

WORLDGATE GLOBAL LOGISTICS LTD

盛良物流有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8292



Environmental, Social and Governance Report 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Overview

WORLDGATE GLOBAL LOGISTICS LTD (the “**Company**”) is pleased to present our Environmental, Social and Governance (the “**ESG**”) Report (the “**Report**”) for the year ended 31 December 2020 (the “**Year**”). This Report is prepared in accordance with GEM Rules Appendix 20, the “Environmental, Social and Governance Reporting Guide” (the “**ESG Guide**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The policy document, declaration and data set out in this Report cover the Company and its major subsidiaries (collectively the “**Group**”). The information presented in this Report provides a material, balanced and reliable disclosure of the Group’s environmental and social performances.

The Group’s Principal Activities

The Group is provision of comprehensive international freight services, transportation services as well as warehousing services to customers worldwide and in Hong Kong. The Group offers a comprehensive and wide range of services to meet its customers’ needs, including air/sea freight forwarding and related services, trucking and warehousing related services. In addition, the Group provides value-added services such as supply chain management services including pick & pack, distribution and stock & inventory report, security escort services and tracking services. These services are complementary to one another and provide customers a wide range of services with cost savings.

Scope of this Report

This Report focuses on the operation of the Group at its principal places of business in Malaysia and Hong Kong. The disclosures in this Report are mainly extracted from the Group’s statistical reports and relevant documents. The Company has complied with the “comply or explain” provisions set out in the ESG Guide for the Year.

Stakeholders’ Feedback to this Report

The Group welcomes stakeholders’ feedback on its ESG approach and performance. For any suggestions or opinions, questions or comments, please kindly send to the Company through the communication channels as stated in our Company’s website.

Identification of and Communication with Stakeholders

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency, which should form the basis for preparing the Report. Through continuing our process of comprehensive stakeholder engagement, our Company has a sound understanding of the diverse views of its stakeholders and, together with these stakeholders, has identified the environmental and social issues that it considers to be material.

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders whom we maintain regular dialogue with through meetings, enquiries, interviews and discussions. Such stakeholders include shareholders, employees, customers, suppliers and subcontractors, regulatory authorities and the local communities in which the Group operates.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

General Overview

The freight forwarding and Logistics industry is growing rapidly – revolutionized by e-commerce – with increasing demands and high expectations on visibility and fulfilment services. In an industry that is constantly evolving and innovating, it is crucial to build resilience, maintain and enhance operational efficiency and select an effective, defensible business model. Human resources and talent creation play an equally vital role in enhancing engagement with customers and for achieving on-time delivery.

The Group strives to be a role model by setting high standards for environmental protection, fostering safety, health, environmental and security awareness for its employees, prevention of corruption and anti-competition whilst adhering to fair and mutually beneficial practices. From a life cycle perspective, we regularly assess and refine the environmental impact of our services, processes, facilities, suppliers and business partners. We continually search for sustainable solutions in our efforts to improve the environment that we live and work in.

Safety, Health, Environmental and Security

In compliance with the Malaysia Occupational Safety and Health Act 1994 of Malaysia and the Occupational Safety and Health Ordinance of Hong Kong, our Group is committed to provide a safe and healthy working environment for our employees.

Under the Malaysian Occupational Safety and Health Act 1994, which applies to a range of industries including, amongst others, “Transport, Storage and Communication” we are required to ensure, “so far as practicable, the safety, health and welfare at work” of our employees. Amongst other requirements, this mandates that we provide sufficient training and supervision to ensure health and safety, maintain our working environment and equipment, ensure arrangements are made to assure safety in the handling, storage and transport of all goods we take receipt of and maintain a written health and safety policy of which our employees are aware.

In addition to ensuring compliance with the relevant laws, the Group strives to provide freight forwarding and logistics services that are safe, secure and worry-free for its customers and business partners. The Group is committed to the Safety, Health, Environmental and Security (SHES) aspects of its business.

The SHES policy is designed to ensure that employees work within an environment that is conducive to safety, security, good health and general welfare. The fundamental objectives of the SHES policy include inculcating employees’ SHES awareness, compliance for best practices, exceeding the expectations of customers, and being a benefactor to the communities in which we operate in together with our stakeholders. The Company continues to engage external trainers to train and raise employees’ awareness on these issues.

Employees were required to report any injury or work-related illnesses regardless of the degree of seriousness of the injury. Office buildings, warehouses, vehicles and equipment were maintained in accordance with the required standards both in relation to their safety and appearance in compliance with the local laws and regulations.

We maintained our commitment to raise and instill safety awareness groupwide by educating, motivating and engaging employees’ to effectively promote the preservation of the environment as well as prevention of accident and mishaps. We continued our commitment to comply with all applicable laws, regulations and internal requirements that we subscribe to.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The Group has organized various programs and activities during the Year. These include:

- Conducting a “Security Awareness Training” to educate staff with regards to prevent and mitigate risk.
- Conducting a “Forklift Safety & Certification Program” to enhance awareness of Forklift Safety.
- Participating in “Dangerous Goods Regulations” course to understand the IATA Dangerous Goods Regulations.
- Promoting physical wellness through course personal improvement.

Head of departments were assigned to check on the conditions of the Group’s facilities and to ensure adequate availability and use of appropriate personal protective items, to ensure that workplace had adequate first aid suppliers and to check all equipment that may be required for emergency purposes.

