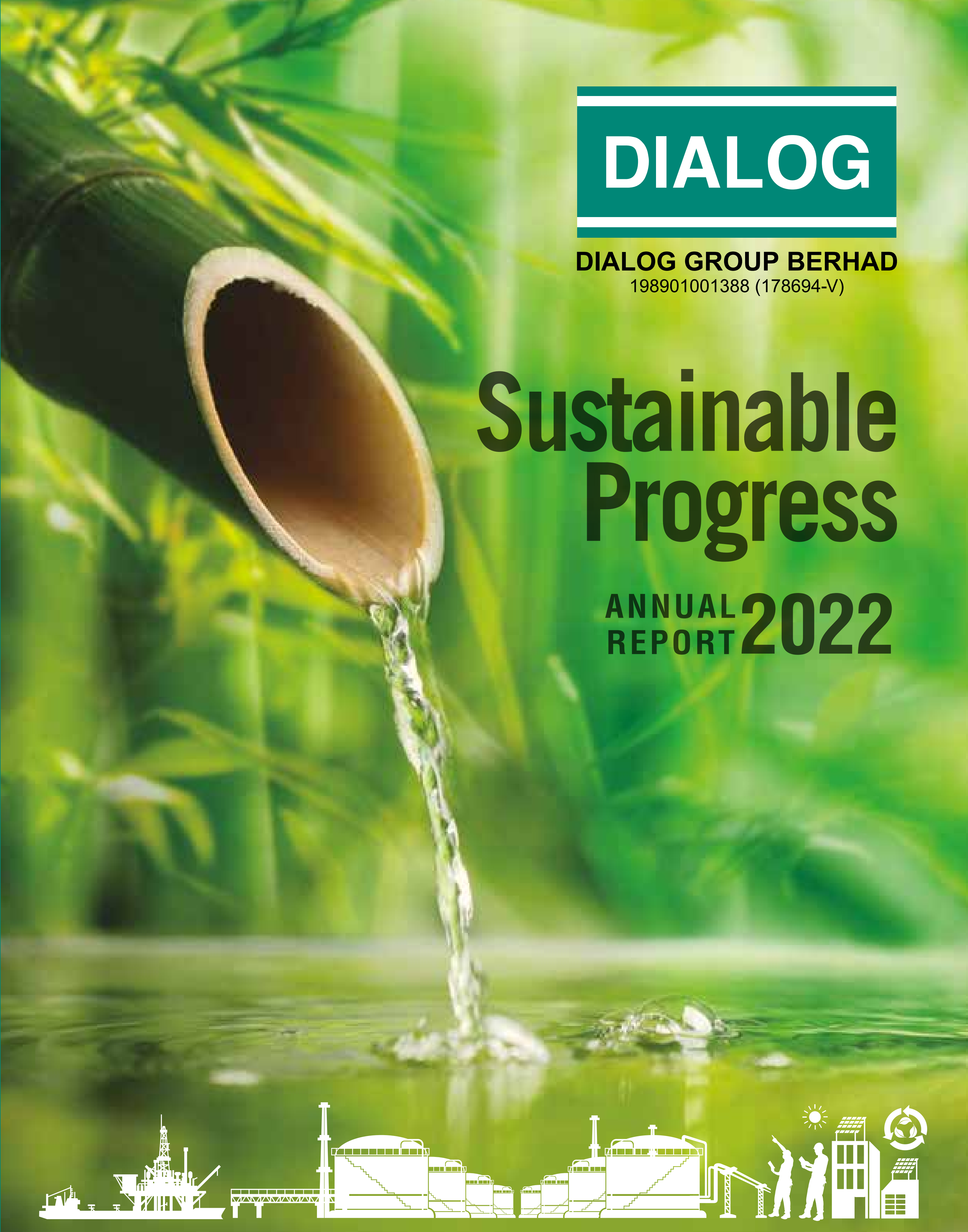


DIALOG

DIALOG GROUP BERHAD

198901001388 (178694-V)

Sustainable Progress

ANNUAL REPORT 2022

3

SUSTAINABILITY REPORT

64 Leadership Statement
66 ESG At A Glance
67 About DIALOG's Sustainability Report 2022
68 Sustainability Governance
71 Material Topics
73 DIALOG's ESG Strategy Framework Aligned to UNSDGs
74 DIALOG's ESG Roadmap
75 Environmental Stewardship
83 Advancing People
97 Robust Governance and Ethical Practices

Chili Farming, Kampung Pantos, Lipis, Pahang

LEADERSHIP STATEMENT

Dear Stakeholders,

We are pleased to share with you DIALOG's Sustainability Report for the financial year ended 30 June 2022.

The Group's continued strength and resilience in the face of challenges brought on by the COVID-19 pandemic, increasingly volatile geopolitical climate and gloomy economic outlook is a testament to our long-standing commitment to manage DIALOG's business in a sustainable, responsible and holistic manner.

In view of the rapid changes taking place in the industry and the world today, the Group reviewed and refreshed the Environmental, Social and Governance ("ESG") framework and introduced an ESG Roadmap in FY2022. Accordingly, our ESG agenda and material topics are now centered upon the following 3 pillars:

Environmental Stewardship

We carefully conserve and preserve the environment by first identifying our impacts, followed by responsible management practices and mitigation measures when appropriate.

Advancing People

We strive to make positive contributions to our employees, communities and societies in which we operate.

Robust Governance and Ethical Practices

We strive to uphold the highest standards of governance, business ethics, integrity and transparency.

ENVIRONMENTAL STEWARDSHIP

Following the commitment we made to accelerate our ESG strategies and aspiration to achieve Net Zero Carbon Emissions by 2050 ("NZCE2050"), the Group has established a Sustainability Development Working Committee ("SDWC"), and completed the development of the initial phase of our Climate Change Strategy, the initiatives of which are already in progress. We developed our ESG Strategy Framework and outlined our broad strategies to address the top material issues that are important to our stakeholders. The framework acts as a guide in embedding ESG considerations into the Group's business and operations to ensure sustainability.

We have also made headway in our pursuit for opportunities in the Sustainable and Renewables business. In November 2021, we announced our first venture to build, own and operate a food grade recycled polyethylene terephthalate ("recycled PET") pellets production facility, which will serve to meet the increasing demand for food grade recycled PET materials resulting from the drive by the international community to support a circular economy. More recently in May 2022, the Group announced the incorporation of DIALOG ESECO Sdn. Bhd. to provide innovative solutions for waste management and to support the implementation of recycling.

These ventures into the post-consumer plastics recycling industry further supports DIALOG's initiatives and contribution towards making a positive impact towards the environment, as well as upholds the Malaysian government's initiatives in sustainability as stated in the circular economy road map.

Seagrass at Tanjung Kopok, Pasir Gudang, Johor

Asli children of Kampung Leyef in Gerik with their corn harvest

ADVANCING PEOPLE

DIALOG believes that people are integral to the sustainability of our business. In this regard, we steadfastly protect and positively impact the people in our network by maintaining the highest standards of occupational safety and health, adopting progressive human capital management strategies, investing in community engagement activities, and supporting social peace and justice by ensuring that the rights of all our stakeholders are protected.

ROBUST GOVERNANCE & ETHICAL PRACTICES

The Group's growth and success to date has always been built upon a foundation of integrity and trust with our stakeholders. DIALOG continues to preserve and reinforce this by observing best practices in corporate governance, instilling a culture of ethical behaviour, zero tolerance for bribery & corruption, and prudent risk management.

Overall, the Group has consistently made good progress in embedding sustainability throughout the organisation. Since our inaugural Sustainability Report in FY2017, we have progressively enhanced our Sustainability Reporting and disclosure processes and will continue to ensure our disclosures are meaningful and measurable for stakeholders.

Our sustainability efforts were recognised recently when DIALOG achieved a 4-star rating from FTSE4Good Bursa Malaysia ("F4GBM") for our ESG disclosures, and was included into the Index in June 2022.

Looking ahead, we will keep evolving and adapting to ensure that our business model supports business continuity and competitiveness over the longer term, whilst making progress in minimising our impact on the environment and effecting positive changes in the communities where we operate and serve.

We value the support of all our stakeholders and look forward to our continued collaboration towards a more sustainable future, together.

Tan Sri Dr. Ngau Boon Keat
Executive Chairman

ESG AT A GLANCE

ENERGY CONSUMED
43.9 Million kWh

HSE PERFORMANCE
TRIR : **0.66**
LTIR : **0**
ZERO FATALITIES

FTSE4Good
INDEX SERIES
Included in June 2022

SOLAR POWER GENERATION
CO_2 avoidance
224 tCO_2e
replacement
411,400 kWh

WOMEN IN MANAGEMENT
22% Senior
22% Upper
26% Middle

COMMUNITY ENGAGEMENT
RM5.5 milllion
560 families
Love My Neighbourhood
3,242 students
Love My School
MyKasih™

WATER CONSUMED
155,937 m^3

GENDER DIVERSITY ON THE BOARD
38% female

SEXUAL HARRASSMENT POLICY
Rolled out in April 2022

SEAGRASS CONSERVATION & MONITORING PROGRAMME
in Partnership with
MyKasih™ Reef Check MALAYSIA UNIVERSITI MALAYA

TRAINING HOURS
37,502 hours

HAZARDOUS WASTE
1,151 MT

DIALOG DIYOU PCR
Food Grade Recycled PET pellets production facility
1st Sustainable Financing

INCORPORATION OF DIALOG ESECO Innovative Waste Management Solutions

Conducted
ANTI-BRIBERY & CORRUPTION E-LEARNING AND ASSESSMENT

ABOUT DIALOG'S SUSTAINABILITY REPORT 2022

This report has been prepared in accordance with Bursa Malaysia's Sustainability Reporting Guide and hence, focuses on material sustainability matters for DIALOG and its business.

SCOPE & COMPLETENESS

a. Basis of scope & consolidation

For the purposes of this report, DIALOG consolidates data from its headquarters and divisional offices. The criteria for consolidation is where DIALOG has operational control and the status of operations is active.

b. Inclusions

This report covers our global operations, which include operations outlined in the Corporate Profile section of this Annual Report for the financial year ended 30 June 2022.

The collective data in this report is for the financial years ended 30 June 2020, 2021 and 2022.

c. Exclusions

In line with the basis of scope and consolidation above, this report does not include the operations of our Joint Venture & Associate companies as listed in Note 10 to the Financial Statements for the financial year ended 30 June 2022.

REPORTING PERIOD

This report is produced annually, and the current report covers the period from 1 July 2021 to 30 June 2022.

CONTEXT

In this report, DIALOG Group Berhad is referred to as DIALOG or the Group. The content prioritises Environmental, Social and Governance ("ESG") matters deemed material to a Malaysian-based integrated technical services provider in the energy sector and our valued stakeholders.

A detailed description of how we identify material ESG matters for reporting and monitoring can be found in the Sustainability Governance section, together with a description of our key stakeholders and stakeholder engagement process.

ASSURANCE

All financial data disclosed in this report have been independently assured as part of the Group's annual financial audit and is identical to that of the Group's Annual Report 2022. While we have not undertaken third-party assurance for all other data in this report, we are actively working towards improving our sustainability reporting processes while creating meaningful value for our stakeholders. The information provided in this report is presented on a best-effort basis and is subject to further improvement in future reporting cycles.

DIALOG Financial Statement 2022

SUSTAINABILITY GOVERNANCE

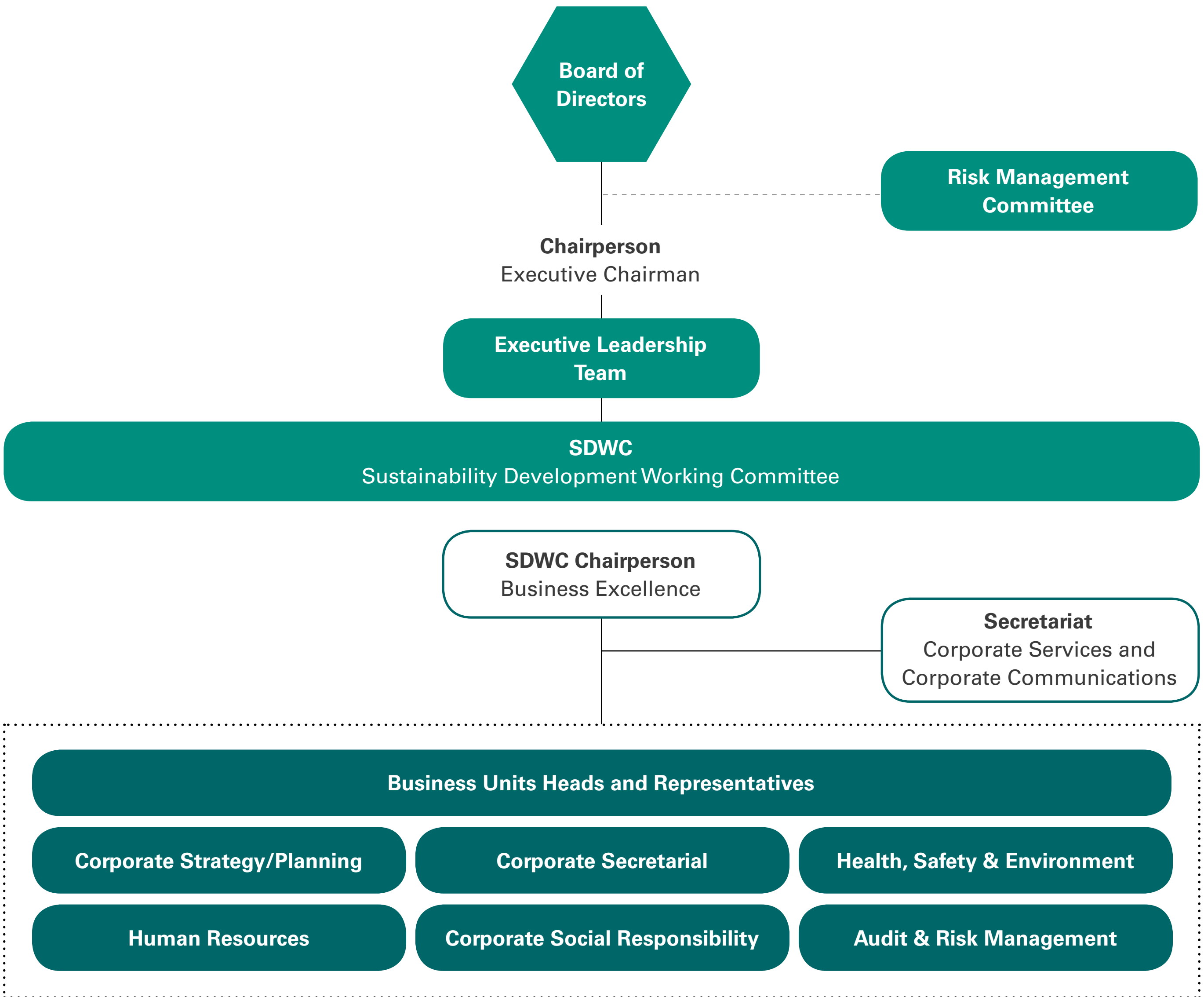
At DIALOG, our approach to sustainability is supported by sound decision making, policies and systems including effective internal controls to manage risk as disclosed in our Statement of Risk Management and Internal Controls.

Formed in October 2021, the Sustainability Development Working Committee ("SDWC"), chaired by the Managing Director of Business Excellence reports sustainability progress and performance to the Executive Leadership Team and Board of Directors periodically.

The SDWC is supported by core business units and corporate functions which are tasked with implementing the Group's sustainability initiatives.

DIALOG's sustainability governance is supported by key policies, systems, processes, standard operating procedures and best practices.

GOVERNANCE STRUCTURE



DIALOG Personnel	Roles and Responsibilities
Board of Directors	• Ultimate responsibility on the Group's ESG matters • Ensures business strategy contains sustainability • Approves sustainability strategies
Risk Management Committee	• Evaluates overall risks & opportunities
Executive Leadership Team, chaired by Executive Chairman	• Approves targets and market disclosures • Develops sustainability strategies and recommends revision to the Board • Oversees the implementation of sustainability strategies • Approves implementation and provides leadership over implementation • Monitors performance of processes & controls • Reports management targets
Sustainability Development Working Committee	• Oversees business functions in ensuring robustness of system of sustainability management • Considers input of all business functions in sustainability process • Coordinate ESG matters and initiatives across business functions throughout the Group • Develops and recommends sustainability targets • Implementation of ESG strategies

STAKEHOLDER ENGAGEMENT

An integral part of our sustainability management approach is listening and responding to our stakeholders. Stakeholders are people who impact our business or are affected by our operations.

Feedback from stakeholders helps the Group understand their expectations, needs and concerns, allowing us to prioritise issues more effectively and address them in a timely manner. This feedback contributes to our overall business strategy and helps us meet our combined sustainability goals.

We reach out to stakeholders through a variety of formal and informal communication channels. These valuable platforms allow us to share knowledge and best practices while networking more effectively with other market players and industry experts.

Stakeholders	Areas of Interest	Method of Engagement	Frequency
E Employees	• Corporate direction and growth plans • Career development and training opportunities • Workplace health and safety • Employee volunteerism	• Business Planning/Review Sessions • Performance Review • Management-Staff Engagement Sessions/ site visits • HSE Walkabouts • Employee events such as Corporate Social Volunteer events, festive celebrations, etc • Newsletter and emails • Intranet • Trainings • Employee Assistance Programme	• Bi-Annually • Annually • Throughout the year • Throughout the year • Throughout the year • Throughout the year • Throughout the year • Throughout the year • Throughout the year

SUSTAINABILITY GOVERNANCE

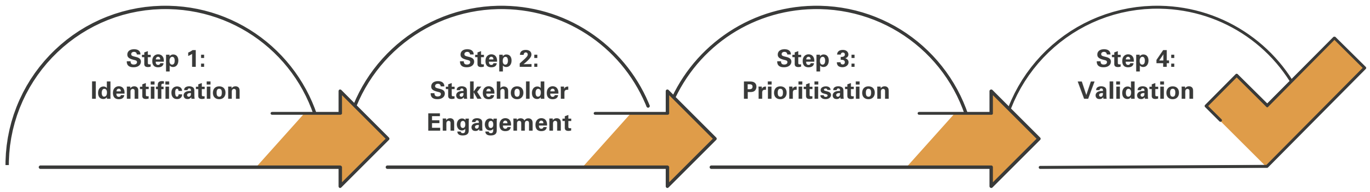
Stakeholders	Areas of Interest	Method of Engagement	Frequency
GR Government & Regulators	• Compliance • HSE practices • Certifications and awards • Corporate governance	• Audits & Inspections • Site Visits • Meetings and Engagement Sessions	• As and when required • As and when required • Throughout the year
FI Financiers & Investors	• Financial and operational performance • Business outlook and strategy • ESG practices and commitments • Risk management	• Results Briefings • Site Visits • Investor Roadshows • Meetings with Bankers, Analysts and Fund Managers	• Quarterly • As and when required • As and when required • Throughout the year
S Shareholders	• Business outlook and strategy • Financial and operational performance • ESG practices and commitments	• Results Announcements • Other announcements • DIALOG Website • Annual General Meeting	• Quarterly • Throughout the year • Throughout the year • Annually
C Customers	• Product and service quality • HSE practices • ESG practices and commitments	• Performance Reviews • DIALOG Website • Networking Sessions • Site Visits	• Throughout the year • Throughout the year • Throughout the year • Throughout the year
BP Business Partners	• Business outlook and strategy • Product and service quality • Company's reputation	• Site Visits • Meetings and Engagement Sessions	• As and when required • Throughout the year
LC Local Communities	• Job and business opportunities • Community support and development • ESG practices and commitments	• Recruitment • CSR activities • Visits to the communities	• As and when required • Throughout the year • Throughout the year
VS Vendors & Suppliers	• Product and service quality • ESG practices and commitments • Financial and operational performance	• Vendors and suppliers engagement session • ESG questionnaires • Tenders and requests for proposals	• Throughout the year • As and when required • Throughout the year

MATERIAL TOPICS

Our definition of 'material' is consistent with the Bursa Malaysia Sustainability Reporting Guide in which a matter is material if it reflects DIALOG's significant Environmental, Social and Governance ("ESG") impacts or if it substantively influences the assessments and decisions of stakeholders.

In FY2022, the Group conducted a reassessment of its material topics which involved a structured process to identify, engage, prioritise and validate material ESG topics with a clear focus on key impacts, risks and opportunities.

Materiality Assessment Process



A desktop analysis of relevant sustainability reporting frameworks and ratings, and peer benchmarking was conducted against DIALOG's FY2017 material ESG topics.

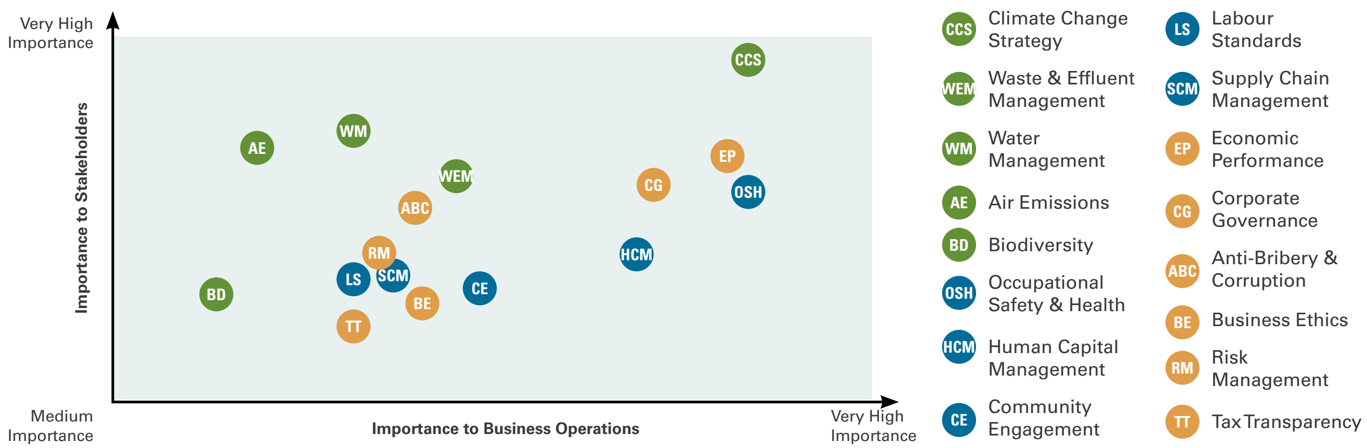
Engagement with over 40 stakeholders consisting of DIALOG's Board members, Senior Management, Head of Departments, employees and representatives of key stakeholder groups including shareholders, suppliers, business partners, government agencies, customers and financiers to obtain their opinions on the identified material topics.

The updated material ESG topics were then prioritised through a materiality assessment workshop with the SDWC.

The material ESG topics were validated by top management and approved by the Board of Directors.

Materiality Matrix

Based on our materiality assessment process, DIALOG's material ESG topics are as follows:



MATERIAL TOPICS

Material Topics	Definition
Climate Change Strategy CCS	Adapting the business in response to climate change by reducing Greenhouse Gas emissions through energy efficiency, improved production technology and low-carbon processes.
Waste & Effluent Management WEM	Managing waste and effluents to reduce waste generation and ensure these are disposed/discharged properly.
Water Management WM	Advancing sustainable water management practices to minimise and mitigate negative impacts of our operations on the environment.
Air Emissions AE	Controlling and managing our air emissions to minimise and mitigate negative impacts of our operations on the environment.
Biodiversity BD	Strategies and initiatives to manage and mitigate the impacts of our operations on biodiversity.
Occupational Safety & Health OSH	Measures taken to improve and maintain the safety and health of employees and contractors in our operations, prevent workplace accidents or injuries, and mitigate safety and health risks.
Human Capital Management HCM	Attracting and retaining high-performing employees in the face of emerging business models and trends. Providing benefits, training and development opportunities equitably to all qualified employees to increase job satisfaction and improve productivity. Promoting a diverse and inclusive workplace where every employee is treated with dignity and respect. Respecting and protecting the rights of all those associated with our operations.
Community Engagement CE	The role of our business in economic empowerment and positive social impact for the communities in which we operate or that are connected to our operations.
Labour Standards LS	Respecting and upholding the rules and regulations that govern working conditions.
Supply Chain Management SCM	Procurement policies, contractor management and supplier relationship which addresses material issues across the value chain.
Economic Performance EP	Managing all aspects in the financial landscape, including wealth and investment.
Corporate Governance CG	Business policies and practices to ensure ethical, transparent and responsible governance.
Anti-Bribery & Corruption ABC	Prohibition of bribery and corruption by all internal and external stakeholders.
Business Ethics BE	Implementation of moral principles that form a guideline for how we conduct ourselves in the face of ethical dilemmas and controversial situations.
Risk Management RM	Strategies in managing operational, financial, reputational and compliance risk to ensure sustainable long-term growth.
Tax Transparency TT	Ensuring transparency regarding our tax payments.

DIALOG'S ESG STRATEGY FRAMEWORK ALIGNED TO UNSDGs

In FY2022, the Group introduced its ESG Strategy Framework based on the 16 material topics. Represented by the 3 pillars of Environment (E), Social (S) and Governance (G) respectively, this framework will help stakeholders understand how the Group manages its risks and opportunities around sustainability issues.

ENVIRONMENTAL STEWARDSHIP	ADVANCING PEOPLE	ROBUST GOVERNANCE AND ETHICAL PRACTICES
We carefully conserve and preserve the environment by first identifying our impacts, followed by responsible management practices and mitigation measures where appropriate	We strive to make positive contributions to our employees, communities and societies in which we operate	We strive to uphold the highest standards of governance, business ethics, integrity and transparency
MATERIAL TOPICS (pg 71)		
CCS, WEM, WM, AE, BD	OSH, HCM, CE, LS, SCM	EP, CG, ABC, BE, RM, TT

SUSTAINABLE DEVELOPMENT GOALS

As a leading integrated technical service provider to the energy sector in Malaysia and internationally, DIALOG supports the aspirations of United Nations 17 Sustainable Development Goals ("SDGs") which were introduced at the 2030 Agenda for Sustainable Development in September 2015. Based on the Group's current ESG initiatives, the Group is aligned with the above SDGs.

Moving forward, the Group will enhance our ESG initiatives to prioritise our key SDGs.

DIALOG'S ESG ROADMAP

In line with DIALOG's efforts to accelerate our ESG journey, this high-level roadmap provides an overview of the initiatives the Group intends to achieve in the short to medium-term.

Phase	Commitment towards ESG	Taking action in promoting sustainability
Timeframe	**Short-term (2023-2025)**	**Medium-term (2026-2030)**
Goal	• All employees are aware and informed of our commitment towards ESG • Clear roles and responsibility established in governance structure for sustainability related topics • Baseline and Key Performance Index ("KPIs") set for goals	• Sustainability is integrated in each business functions group-wide • All relevant employees managing sustainability topics are equipped with fundamental knowledge and skills to take actions • Clear goals and KPIs for each material topics are well defined
Focus Area		
(a) Employee Communication	• Communicate DIALOG's commitment to DIALOG's group-wide entities • Create awareness and build capacity of employees across different function for ESG/climate-related topics • Collect and establish relevant baseline KPI data for goals	• Continue to upskill employees and enable them to take actions • Continue to communicate the initiatives to group-wide operational entities
(b) Governance	• Establish clear roles and responsibilities within the governance structure for individuals or functions, who are accountable and responsible for sustainability topics and communicate it through public disclosure(s) • Disclose which functions/positions sit in the SDWC • Specify which position responsible to oversee (sustainability) policies • Disclose board (committee) responsibilities for ESG/sustainability topics	• Establish and disclose clear process of engagement/reporting within the governance structure for sustainability-related topics • Disclose the established or updated governance structure as recommended • Establish governance structure where responsibility for sustainability is integrated within each of the functions
(c) Targets	• Understand and comply to local and any other applicable regulations • Collect and establish relevant baseline KPI data for goals • Finalise the goals and KPIs for the material topics	• Establish detailed action plans for each of the target and roll out the initiatives to group-wide operation • Monitor and track progress against the targets set • Review and refine the approach in tracking progress against targets. Review the ambition level and revise/add targets if necessary
(d) Reporting	• Communicate the commitment and goals publicly • Reporting in reference to International Standards such as Global Reporting Initiative ("GRI") standards, Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations or others where applicable • Reporting by taking into consideration ESG ratings as a reference guide for disclosure requirements and evaluation	Further improve sustainability disclosures as below: • Communicate the progress against goals publicly • Report in accordance to International Standards such as Global Reporting Initiative ("GRI") standards, Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations or others where applicable • Reporting taking into consideration of ESG ratings as a reference guide for disclosure requirements and evaluation

ENVIRONMENTAL STEWARDSHIP

Material Topics:

CCS WEM WM AE BD

Stakeholders Impacted:

E GR FI S C BP LC VS

Solar panel installed at DIALOG's fabrication yard in Pengerang, Johor

The Group is committed to operating responsibly to ensure we minimise our impact to the environment, taking into consideration our role in tackling the climate change crisis, energy consumption, greenhouse gas emissions, the protection of biodiversity, water consumption, waste management and prevention of pollution.

CCS CLIMATE CHANGE

Climate affects almost every aspect of our lives, and consequently, climate change poses a significant long-term risk to the environment and everyone's well-being.

This in turn threatens our ability to create sustainable long-term value for all our stakeholders. Extreme weather events and the increasing frequency of natural disasters pose physical risks to our people and assets, increasing the risk of operational disruptions and ultimately jeopardising business continuity.

ENVIRONMENTAL STEWARDSHIP

OUR APPROACH

Climate Change Strategy

To tackle this issue of climate change, in FY2022, we completed the development of the initial phase our Climate Change Strategy (table below), and have begun to implement the initiatives identified therein.

CLIMATE ASPIRATION: NET ZERO CARBON EMISSIONS BY 2050			
Short-Term (2023-2025)			Medium-Term (2026-2030)
Risk Theme 1: **LOW-CARBON ECONOMY TRANSITION**			**Risk Theme 2:** **CLIMATE RISKS**
Focus Area 1 **Decarbonisation**	**Focus Area 2** **Sustainable and Renewables**	**Focus Area 3** **Circular Economy**	**Focus Area 4** **Climate Risk Management**
INTERNAL Reduce Scope 1 & 2 Greenhouse Gas (“GHG”) emissions by increasing energy efficiency and through the adoption of new technology **EXTERNAL** Brownfield EPCC & Plant rejuvenation opportunities to help clients improve their energy usage and reduce their emissions	**SERVICES** Expand product and solution offering to support the growth and development of clients in the Sustainable and Renewables sector **INVESTMENTS** Investment into Sustainable and Renewables projects & businesses to reduce emissions	**INTERNAL** Waste minimisation and recycling initiatives within DIALOG’s operations **INVESTMENTS** Investment into recycling ventures to promote circular economy initiatives to reduce global GHG emissions	Conduct detailed physical and transition risk assessment for all material assets Develop climate resilience and adaptation plan Embed climate risk assessment into asset planning, strategy development and design to actively mitigate climate related risks and increase resilience

We developed our ESG Strategy Framework and outlined our broad strategies to address the top material issues that are important to our stakeholders. The framework acts as a guide in embedding ESG considerations into the Group’s business and operations to ensure sustainability.

Our holistic approach takes into consideration the risks and opportunities presented by climate change and the low-carbon economy transition. In doing so, our strategy encapsulates short and medium-term initiatives that are both internally and externally focused.

Our strategy and approach will be reviewed and refined on an ongoing basis to ensure that we continue to adapt and remain on track towards achieving our NZCE2050 aspirations.

OUR AIM

Task Force on Climate-Related Financial Disclosure (“TCFD”)

DIALOG recognises the need to accelerate our actions to address the climate crisis and improve the Group’s resilience to potential climate impacts. To better understand and manage climate-related impacts on our business and to inform stakeholders on the progress, the Group is in the process of carrying out a climate change risk assessment in line with TCFD. TCFD is a widely and globally supported climate disclosure framework that aims to help companies disclose to their investors and other stakeholders the financial impacts from climate change and the companies’ resilient strategy to these impacts. The TCFD framework centers around four pillars: governance, strategy, risk management, and metrics and targets.

DIALOG will be evaluating climate-related risks for future climate scenarios, over two time horizons (2030 and 2050) and will take into account both short-to-medium term impacts as well as long-term impacts in line with the TCFD requirements. The climate risk assessment will cover the majority of DIALOG's assets in upstream, midstream, downstream and renewables. The findings of this assessment will help the Group understand the impact of climate change on our business, work towards managing climate-related risks and optimise the opportunities from climate change in order to ensure long-term business sustainability. The findings will also support the Group in refining the long-term strategic decision making to improve the resilience of the business and capitalise on opportunities from climate change.

Recognising the accelerated pace of climate change, the Group had in FY2021 announced its aspiration to achieve NZCE2050 and will continue to pursue opportunities in the Sustainable and Renewables business, including clean and green energy, as well as recycling ventures as the world shifts towards a low-carbon economy.

HOW WE CREATE VALUE?

OUR PROGRESS IN FY2022

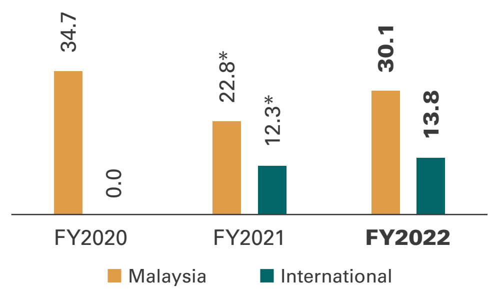
In line with the Group's aspiration to achieve NZCE2050, we have taken steps towards minimising our climate change and environmental impact across various parts of our business.

Additionally, the SDWC is currently exploring short and medium-term ESG targets setting with the guidance of our appointed ESG consultant.

Energy Consumption

DIALOG uses energy in the operation of our terminals, projects, workshops, offices and other facilities. Energy is consumed in the form of electricity, diesel and petrol. For FY2022, DIALOG's operations consumed approximately 43.9 million kWh of energy, or 0.019 million kWh (0.022 million kWh for FY2021) per Malaysian Ringgit million of our total operations' revenue of which, 41.9 million kWh results in the Scope 1 and 2 GHG emissions reported. While this is not material in the larger context of the Group's business and operations, given the resultant impacts on global resource usage and climate change concerns, DIALOG is committed to report and optimise energy consumption.

Energy Consumption
(million kWh)



* Following the data verification process that was conducted by our appointed ESG consultant, the Group has improved its data collection methodology. The energy consumption for FY2021 has been adjusted accordingly.

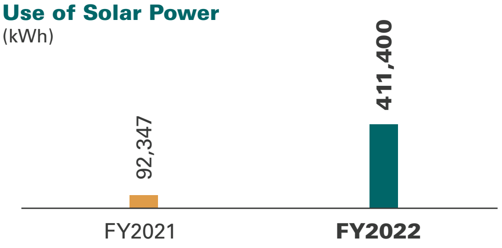
DIALOG continually looks for opportunities to optimise energy used which benefits the environment and the company. The Group's headquarters, DIALOG TOWER, is Green Building Index ("GBI") certified with Silver rating. The building has incorporated environment-friendly features and design, including:

- Energy-efficient lighting with sensor controls, which will turn lights out when there is sufficient daylight
- Installation of solar panels on the rooftop to generate renewable energy
- Zone controlled air conditioning to be switched off in areas not in use
- Rainwater harvesting which connects the water collected to the taps in the garden
- An aquaponics system consisting of a single integrated and self-contained system that combines aquaculture (raising fish) and hydroponics (the soil-less growing of plants) was installed on the rooftop

ENVIRONMENTAL STEWARDSHIP

In line with our efforts to reduce our GHG emissions through the adoption of new technology, we continued to expand the use of solar power generation across all operations. In FY2022, we operationalised solar power generation at another two of our workshops in Pengerang and Singapore. Together with the solar power generation facility in our Nilai workshop that was operationalised in FY2021, this resulted in the replacement of 411,400 kWh of purchased electricity with green energy in FY2022.

Use of Solar Power
(kWh)



Greenhouse Gas Emissions ("GHG")

During the course of our operations, we generate GHG from the combustion of diesel fuels in our work equipment such as generator sets, welding sets and air compressors for our fabrication and construction projects. DIALOG reports GHG emissions which are calculated from DIALOG's energy use. This encompasses Scope 1 (direct energy use and emissions from the combustion of fossil fuels) and Scope 2 emissions (indirect energy use and emissions from electricity purchased for our own use).

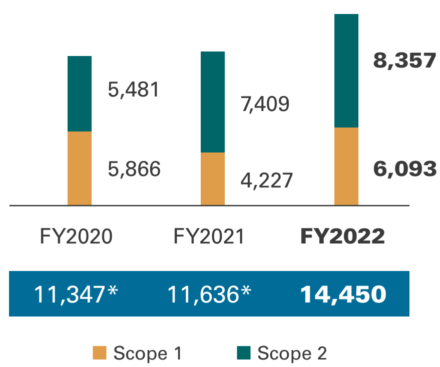
CO_2 emissions from DIALOG's operations totalled 14,450 tCO_2e (FY2021 : 11,636 tCO2e) in FY2022 which equates to 6 tCO_2e per Malaysian Ringgit million of our total operations' revenue. The 24% increase in GHG emissions for FY2022 is mainly contributed by the operations of DIALOG Terminals Pengerang (5) Sdn. Bhd., and increased business activities from our downstream projects in Malaysia and our supply base operations in Saudi.

For FY2022, our rooftop solar installations across our three workshops realised more than 224 tCO_2e of emission avoidance.

	FY2020		FY2021		FY2022	
	Malaysia	International	Malaysia	International	Malaysia	International
Scope 1 (tCO_2e)	5,866*	Not disclosed	2,525*	1,702*	4,090	2,003
Scope 2 (tCO_2e)	5,481*	Not disclosed	5,963*	1,446*	7,011	1,346
Total (tCO_2e)	11,347*		11,636*		14,450	

* Following the data verification process that was conducted by our appointed ESG consultant, the Group has improved its data collection and calculation methodology guided by GHG Protocol Standards and 2006 IPCC guidelines. The calculations now include nitrous oxide and methane resulting from diesel consumption. The GHG emissions for FY2020 and FY2021 have been adjusted accordingly.

GHE Emissions
(tCO_2e)



Sustainable and Renewables Business

In December 2021, DIALOG made its first substantial investment into the Sustainable and Renewables space via the venture with Diyou PCR Sdn. Bhd. and incorporated DIALOG Diyou PCR Sdn. Bhd. to build, own and operate a food grade recycled polyethylene terephthalate ("recycled PET") pellets production facility using recycled PET flakes as raw material to produce food grade recycled PET pellets for sale. This venture also marks the Group's inaugural sustainable financing via a green project financing facility. The plant is on track to be completed and commissioned in 2023.

Subsequently, DIALOG in May 2022 incorporated DIALOG ESECO Sdn. Bhd. to provide innovative solutions for waste management and to support the implementation of recycling.

These ventures into the post-consumer plastics recycling industry further supports DIALOG's initiatives and contribution towards making a positive impact towards the environment, as well as supports the Malaysian government's initiatives in sustainability as stated in the circular economy road map.

Other investments the Group has pursued in the area of Sustainable and Renewables business include investing into a carbon capture technology company that is headquartered in the United States of America. More recently in 2022, the Group had invested into Hiringa Energy, a full-service green hydrogen provider that is on a mission to create a zero emission energy future for New Zealand.

AE WM WEM AIR EMISSIONS, WATER MANAGEMENT, WASTE & EFFLUENT MANAGEMENT

DIALOG uses natural capitals such as energy and water, which needs to be safeguarded for future generations. Pollution is a serious concern as it poses a danger to our health and the environment. Aside from causing serious illnesses, pollutants can contribute to global warming, and deplete finite resources.

Pollution prevention protects the environment by conserving and protecting natural resources while strengthening economic growth through more efficient production in industry and less need for households, businesses, and communities to handle waste.

OUR APPROACH

DIALOG sets and maintains standards of environmental management via the Group's Health, Safety & Environment Management System ("HSEMS"). Furthermore, DIALOG demonstrates and communicates our commitment to keep our environmental footprint to a minimum, through our HSE Policy and Renewables Council, where we have stated that we will strive to:

- Protect the environment by prevention of pollution, reduction of waste and minimisation of consumption of resources; and
- Achieve our goals and objectives through the prevention or mitigation of adverse environmental impacts.

DIALOG's HSEMS provides the procedures and work systems for the management of the Group's air emissions, water management, and waste & effluent management.

We ensure that all our operations comply with environmental regulations across all our operating locations. Additionally, the operations below are certified the ISO 14001:2015 standard for Environment Management System standard for Environment Management System.

ISO 14001:2015 standard for Environment Management System	
DIALOG Group Berhad (HQ)	2019
DIALOG E & C Sdn. Bhd. (HQ)	2019
DIALOG Systems Sdn. Bhd. (HQ)	2019
Pacific Advance Composites Sdn. Bhd. (HQ)	2018
Pacific Advance Composites Sdn. Bhd. (Nilai)	2018
DIALOG Plant Services Sdn. Bhd. (HQ) (including DIALOG Catalyst Services Sdn. Bhd.)	2018
DIALOG Plant Services Sdn. Bhd. (Nilai) (including DIALOG Catalyst Services Sdn. Bhd.)	2018
DIALOG Plant Services Sdn. Bhd. (Labohan) (including DIALOG Catalyst Services Sdn. Bhd.)	2018
DIALOG Fabricators Sdn. Bhd. (HQ)	2018
DIALOG Fabricators Sdn. Bhd. (Pengerang)	2018
DIALOG Plant Services Sdn. Bhd. (Bukit Rambai)	2019
DIALOG Plant Services Sdn. Bhd. (Gebeng)	2019
DIALOG Terminals Langsat (1) Sdn. Bhd. (Tanjung Langsat)	2019
DIALOG Terminals Langsat (2) Sdn. Bhd. (Tanjung Langsat)	2019
DIALOG Terminals Langsat (3) Sdn. Bhd. (Tanjung Langsat)	2019
DIALOG Plant Services Pte Ltd (Singapore)	2020

DIALOG believes in encouraging and collaborating with our suppliers and contractors to comply and commit to adhering to our policy of protecting the environment by minimising waste and resource use and preventing environmental pollution.

ENVIRONMENTAL STEWARDSHIP

OUR AIM

To ensure the sustainability of the Group's business, we aim to minimise the impact of our operations to the environment, taking into consideration our air emissions, water management, waste and effluent management and internal recycling initiatives.

HOW WE CREATE VALUE?

OUR PROGRESS IN FY2022

Air Emissions

DIALOG operates in compliance with the Environmental Quality (Clean Air) Regulations 2014 in Malaysia, and all other applicable local laws and regulations where we operate.

For our Catalyst Services, we remain committed to operating in a dust-free environment. All catalyst handling equipment is designed with a 'closed-loop' function which prevents the emission of harmful or toxic dust from polluting the atmosphere. This commitment to protect the environment is in compliance with our Bureau Veritas ISO 14001:2015 Standard Malaysia/UKAS certifications which guide all works performed.

Over at our terminals and project sites, emissions from the thermal heater set, standby unit of the gen-set and fire water pump are monitored annually, while the ambient air at the terminal boundaries is monitored regularly. We also have in place a preventive maintenance programme that is conducted regularly to ensure that our equipment operate within their design specifications. In FY2022, our air emissions were in compliance with the standard parameters set by the local authority.

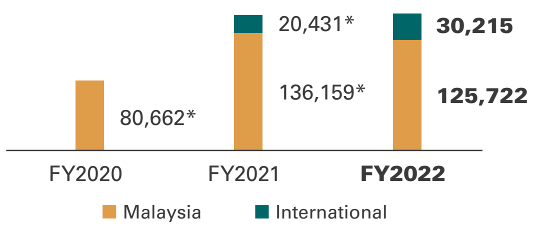
Water Management

In FY2022, our global operations consumed a total of 155,937 m^3 of water (FY2021 : 156,590 m^3).

In line with our efforts to manage our water consumption, in FY2022, DIALOG implemented a rainwater harvesting initiative to collect rainwater for general use for the Mogas Tank Construction project at Shell Bagan Luar, Penang.

For our operations in Saudi Arabia, water issues have been identified as an operational risk as it is a water-stressed location. To mitigate this risk, we have undertaken various initiatives to manage our water use in Saudi Arabia, such as prohibiting the cleaning of vehicles and equipment in the base. If unavoidable, we use a pail for cleaning instead of using spray water. We also conduct weekly inspections of our facilities to ensure there are no water leakages or water wastage.

Water Consumption
(m^3)



* Following the data verification process that was conducted by our appointed ESG consultant, the Group has improved its data collection methodology. The water consumption for FY2020 and FY2021 have been adjusted accordingly.

Waste & Effluent Management

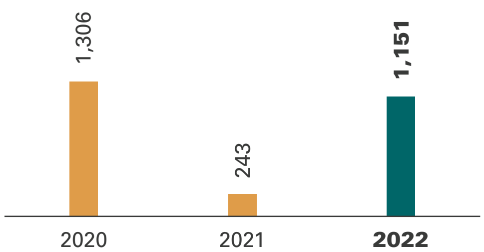
With regards to the water (effluent) discharge at our Langsat Terminal, it is our initiative and commitment to ensure that the water (effluent) is sampled monthly at the points of discharge to the public drain and into the ocean. All of the sampling results comply with the standard parameters set by the local authority.

Hazardous waste generation and characterisation are key factors that affect environmental sustainability. Thus, proper hazardous waste disposal through a qualified and certified waste contractor is a must in every DIALOG operation. This is performed in strict compliance with local environmental authorities.

We commit to practise the 3R (Reduce, Reuse, Recycle) approach to manage wastes generated by our operations. All hazardous wastes are managed by our own Certified Scheduled Waste Competent Person, registered and recognised by the Department of Environment ("DOE").

In the period under review, the hazardous waste was generated from the routine tank cleaning activities at our terminal operations. The increase in the total amount of hazardous waste compared to the previous year was mainly due to the resumption of activities as a result of the gradual lifting of COVID-19 restrictions.

Hazardous Waste Disposed
(MT)



Internal Recycling Initiatives

We use Life Cycle Analysis ("LCA") to assess the environmental impacts in our Fibreglass Reinforced Plastic ("FRP") division where we manufacture composite pipes and systems. The LCA resulted in the recycling and reuse of acetone for the cleaning process, which consequently reduced the quantity of acetone waste generated.

In addition to that, our employees continue to practice simple daily routines such as separating and recycling waste, and minimising printing by using both sides of paper as well as using recycled paper.

BD BIODIVERSITY

Biodiversity is essential for healthy ecosystems, to which human well-being is intimately linked. We acknowledge that our business activities have an impact upon biodiversity, primarily arising from construction sites for new terminals or other oil & gas facilities.

OUR APPROACH

Detailed Environmental Impact Assessments ("DEIA") are carried out and is mandatory for DIALOG's new projects or expansion of existing projects. The scope of the DEIAs include impact assessments on biodiversity, water pollution, air quality, noise pollution and waste management. These are then used to derive site specific Environmental Management Plans ("EMP") and ongoing Environment Monitoring Management Plans for the duration of the project. In order to ensure compliance with EMPs, we also engage with the registered DOE Consultant to conduct yearly environmental audits based on the DEIAs and EMPs.

As an added monitoring measure, state-of-the-art monitoring devices are also being used to enable live monitoring of environmental statistics such as Total Suspended Solids and turbidity.

DIALOG remains committed to reducing our impact on biodiversity through close engagement with local governments and regulators as well as working with local or international organisations and NGOs.

OUR AIM

Fundamental towards our long-term business survival, we aim to reduce any impact to the ecosystem and contribute positively towards preserving and restoring biodiversity.

HOW WE CREATE VALUE?

OUR PROGRESS IN FY2022

Biodiversity Impact on Operations

For FY2022, two project sites in Johor were operating under their respective DEIAs and EMPs.

Over at our Pengerang Terminal Operations, the Environmental Impact Assessments conducted had confirmed that the terminal operations does not have significant environmental impacts on the flora and fauna, and the secondary mangrove forest located approximately 1.2 km from our terminal.

ENVIRONMENTAL STEWARDSHIP

Biodiversity Impact on Local Communities

Since FY2021, DIALOG has been supporting turtle release programmes. In FY2022, our turtle release programme in Kertih, Terengganu resulted in 270 baby Green and Agar turtles being released back to the sea.

Beach clean-up is also a regular DIALOG staff volunteer activity that takes place throughout the year. Beach cleaning preserves the coastal and ocean ecosystem by reducing the risk of marine life being harmed by plastic and other trash polluting the sea. For FY2022, DIALOG staff conducted several beach cleaning activities during the year, along coastlines near DIALOG's operations. DIALOG also conducted river cleaning at Sungai Kayu Ara, Selangor in FY2022 where approximately 390 kg of plastic waste and tyres were collected and cleared.

Another new initiative that the Group embarked on in FY2022 was a seagrass conservation and monitoring programme, in partnership with Reef Check Malaysia, MyKasih Foundation and University Malaya. For more information on the programme, kindly refer to page 96.

River cleaning at Sungai Kayu Ara, Selangor

ADVANCING PEOPLE

Material Topics:

OSH HCM LS CE

Stakeholders Impacted:

E GR FI S C BP LC VS

DIALOG's Engineer at project site

People are integral to the sustainability of any organisation. Employees, suppliers and the surrounding community have to work in tandem to create long lasting value for all stakeholders.

As such, DIALOG strives to make a positive impact on our employees, suppliers and the communities in which we operate.

OSH OCCUPATIONAL SAFETY & HEALTH ("OSH")

OSH directly impacts our operations, productivity and the long-term viability of our business. Aside from protecting the Group against financial, operational and legal ramifications, a good OSH track record helps DIALOG attract and retain talent, instil and maintain trust with our customers and stakeholders, and secures our license to operate.

This ensures that we are able to efficiently and reliably create value and meet our customers' needs. As such, DIALOG is committed to protecting the safety and health of our valued employees and the people we work with.

OUR APPROACH

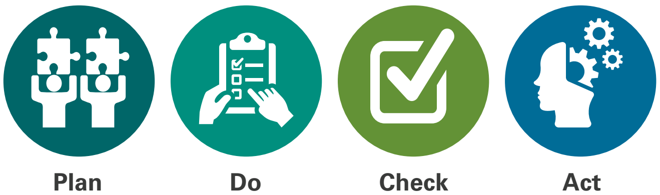
Ensuring workplace safety is key in DIALOG. It is our policy to place the health and safety of our employees, contractors and visitors as our top priority. As one of the leading integrated service providers to the energy sector, we adopt best Health, Safety & Environment ("HSE") practices ensuring compliance with local and international standards and practices, as well as requirements set by our clients.

ADVANCING PEOPLE

HSE Policy & Guidelines

DIALOG's HSE Policy drives our commitment to our stakeholders with respect to HSE.

The Group's HSE Management System ("HSEMS") includes HSE policies, guidelines and procedures, outlining the roles and responsibilities of top management, the various departments and business units across the Group. The HSEMS is embedded in our work processes applicable to all phases of DIALOG's businesses. We continuously practice proactive site supervision and HSE management walkabout, and apply an integrated management approach in accordance with the Plan-Do-Check-Act methodology for continuous improvement.



ZERO

ZERO	NON-COMPLIANCE
	HARM TO PEOPLE

Championing HSE in Business Units

To ensure that HSE specific risks are properly identified and actively managed on an on-going basis, it is the Group's practice to undertake HSE risk assessments at various stages of the project lifecycle, for the following purposes:

Project Planning Stage for Potential/New Projects

- To identify and elaborate HSE risks which need to be addressed and incorporated into the project plan and design.
- To ensure that all HSE risk and mitigation measures are adequately identified and understood by all involved.

Project Implementation Stage

- To ensure that all HSE risk and mitigation measures are incorporated in the project execution plan and are implemented accordingly.
- To identify new HSE risks arising during the project implementation stage and the corresponding mitigating actions required through updating the project risk register with the project management team.

Operations Stage (New and Existing Facilities)

- To ensure safe project close-outs and hand-overs.
- To ensure the safe operations of the facility through pro-active and on-going identification and monitoring of HSE risks, continuous enhancement of our HSE policies and procedures, regular risk register reviews, HSE audits and implementation of HSE programmes.

In the pursuit of HSE excellence, all business units under the management and operational control of DIALOG must comply with the requirements set out in the HSEMS. DIALOG has an entrusted Group HSE central function to facilitate the implementation of the HSEMS, HSE programmes, performance monitoring, and compliance through periodic inspection and HSE audits. Group HSE also coordinates our global HSE efforts across all our business units and establishes HSE reporting structures thereby enhancing and deploying good HSE practices.

We continuously strive to improve our HSE performance by implementing various HSE programmes. We ensure:

- Our people who conduct tasks involving HSE risks and hazards are adequately trained and upskilled.
- Clear accountability for all employees involved in the HSE programmes.
- Rigorous HSE inspections and audits are carried out at workshops and project sites to ensure HSEMS requirements are implemented.
- Senior Management's HSE commitment is felt throughout the operations via the regular HSE walkabouts being conducted at sites.

As part of enhancing our HSE communications in DIALOG, the following HSE committees meet regularly:

- Group HSE Steering Committee comprising Head of Divisions ("HOD") and Senior Management;
- Site HSE Committee comprising site management team, employees and contractors; and
- Client HSE Committee.

Each of the above committees are represented by the employee representatives and employer representatives (where applicable).

OUR AIM

Our aim is to set and maintain standards of health and safety management, to ensure the well-being of our employees and others who may be affected by our activities. This minimises the losses to our business from ill health and injuries.

HOW WE CREATE VALUE?

OUR PROGRESS FOR FY2022

HSE Certifications

In FY2022, the following local and international operational sites were certified the ISO 45001:2018 standard for Occupational Health & Safety Management:

ISO 45001:2018 standard for Occupational Health & Safety Management	
DIALOG Group Berhad (HQ)	2019
DIALOG E & C Sdn. Bhd. (HQ)	2019
DIALOG Systems Sdn. Bhd. (HQ)	2019
Pacific Advance Composites Sdn. Bhd. (HQ)	2019
Pacific Advance Composites Sdn. Bhd. (Nilai)	2019
DIALOG Plant Services Sdn. Bhd. (HQ) (including DIALOG Catalyst Services Sdn. Bhd.)	2019
DIALOG Plant Services Sdn. Bhd. (Nilai) (including DIALOG Catalyst Services Sdn. Bhd.)	2019
DIALOG Plant Services Sdn. Bhd. (Labohan) (including DIALOG Catalyst Services Sdn. Bhd.)	2019
DIALOG Fabricators Sdn. Bhd. (HQ)	2019
DIALOG Fabricators Sdn. Bhd. (Pengerang)	2019
DIALOG Plant Services Sdn. Bhd. (Bukit Rambai)	2019
DIALOG Plant Services Sdn. Bhd. (Gebeng)	2019
DIALOG Terminals Langsat (1) Sdn. Bhd. (Tanjung Langsat)	2019
DIALOG Terminals Langsat (2) Sdn. Bhd. (Tanjung Langsat)	2019
DIALOG Terminals Langsat (3) Sdn. Bhd. (Tanjung Langsat)	2019
DIALOG Jubail Supply Base Co. Ltd (Saudi Arabia)	2021
DIALOG Plant Services Pte Ltd (Singapore)	2020
Overseas Technical Engineering and Construction Pte. Ltd (Singapore)	2020
DIALOG Services Saudi Arabia Co. Ltd (Saudi Arabia)	2020
DIALOG Fitzroy Ltd (New Zealand)	2021

ADVANCING PEOPLE

HSE Programmes

In FY2022, we focused on the following HSE programmes and initiatives to bring about behavioural changes and further increase the awareness of safety in the workplace:

- The launch of HSE Week from 30 May - 4 June 2022 saw strong participation from Senior and Site Management across the Group which involved sharing of good HSE practices, Health Talks and Environment conservation activities.
- Felt Leadership Programme to enhance engagement between Senior Management and the site teams, through leadership site walkabouts, listening to their HSE feedback and discussions on continuous HSE improvement, thereby emphasising the Group's commitment to HSE.
- Hearts & Mind Programme that focuses on personal responsibilities and proactive interventions when dealing and managing hazards and risks at the workplace.
- Enhancement of our OSH reporting system through the implementation of a digital solution, Integrated DIALOG Enterprise Application ("iDEA").

HSE Performance

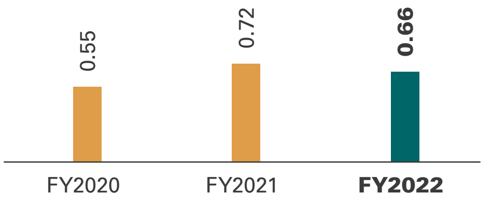
Our Key Performance Indicator Target for Health & Safety is as disclosed in the Management Discussion & Analysis Section of this year's Annual Report. For FY2022, the Health and Safety targets were set as follows:

	FY2022 Target	FY2022 Result
Total Recordable Incident Rate ("TRIR")	0.52	**0.66**
Lost Time Injury Rate ("LTIR")[1]	0.14	**0.00**

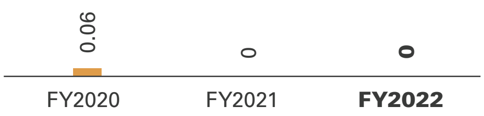
While our TRIR decreased to 0.66, we continue our drive for more open and honest reporting of incidents and near misses which helps us better understand the nature of the "restricted work cases and medical cases". We are committed in driving the HSE programmes to further improve our HSE culture and ultimately realise HSE excellence.

LTIR, TRIR, and the number of work-related employee and contractor fatalities over the last three (3) years are as follows:

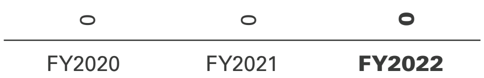
Total Recordable Incident Rate (TRIR)



Lost Time Injury Rate (LTIR)



Work Related Employee Fatalities



Work Related Contractor Fatalities

The data above covers 100% of our sites.

[1] Loss Time Injury Rate ("LTIR") is defined as the number of Lost Time Injuries per million man hours worked. Lost Time Injuries is further defined as a work related injury or illness which renders the injured person unable to perform his/her normal duties on any day immediately following the day of the incident. It includes fatality, permanent total disability, permanent partial disability and loss of workday case. The Lost Time Injury Rate is based on aggregated Employee and Contractor man-hours.

HSE Compliance

In FY2022, we have conducted twenty-nine (29) compliance audits, of which twelve (12) were audits performed by external certification bodies. While the Group continues to prioritise good HSE practices in our operations, DIALOG was served with nine (9) summons (FY2021: 0) for which all issues have been rectified and closed.

HSE Accomplishments

We are honoured to have been accorded the following HSE awards and milestone recognition in FY2022:

Recipient	Achievements	Awarding Company/Parties
DIALOG Services Sdn. Bhd.	HSE Contractor Performance (Silver Award)	PETRONAS
DIALOG Plant Services Sdn. Bhd.	Gold Class 1 for Good OSH Performance	Malaysian Society for Occupation Safety and Health ("MSOSH")
DIALOG E & C Sdn. Bhd.	500,000 safe man-hours without LTI	PETRONAS

Employee Health & Well-being

A healthy workforce is essential to ensuring the sustainability and productivity of our human capital assets. In this regard, DIALOG engages regularly with all employees on the matter of health and well-being through a variety of talks and initiatives on an ongoing basis.

During the year, the following events and talks were undertaken to increase awareness and educate our employees on matters related to personal health and well-being:

Date	Topic
7 July 2021	COVID-19 Vaccine Awareness
27 September 2021	Talk – Strengthening Mental Wellbeing in a Pandemic
29 September 2021	Light Vehicle Defensive Driving Training
11 November 2021	Health Talk – Sleep Deprivation/Disorder
2 June 2022	HSE Week Webinar : Sharing on Weight Loss Journey
29 June 2022 30 June 2022	Computer-based Training: Hearing Conservation Module

Mental Health

Recognising that mental health is also an integral part of our employees' well-being, DIALOG has put in place the Employee Assistance Programme since July 2021. This programme provides a valuable resource for our employees to reach out to qualified clinical psychologists and counsellors, if needed.

HCM HUMAN CAPITAL MANAGEMENT

Our employees are our most valuable asset. They are critical to the sustainability of the Group's business as their performance directly affects the outcome of our deliverables to our valued clients and stakeholders.

As such, it is inherently important for us to manage our people holistically and effectively, especially as the competition for talent in the marketplace continues to intensify. This means building a workplace culture that:

- Attracts, develops and retains high-performing talent – this ensures a stable talent resource pool to enable the Group to achieve set deliverables;
- Continuously develops and future-proofs our workforce – this ensures employees are nurtured and empowered to grow, evolve and thrive to meet the needs of a rapidly changing industry;
- Promotes diversity, equality and inclusion – this harnesses the strength of a diverse talent pool and promotes teamwork; and
- Treats everyone fairly with dignity, fairness, respect and equality – fostering a deeper sense of unity and supporting a foundation built on trust.

ADVANCING PEOPLE

Talent Attraction & Retention

Understanding that employees are critical to the sustainability of the Group's business as their performance directly affects the outcome of our deliverables to our valued clients and stakeholders, DIALOG is committed towards attracting, rewarding and retaining good talent.

Diversity, Equality & Inclusion

Embracing diversity in the workplace is essential to us, as DIALOG operates across 10 countries globally and our employees come from various backgrounds and experiences. Promoting inclusiveness, equality and diversity within our workplace fosters an open-minded company culture which increases creativity and innovation which is essential to our success.

As such, we remain committed to fostering an inclusive culture where all people should have the right to work and advance on the basis of merit and ability irrespective of nationality, gender, age, religion, ethnicity, sexual orientation, or physical ability.

Human Rights

DIALOG believes in the fundamental rights and freedoms entitled to every individual. In this regard, DIALOG has zero tolerance for discrimination, bullying or harassment. Furthermore, DIALOG has a firm stance against child or any form of forced labour and adopts ethical labour standards and practices, ensuring that we comply with all applicable laws and regulations pertaining to child protection and labour laws in the countries we operate in.

OUR APPROACH

With a rich diversity of people, cultures and business operations across 10 countries, DIALOG thrives by creating an environment that draws from a wealth of knowledge, experience and multiple perspectives.

To harness this strength, we ensure that our employees work together as ONE DIALOG, by sharing a common understanding of our corporate culture, leadership values and behaviors, and professional competencies required to achieve both individual and business goals.

Our corporate core values are key to achieving this balance. They send a clear message on our guiding principles of Integrity and teamwork. They also reinforce our commitment to HSE, Quality, Competency and Excellence. At DIALOG, we value diversity and actively promote the exchange of knowledge and experience to continually develop our global workforce.

Active and consistent expression of these values and policies are communicated to our employees throughout their employment with us, via our employee induction programme, staff engagement activities, and other channels such as our intranet and newsletters.

OUR AIM

We aim to be an employer of choice, by maintaining a holistic approach that combines a conducive workplace culture with a competitive compensation structure and equal opportunities to all qualified individuals in order to attract, reward and retain good talent.

HOW WE CREATE VALUE?

OUR PROGRESS FOR FY2022

Employees' Share Option Scheme ("ESOS")

In FY2019, the Group implemented the third round of Employees' Share Option Scheme ("ESOS"). The ESOS will be in force for a duration of 10 years. The ESOS's intended purpose is to:

- Attract prospective skilled talent and experienced employees to join and contribute to the Group by making the total compensation package more attractive and competitive;
- Provide an incentive to motivate the eligible employees towards better performance, and work towards achieving the Group's goals and objectives;
- Reward the eligible employees in recognition of their accumulated contribution to the operations and continued growth of the Group; and
- Retain the eligible employees by giving them a sense of ownership, loyalty and belonging to the Group as they participate directly in the equity of the Company.

The basis of allocation of the ESOS Options is determined by the ESOS Committee, which will take into consideration, amongst others, the Group's performance, and the eligible employees individual performance (both financial, and non-financial) over the vesting period. In line with the Group's long term business model, present vesting periods are between 5 to 6 years.

For more information on our ESOS, please refer to the ESOS By-Laws as published on our website at www.dialogasia.com

Conducive Workplace

At DIALOG, we also recognise the importance of maintaining a caring environment, as a conducive workplace will promote safety, health, and a sense of belonging for all employees. All of this helps in the retention of employees. Amongst some of the benefits we provide include:

- Employee wellness facilities and activities such as a gym and sports activities including running, badminton, futsal and weekly yoga, dancing and Qigong classes organised by the Sports Club. Health talks are also held periodically.
- Competitive medical coverage and benefits.
- A staff welfare programme, since 2001, where we provide schooling assistance to lower income Malaysian employees.
- Academic Achievement Reward Programme aimed at rewarding the children of Malaysia based employees for their academic achievements. Its objective is to encourage learning and promote a culture of excellence in the 'DIALOG Families'.

Internal Recruitment Programme

DIALOG encourages internal mobility as a means to retain and develop talents, and launched this programme in December 2021. The programme connects our employees to job opportunities within the company, providing them with new opportunities to learn, grow, and drive value. This is in line with DIALOG's principles of valuing diversity, encouraging active promotion of knowledge exchange, and continually developing our global workforce to achieve our business goals, mission, and vision.

Since the launch of the Internal Recruitment Programme ("IRP"), we have been able to successfully place 5 employees into new positions within the Group.

GradStart & Internship Programme

In addition to the above, we continued to offer job opportunities to unemployed young graduates through our GradStart Programme in FY2022. We also place interns to provide workplace exposure to university students. This helps to identify and nurture potential talent.

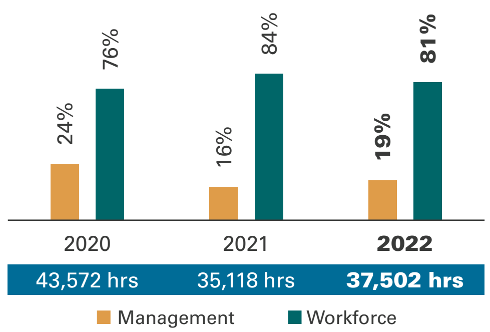
Despite the challenging business environment during post-pandemic recovery, a total of 50 graduates (FY2021: 22) were hired and placed in various divisions within the Group via our GradStart Programme (of which, 50% of the graduates hired were female), and 11 interns (FY2021: 2) were accepted into our Internship Programme.

Training

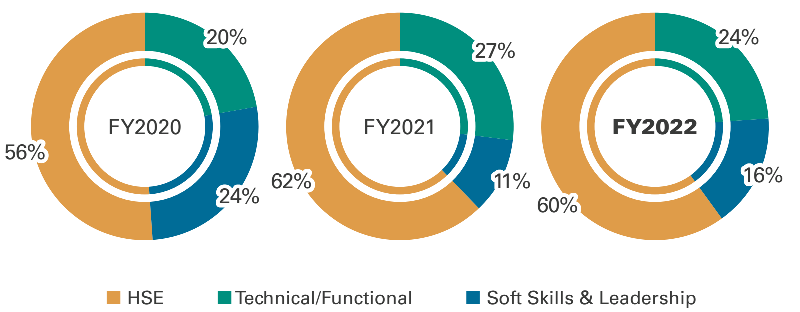
In this regard, DIALOG invests heavily in various training programmes all year round for the continuous learning of our employees and future leaders. These include training seminars, knowledge sharing sessions, briefings and e-learning programmes/webinars and conferences. These activities and programmes address a wide array of organisational needs which include:

- Compliance training – these relate to fundamental and mandatory trainings in the areas of HSE, governance and sustainability;
- Technical training – to build and enhance subject matter expertise in a variety of areas across the business; and
- Soft-skills/behavioural and leadership training – to develop and upskill our future leaders.

Training Hours for Management and Workforce



Training Hours by Type of Training



ADVANCING PEOPLE

During the year under review, the Group's employees (including management and daily waged staff) clocked in a total of 37,502 training hours, equivalent to an average of 14.0 training hours (FY2021: 14.1 hours) per employee. HSE training contributed the majority of training hours, where out of 2,680 employees, 62% (1,659) attended HSE training. Alongside HSE training, 24% (FY2021: 27%) of total training hours were attributed to technical/functional training, aiming to continuously enhance the workforce technical/functional competencies for day-to-day operations excellence. It is notable that the percentage of soft-skills and leadership trainings has increased from 11% in FY2021 to 16% in FY2022.

Career Development Opportunities

In addition to the training programmes and the IRP mentioned earlier, DIALOG also regularly sends our employees on various local and overseas assignments, or seconds them to our Joint Venture Partners when opportunities arise. Engineers under our Young Engineer Programme ("YEP") were also given opportunities to be rotated to various departments for invaluable hands-on experience in engineering design and field operations.

In line with our long-term strategies, Talent Management and Succession Management programmes are also in place to ensure our talent pool and leadership pipeline are sustainable.

Local Hiring

In recognising that the Group plays a significant role in creating employment, we endeavour to hire locally in the countries we operate. Local hiring and skills development can generate significant economic benefits for the communities near our operations and is a priority in DIALOG. This approach has been mutually beneficial: It builds our local talent pipeline and strengthens community and employee relations.

Performance Review

Communication is an essential aspect of a productive workplace and therefore, employee engagement is important. Performance reviews are conducted yearly, and this provides the opportunity for our employees to receive recognition for a job well done or to highlight areas that may need more attention.

Sexual Harassment Policy

As part of our continuous effort to provide a respectful, safe, and healthy working environment in every place of employment, the DIALOG's Sexual Harassment Policy was rolled out in April 2022. The guidelines therein will provide our employees with a practical guide on the protection of the dignity of men and women at work. This is to ensure individual employees, irrespective of status or position, are treated with dignity and free from any form of harassment, humiliation, and intimation of a sexual nature.

Whistleblowing

In addition to all of the above, we also acknowledge the importance of providing a safe and trusted channel for our employees to escalate issues and any wrongdoing such as bullying and harassment. As such, we have implemented a Whistleblowing Policy which accepts anonymous reports.

www.dialogasia.com/whistleblowing-policy

Human Capital Development

Some of the other key programmes implemented during the year as part of our human capital development initiatives are as follows:

Engineering Foundation Programme

This series of technical training modules was developed by our internal subject matter experts in collaboration with Group Human Capital Development Department. This programme was offered to all our engineers to equip them with a broad understanding of the fundamentals of engineering disciplines that covered topics on the engineering process and detailed engineering.

Talent Development Programme

This comprises various ongoing in-house supervisory and leadership programmes for our frontline and operational leaders, and high performing talents. It includes the Breakthrough Programme for Supervisors ("BPS"), Leadership Excellence and Development ("LEAD") programme, Aspire to Lead ("ATL") programme and Financial Essentials for Non-Finance Professionals.

Young Engineer Programme

We have enhanced the existing Young Engineer Programme to enable a more structured job rotation experience for the young engineers to gain invaluable hands-on experience in engineering design and field operations in various departments.

Human Capital Management Indicators

The data below covers 100% of our sites.

Employees by Country

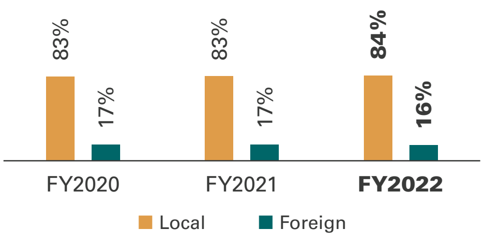
Country	FY2020	FY2021	FY2022
Malaysia	1,836	1,617	1,781
Singapore	129	129	141
Australia & New Zealand	543	465	486
Middle East	278	255	246
Other Countries	64	28	26
Total	**2,850**	**2,494**	**2,680**

Employees by Qualification Level

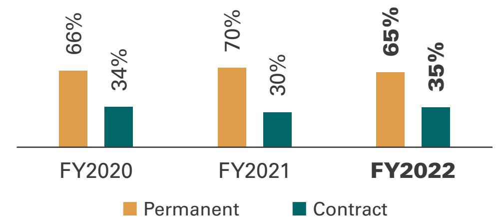
Qualification Level	FY2020	FY2021	FY2022
Technical Degree	695	650	697
Technical Diploma	323	291	336
Technical Certificate	547	422	418
Non-Technical Degree	326	307	312
Non-Technical Diploma	176	152	167
Non-Technical Certificate	46	40	44
Secondary Certificate	686	558	636
Lower Secondary/ Primary Certificate	51	74	70
Total	**2,850**	**2,494**	**2,680**

Employee Diversity Indicators

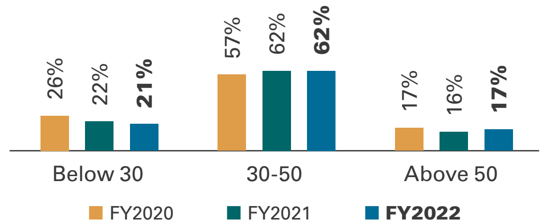
Local Hiring
(%)



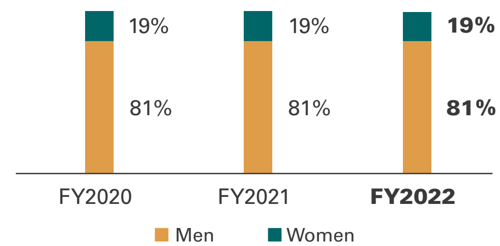
Employees by Category
(%)



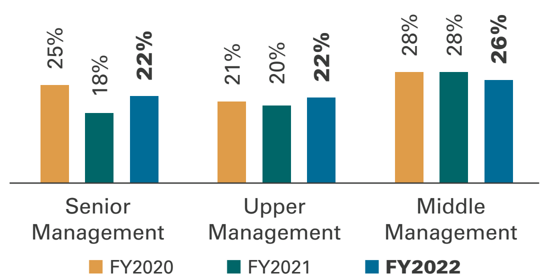
Employees by Age Group
(%)



Employees by Gender
(%)



Women in Management
(%)



Our commitment to gender diversity is also reflected in the composition of our Board of Directors, where 38% (3 out of 8 Directors) are women.

Board of Director Profile , page 25 to 28

ADVANCING PEOPLE

CE COMMUNITY ENGAGEMENT

Community Engagement is important to us because the majority of our workforce is local, and positively impacting these communities will ultimately contribute to the sustainability of the Group's business. Furthermore, it helps reinforce our commitment to social development and corporate responsibility.

OUR APPROACH

DIALOG supports the MyKasih Foundation, a private non-profit organisation with a vision to create loving and caring neighbourhoods all over Malaysia. DIALOG's community engagement objectives are aligned with MyKasih's mission to alleviate poverty by helping underprivileged families meet their basic needs for food aid and educational support, and at the same time, implementing meaningful sustainable programmes to help beneficiaries achieve financial stability and food security in the long run.

In addition to the MyKasih Foundation, DIALOG also provides funding support to other charitable initiatives that reach out to the communities in which we operate.

During the year under review, the Group allocated a total of RM5.5million for its Corporate Social Responsibility ("CSR") programmes.

Year	DIALOG's contribution towards MyKasih Foundation (RM Million)
FY2022	5.5
FY2021	5.2
FY2020	5.4

OUR AIM

We aim to help marginalised communities by meeting their immediate needs for nutrition and education, and provide them with opportunities to become self-sufficient and financially stable.

HOW WE CREATE VALUE?

OUR PROGRESS FOR FY2022

MyKasih Foundation

Cashless Payment System

DIALOG's key contribution in ensuring the well-being of communities struggling with poverty is in the unique technology developed by our subsidiary DIV Services Sdn. Bhd. ("DIV").

DIALOG has dedicated this proprietary technology and manpower to drive MyKasih Foundation's distribution of welfare aid to targeted beneficiaries in a secure, efficient and transparent manner. In doing so, other corporates, non-corporate funding bodies, social purpose organisations and individuals are able to help the poor without incurring any cost or licensing fees, and thereby fully maximising charity benefits to those who need it most.

The proprietary technology is a cashless payment system that uses the chip technology of the Malaysian identity card ("MyKad"), and the proprietary MyKasih smartcard to pay for purchases of essential goods at partner retailers. For added security, all transactions are Chip and PIN-verified. A Mykad-based system provides donors the assurance that 100 percent of their charity funds are delivered directly to the rightful recipients and used for its intended purposes. This transparent method of welfare distribution eliminates leakages and allows donors to track how their donations are being used.

DIALOG has continued to improve on the technology and the quality of its services to ensure that the cashless payment system remains robust and relevant. To-date, RM380 million worth of aid has been disbursed by MyKasih Foundation to more than 750,000 financially-challenged families and students nationwide.

In addition to the use of the cashless payment system by MyKasih, DIV also executed two major projects during the year under review. In June 2021, Yayasan Hasanah, on behalf of the Government of Malaysia, appointed MyKasih Foundation to implement the Government's 'PRIHATIN KASIH cashless food aid programme. In December 2021, the Johor State Government also kicked off the PRE Ihsan Johor 3.0 'Kasih Johor' food aid scheme to support Johor's pandemic poor using DIV's cashless system.

RM75.7 million worth of aid was successfully channelled to 426,456 poor households nationwide for the above-mentioned Malaysian federal and state government initiatives.

Other than pioneering the cashless system that manages MyKasih's welfare distribution, DIALOG contributes funding towards MyKasih's flagship 'Love My Neighbourhood' food aid and 'Love My School' student bursary programmes.

MyKasih 'Love My Neighbourhood' ("LMN") Food Aid Programme

During the year under review, the Group allocated RM537,600 to support 560 families across 10 locations nationwide with monthly food aid.

Food aid recipients are Malaysians from low-income households (referred to as the 'B40' of the population). Recipients use their MyKad to draw upon a monthly allowance of RM80 to pay for essential food items at participating retail stores within their neighbourhood.

They can select from a range of approved items within 10 product categories such as rice, cooking oil, beverages, biscuits, noodles, eggs, flour, seasoning, canned foods, and bread. This helps those who are struggling to cope with the rising cost of living by ensuring that their basic need for sustenance is met.

Outside of Malaysia, the Group replicated the MyKasih food aid programme in Bangkok, Thailand. Through DIALOG Systems (Thailand) Limited, 80 families in the Laksi District are each provided a monthly allowance of Thai Baht 500 per month via the MyKasih smartcard to shop for approved provisions at their community marts.

This cashless food aid programme was particularly useful during the COVID-19 Movement Control Order when corporate citizens and NGOs were hard-pressed to procure, pack and deliver food aid to poor families.

MyKasih food aid recipient

ADVANCING PEOPLE

MyKasih 'Love My School' ("LMS") Bursary Programme

The LMS bursary programme alleviates the burden that underprivileged families have in educating their children. The use of bursaries is restricted to purchases of books and stationeries from the school bookstore, as well as meals from the school canteen.

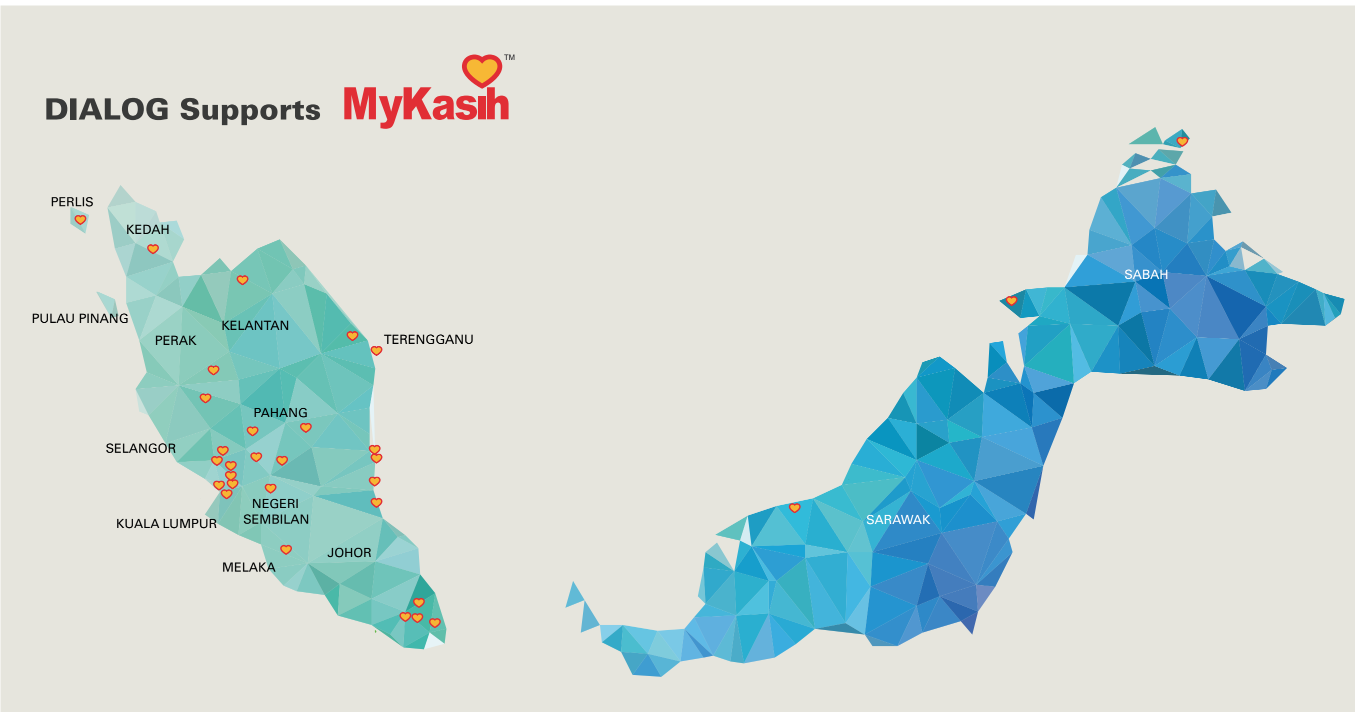
DIALOG currently supports a total of 3,242 students in 27 schools, out of which, 14 are Asli and Pribumi (indigenous) primary schools with a combined population of 2,200 students.

Accounts are opened in the system against the student beneficiaries' Mykad-linked smartcard into which the daily spending allowance is deposited. The students use their smartcard to pay for purchases made at the school canteen and bookstore. This encourages attendance and their active participation in the classroom and during extra-curricular programmes.

In addition to bursaries, the students also have access to 21st-century learning and Science, Technology, Engineering and Mathematics ("STEM") Education by way of DIALOG's sponsorships of computer labs and robotics kits. This has enabled Orang Asli students and indigenous schools to participate in the Virtual National Robotics Competition since 2020. Their wellbeing is further enhanced through the support of music and sports programmes at school.

MyKasih LMS recipients

The LMS initiative accounts for more than 53% percent out of the Group's total FY2022 CSR allocation.



Fish Farming, Kampung Cunex, Gerik, Perak

Aquaponic edible gardens in schools

To date, DIALOG has sponsored the set up of a total of 41 aquaponic systems in MyKasih schools. The sponsorship also goes towards consumables such as fish food and vegetable seeds, as well as servicing and maintenance works.

The aquaponic edible garden is a single integrated and self-contained system that combines aquaculture (raising fish) and hydroponics (the soil-less growing of plants). School teachers use the aquaponics as an outdoor classroom to teach Bahasa Malaysia, English, Science and Mathematics. They are also able to impart fundamentals of environmental consciousness and social responsibility while teaching the students about food production.

Community Food Security & Sustainable Livelihood Initiatives

Beyond mobilising cashless aid, the foundation provides opportunities for beneficiaries to achieve food security and financial independence. These interventions include basic health screening, food cultivation (fruits and vegetables), farming (fish, chickens, and bees), skills and financial literacy training for entrepreneurial income-generation projects to help urban households and rural communities improve their quality of life.

DIALOG currently supports 14 project sites on community food security and sustainable livelihood initiatives covering four states:

- 1 site in Pasir Gudang, Johor
- 4 sites in Gerik, Perak (Villages: Leyef, Ong Jangking, Ong Jelmol, Kembok)
- 8 sites in Lipis & Raub, Pahang (Villages: Bertang, Ruai, Pantos, Betau, Leryar, Tiat, Pasu, Sungai Yol)
- 1 site in Jeli, Kelantan (Village: Manok)

Chicken Farming, Kampung Bertang, Lipis, Pahang

Aquaponic Edible Garden, SK Batu 14, Tapah, Perak

Stingless Bee Farm, Manok, Jeli, Kelantan

ADVANCING PEOPLE

Employee Volunteerism

During the year under review, more than 200 DIALOG staff have participated in numerous community work programmes organised by the DIALOG CSR Team. The work ranges from school refurbishment and beautification works, beach and river clean-ups, seagrass monitoring surveys, administrative tasks during charity fund-raisers, as well as sale of farm produce on behalf of the community farmers under DIALOG's support.

Seagrass Conservation and Monitoring Programme

DIALOG Terminals Langsat ("DTL") works with Reef Check Malaysia and scientists from University Malaya to conduct science-based conservation programmes in Johor. Seagrass meadows are an important marine ecosystem as it not only protect coastlines from storms and strong waves, but helps mitigate climate change and ocean acidification by absorbing and storing carbon from the ocean and the atmosphere.

An annual programme to monitor seagrass meadows near DTL facility in the south of Johor began in March 2022. The long-term goal of the project is to conserve seagrass ecosystem services that contribute to the sustainable livelihoods and food security of local communities that rely on them.

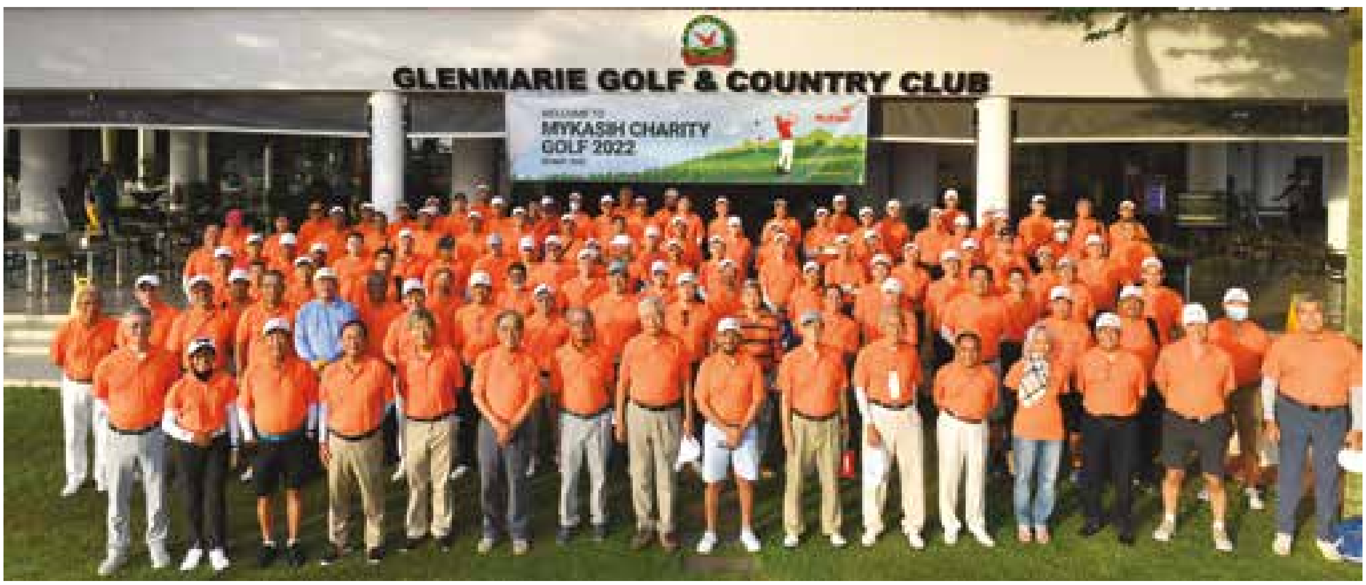
The scientists also hope to raise awareness among local communities of the ecological and economic importance of seagrass meadows and other "blue carbon assets".

Seagrass Conservation and Monitoring Programme

With more data, the project will also look at potential seagrass restoration or rehabilitation measures. Plans are also underway to document the Seletar indigenous community's remaining traditional ecological knowledge about their blue carbon assets and related resources.

Other charitable initiatives

The Group also contributed approximately RM375,000 to support other charitable initiatives such as the MyKasih Charity Golf, PAN Productions charity musical on 'Kita Jaga Kita', Star Sailors League Gold Cup for Team Malaysia, Pengerang Home Healthcare Assistants Training Programme, Institute for Democracy and Economic Affairs, Yayasan Makmur Pengerang, Orchid Run organised by Petronita, and a treasure hunt fundraising charity event by Hospis Malaysia.



MyKasih Charity Golf 2022

ROBUST GOVERNANCE AND ETHICAL PRACTICES

Material Topics:

EP CG ABC BE RM

Stakeholders Impacted:

E GR FI S C BP LC VS

We uphold the highest standards of governance, business ethics, integrity and transparency as robust governance and ethical behaviour is the bedrock of every responsibly managed organisation.

CG BE CORPORATE GOVERNANCE & BUSINESS ETHICS

In a climate of increasing regulations and public scrutiny, ethical behaviour builds trust and instils confidence among our stakeholders. This in turn helps us maintain a positive reputation, foster strong business and stakeholder relationships, and enables the Group to grow sustainably.

DIALOG believes strong corporate governance and ethical behaviour are the key to protecting both business and stakeholders' interests, enables us to address and manage risks effectively, and ultimately contribute sustainably to the Group's financial performance and enhancement of shareholders' value.

OUR APPROACH

DIALOG adheres to good governance as advocated by the Malaysian Code on Corporate Governance 2017 ("the Code"). The Principles and Practices of the code, where necessary and appropriate, are carried out across the Group to ensure that high standards of transparency, accountability and integrity are attained in managing the Group's business.

ROBUST GOVERNANCE AND ETHICAL PRACTICES

DIALOG also expects all employees to conduct themselves ethically and with integrity at all times. Our commitment to maintaining this culture of integrity, transparency and compliance is specifically expressed in DIALOG's Code of Business Ethics, to which all employees must comply at all times.

It is also the Group's practice to continuously review and enhance our Corporate Governance Framework and supporting policies and procedures, to ensure that best practices are adopted and the highest levels of governance, business ethics, integrity and transparency are maintained.

OUR AIM

We aim to maintain the highest standards of corporate governance and business ethics as contributory to the sustainable progress of the Group.

HOW DO WE CREATE VALUE?

OUR PROGRESS IN FY2022

Corporate Governance & Business Ethics

Corporate Governance Framework

DIALOG continues to be committed in maintaining good corporate governance by constantly having in place an effective corporate governance framework. Please refer to our Corporate Governance Overview Statement for more details.

Board Diversity & Competency

DIALOG ensures that an appropriate mix of diversity, skills and experience in the Board of Directors ("Board") is maintained, in order for it to lead and discharge its responsibilities effectively. DIALOG also continues to support gender diversity at the Board level, where 38% (3 out of 8) of our Board members are women.

Board of Director Profile , page 25 to 28

Policies & Guidelines

Our corporate governance framework is further supported by having in place the right policies, procedures and guidelines, to ensure that a corporate culture is of ethical and transparent behaviour is prevalent across the Group.

During the year we continued to enforce the following stringent policies and guidelines to ensure integrity and ethical practices are upheld:

DIALOG Code of Business Ethics - Provides policy statements on the standards of behaviour and ethical conduct expected of the Board, all employees of the Group and others performing work or services for or on behalf of the Group.

Anti-Bribery & Corruption Policy - Aims to prevent, detect and respond to bribery and corruption, and ensure compliance with Malaysia's Anti-Bribery Laws and/or other applicable anti-bribery laws.

Sexual Harrassment Policy – Introduced in FY2022, this policy aims to protect our employees from any unwanted sexual advances by providing clear guidelines to report such incidents.

Fit and Proper Policy – The Group rolled out this policy in FY2022 to provide further guide in the review and assessment of candidates that are seeking re-election on the Board of DIALOG and candidates to be appointed to DIALOG or its subsidiaries.

Business Process Management ("BPM") – Introduced in FY2021, BPM aims to visualise DIALOG's business processes to allow a better understanding of how the organisation actually works and to enable more effective focus on improvements through engagement, collaboration and integration.

ABC ANTI-BRIBERY & CORRUPTION

At DIALOG, ethical behaviour is of paramount importance to us, and we take compliance with our established Code of Business Ethics and related policies seriously. The implementation of Corporate Liability involving commercial organisations under Malaysia Anti-Corruption Commission's ("MACC") Section 17A which took effect on 1 June 2020 resonates with our objective in fostering a business environment free of bribery and corruption.

Bribery and corruption are not only against our values, but the destructive consequences arising from them could negatively impact DIALOG's employee morale, reputation and financial standing.

www.dialogasia.com/anti-bribery-and-corruption-policy

OUR APPROACH

DIALOG maintains strict controls to prevent and detect corruption and follows specific accounting rules and procedures for reporting information. This ensures that we have accurate and reasonably detailed books and financial records, including entertainment and travel expenses, regardless of whom an employee may be interacting with.

OUR AIM

DIALOG's Board and management are committed to running the Group's business operations on a foundation of integrity, transparency and honesty. We take a zero-tolerance approach to bribery and corruption and are fully committed to acting professionally, fairly and with integrity in all business dealings and relationship.

Prior to the implementation of Section 17A of the MACC Act on 1 June 2020, DIALOG had established an Anti-Bribery & Corruption ("ABC") Policy in December 2019. The policy aims to prevent, detect, and respond to bribery and corruption.

HOW WE CREATE VALUE?

OUR PROGRESS IN FY2022

To reinforce the importance of following DIALOG's policies and procedures, and their role in preventing bribery and corruption, in July 2021, DIALOG launched an e-learning and assessment module on anti-bribery and corruption to more than 2,000 employees. We continually update, improve and enhance our ABC programme to ensure appropriate and necessary resources (economic and talent-based) are available and used to identify and respond to current and future corruption risks.

ABC programmes and initiatives are tracked using MACC's T.R.U.S.T guiding principles. ABC plans and progress updates are deliberated at the Risk Management Committee. Our achievements in this area are depicted below:

Principles	Programmes / Initiatives
Top Level Commitment	• ABC Policy rolled out • Strong tone from the top (e.g. message from the Executive Chairman)
Risk Assessment	• Corruption risk register in place • Group Risk Management/Group Legal established as "Go to Persons" • Inclusion of ABC risk in individual risk registers
Undertake Control Measures	• Business Ethics Questionnaire ("BEQ") process rolled out for due diligence purposes • Signed acceptance on ABC compliance from third parties • Code of Business Ethics for third parties • Limits of Authority updated for ABC elements • Separate submission of claims pertaining to donation, entertainment and gifts • General Terms and Conditions updated to include ABC clauses • Register of Gifts and Entertainment in place • Whistleblowing channel in place through a Whistleblowing Policy • Replacement of petty cash floats with corporate credit cards
Systematic Review, Monitoring & Enforcement	• ABC audits done, targeting locations with poor CPI scores (e.g. Thailand) • Regular audits also look at ABC controls • Gaps identified from ABC audits closed with urgency • Conducting ABC audits is a prevalent feature of the Internal Audit plan
Training & Communication	• Employee declarations on policy compliance • Awareness sessions • ABC topic included in employee orientation • ABC E-learning module

ROBUST GOVERNANCE AND ETHICAL PRACTICES

RM RISK MANAGEMENT

Our vision of becoming the leading integrated technical service provider to the energy sector both locally and internationally is contingent on our effectiveness in managing the uncertainties which could materially impact our critical success factors in terms of creating value to our shareholders.

OUR APPROACH

At DIALOG, we have established in all our lines of business, an effective risk management process to identify, evaluate, monitor and manage the uncertainties which could either be threats or opportunities within the environment where DIALOG operates.

Risk Management is a prevalent feature of DIALOG's ways of working. Risk Management processes are governed by the Risk Management policy and framework. The Group Risk Management works closely with business lines to ensure that there is an on-going process of identifying, evaluating and managing significant business risk exposure.

The risks are rated based on a matrix of 'likelihood' and 'impact' where both financial and non-financial consequences are duly considered. Subsequently, risk owners are accountable in implementing the risk mitigation measures with the objective of obtaining a residual risk within the risk appetite.

OUR AIM

We aim to maintain a culture of risk awareness and prudent risk management throughout DIALOG, to ensure that uncertainties continue to be managed effectively and the interests of all stakeholders are safeguarded.

HOW DO WE CREATE VALUE?

OUR PROGRESS IN FY2022

Risk Management activities operate within the risk appetite defined by the Risk Management Committee ("RMC") and the Board in order to effectively and efficiently allocate resources to mitigate identified risks. Moreover, segregating identified risks into categories (Very Low, Low, Medium, High and Very High) has enabled the Company to design cost-effective risk mitigation measures.

There are 39 risk registers covering DIALOG's core business areas, technical and corporate functions. A further 13 project risk registers are in place specifically for projects. 815 risks were captured in total across all entities. Each risk has appropriately identified mitigating controls that are tested for operating effectiveness.

The following key activities pertaining to risk management were undertaken during FY2022:

- Reviewed the adequacy of insurance coverage for the entire Group (projects, workshops, offices and terminals).
- Frequent RMC meetings with detailed risk presentations by the Group Risk Management Department as well as business units. Risks and their mitigation plans were discussed, deliberated and challenged in detail during these meetings.
- Ad-hoc special RMC meetings to deliberate on risks and mitigations for proposed acquisitions and new business ventures.
- Intensified focus on COVID-19 preventive measures and initiatives. As a result, the Group managed to keep disruptions at a minimal and maintain uninterrupted operations. We remain committed to achieving a zero LTI target on an ongoing basis for all our operations.
- Continued to enforce mandatory Anti-Bribery and Corruption training via the e-learning module rolled out across the Group.
- Continued to monitor and enhance the management of cybersecurity risks.

EP ECONOMIC PERFORMANCE

Robust governance and ethical practices ultimately enables the Group to grow and achieve goals sustainably. Consequently, economic performance is material and important to DIALOG because it ensures the sustainability of the Group and our operations, which have considerable impact on our stakeholders as we are a provider of local employment and economic value creation. This is linked to, and reflected in, the group's Financial Key Performance Indicators ("KPIs") which are discussed in the Management Discussion and Analysis section of the Annual Report.

Financial KPIs, Management Discussion and Analysis, page 48

OUR APPROACH

As an integrated technical services provider to the energy sector, DIALOG's business model is well structured to address the volatility risk posed by oil prices and currency movements to the sustainability of the Group. The Group has proactively adopted various strategies in our business, including:

- Diversification across the upstream, midstream and downstream businesses of the energy sector;
- Expanding into Sustainable and Renewables business, including clean and green energy as well as investments into recycling ventures as part of the circular economy;
- Growing long-term recurring income across all businesses;
- Active recruitment, development and retention of talent;
- Cultivating strong relationships with stakeholders including customers, suppliers, partners, bankers, shareholders, regulators and government authorities; and
- Development of proprietary technology for use in our businesses.

OUR AIM

As a corporate citizen that provides employment and creates economic value, our aim is to ensure the long-term viability of our business in a responsible and sustainable manner.

Given the unprecedented circumstances presented by COVID-19, the Group continues to prioritise, aside from the protection of the health and safety of our employees, the preservation of the Group's cash flow. To this end, the Group enhanced credit risk management and controls, reviewed capital and operational expenditures, implemented cost management measures, and actively engaged and collaborated with our partners and customers to manage cash flow.

The strategy above, implemented on the back of a solid foundation built on robust governance and ethical behaviour, have resulted in DIALOG's steady growth since being listed on the stock exchange in 1996.

Our prudent financial management approach, coupled with the long-term business strategies mentioned above, ensured the continued preservation of the Group's financial strength and stability.

The strength, consistency and resilience of the Group's economic performance is a testament to our unwavering commitment to run our business responsibly and efficiently, capture opportunities and mitigate risk through a robust risk management strategy.

HOW DO WE CREATE VALUE?

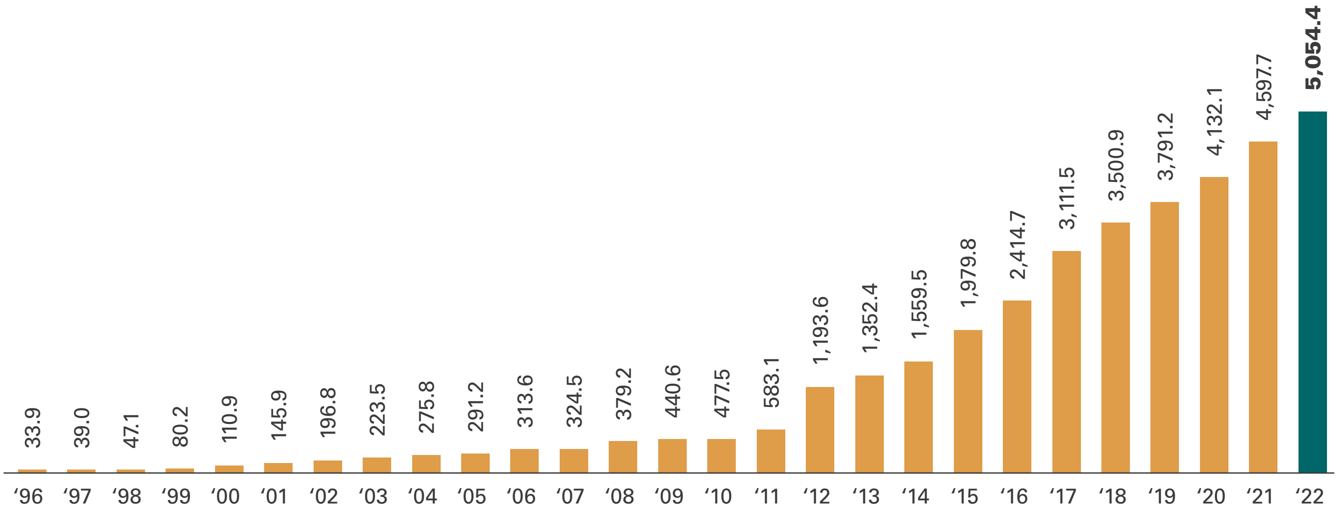
OUR PROGRESS IN FY2022

For FY2022, the Group's net operating profit after tax was lower by 6.8% at RM505.9 million from RM543.1 million in the previous financial year, while revenue increased by 44.0% to RM2.32 billion. Overall, shareholders' equity increased by 9.9% to RM5.05 billion from RM4.60 billion a year ago. A detailed analysis of our key operational risks and mitigating controls is disclosed in the Management Discussion and Analysis section of this Annual Report.

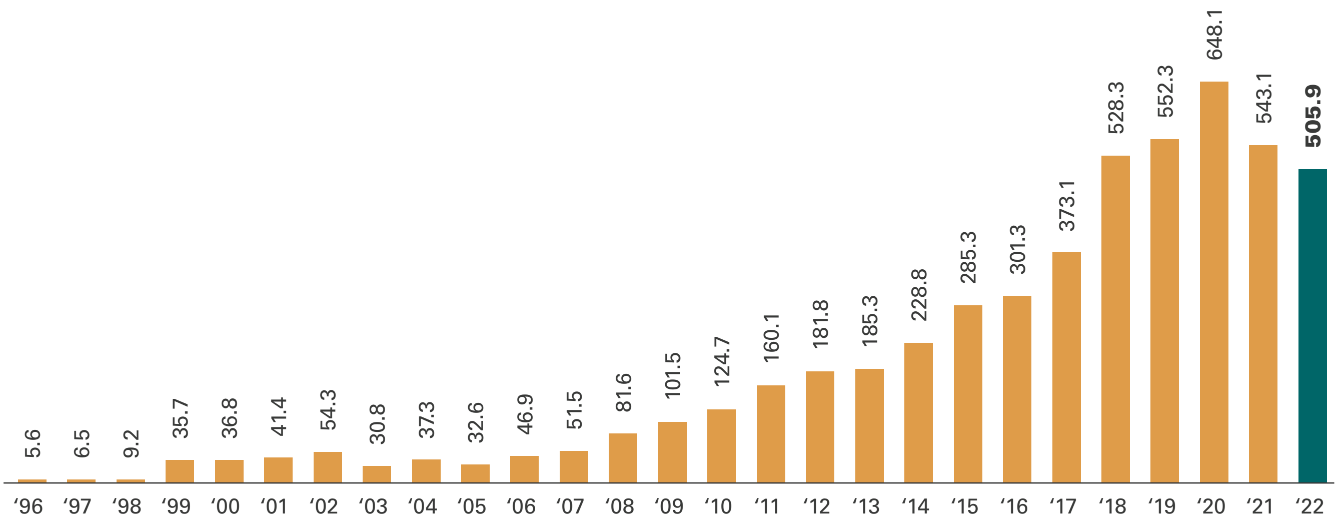
Management Discussion and Analysis, pages 40 to 62

ROBUST GOVERNANCE AND ETHICAL PRACTICES

Growth in Shareholders' Equity
(RM 'million)



Profit After Tax
(RM 'million)



DIALOG GROUP BERHAD
198901001388 (178694-V)

DIALOG TOWER
No. 15, Jalan PJU 7/5, Mutiara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: +603 7717 1111 Fax: +603 7722 3999 Email: contact@dialogasia.com

www.dialogasia.com | **DIALOG Group Berhad**