Work Related Fatalities and Injury Statistics

| | 2020 | 2019 |
|--------------------------------|------|------|
| Work Related Fatalities | | |
| Number | 0 | 0 |
| Rate (%) | 0 | 0 |
| Work Injury | | |
| Number | 0 | 0 |
| Lost Man Days | 0 | 0 |

During the Year, the Group has complied with the provisions of the Malaysian Occupational Safety and Health Act 1994 and the relevant laws and regulations relating to safety, health, environment and security.

Environmental Protection and Conservation of Ecosystem

In the past, the pace of modernisation, industrialisation and urbanisation caused society to overlook the importance of protecting and maintaining the environment. As the issue of global warming becomes more urgent and more prominent within social discourse, the Company is pleased to be taking a proactive approach in developing sustainable policies for the benefit of its local communities and society as a whole. The Group has strict policies and guidelines, focusing on the objectives of “Reduce, Reuse and Recycle” for the protection of the environment and to strike an ecological balance that is focused on sustainability for the benefit of future generations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The Group is committed to reducing the impact on environmental and carbon footprint whilst pursuing our quest to deliver optimal logistics services to our customers. Consumption of fuel and energy has been a significant contributor to greenhouse gases as well as other environmental concerns. The Group has adopted policies on pollution prevention, preservation of natural resources and adherence to environmental laws and regulations. We also seek to put practical green ideas into practice in our daily operations including office buildings and warehouse renovation works.

The Group actively promotes Green Logistics and environmentally friendly activities in its efforts to support the better living of our communities and the development of a sustainable logistics system. These policies including selecting low-emission, low carbon, green engine and fuel-efficient vehicles, prioritising reusable packing materials such as paper pallets and paper crates instead of wooden and plastics, recycling and reusing of materials, conserving electricity and water.

Employees at all levels of the organization were encouraged to be environmentally conscious, be responsible to our planet, to show respect for human rights and to play a proactive role in protecting the environment to create a safe, healthy, clean and happy world for everyone.

The Group continues to assess and improve the environmental impact on all activities while also remaining fully committed to create a working environment conducive to exceeding occupational workplace standards which are subject to.

During the Year, there were no hazardous material recorded and our non-hazardous wastes were mainly from the packing materials. We have continue to implement a range of measures, including those discussed above, to mitigate the wastages.

Emissions

Emissions under Malaysian law are governed by the Environmental Quality Act 1974, through which a series of rules and regulations are overseen by the Malaysian “Ministry of Energy, Science, Technology, Environment & Climate Change”. Of particular relevance under the Environmental Quality Act are the Environmental Quality (Control of Emission From Diesel Engines) Regulations 1996 (the “**Diesel Regulations**”).

Amongst other requirements, the Diesel Regulations contain a maximum level of various pollutants that may be emitted by a diesel engine, including carbon monoxide, hydrocarbons, nitrogen oxides and particulate matter. While primarily applicable to automobile manufacturers and assemblers, these standards are required to be complied with whenever we replace an engine in any of our diesel-emitting vehicles.

In addition, the Diesel Regulations contain maximum concentrations and densities of smoke which may be emitted at any time by diesel-emitting vehicles in Malaysia.

The Group’s operational activities were in compliance with the Environmental Quality Act 1974, all regulations created pursuant to it and all other applicable environmental laws and regulations, including those discussed above, and were geared towards the protection of the environment while minimising the impact on the Group’s operations. Our main source of emissions was from vehicles and we continue to use green engines, green vehicles and Euro 5 Diesel as a means to reduce these. We continue to assess the environmental impact of all our activities with full commitment to complying with applicable laws and reducing our impact on the environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Key Performance Indicators (“KPIs”)

| Type of emissions and respective data emission | 2020 in kilogram (“kg”) | 2019 in kilogram (“kg”) |
|--|----------------------------|----------------------------|
| Nitrogen oxides (“NO _x ”) | 6,043.24 | 6,542.77 |
| Sulphur oxides (“SO _x ”) | 0.32 | 0.97 |
| Particulate matter (“PM”) | 440.26 | 485.62 |
| Total Greenhouse gas emissions | | |
| Carbon dioxide (“CO ₂ ”) from vehicles consumption | 1,303.45 | 1,713.30 |
| Methane (“CH ₄ ”) from vehicles consumption | 1.42 | 1.96 |
| Nitrous Oxide (“N ₂ O”) from vehicles consumption | 23.19 | 40.05 |
| CO ₂ from electricity consumption | 248.39 | 257.61 |
| Total CO ₂ emissions | 1,576.46 | 2,012.92 |
| Intensity of CO ₂ emission (CO ₂ per revenue '000) | 0.02 | 0.03 |
| Total amount of non-hazardous waste (tonnes) | | |
| Packing materials (tonnes) | 27 | 27 |
| Total amount of non-hazardous waste (tonnes) | 27 | 27 |

Use of Resources

The Group has strived to adhere to our policy of reducing our consumption of resources including fuel, water and electricity through the use of high performance equipment and streamlining our operating procedures.

In addition, our increasing use of paper pallets instead of wood and plastic pallets has multiple environmental benefits: they are bio-degradable, their lighter weight reduces total emissions during transport, they do not need to be fumigated or heat-treated in accordance with international phytosanitary measures, and they can be made-to-measure which reduces wastage.

In addition, the Group continues to employ the following measures in achieving our goal of sustainable resource usage:

- Minimising waste (such as double side printing) and increasing recycling;
- Minimising water usage in our offices and operational facilities;
- Avoiding excessive air-conditioner in the office;
- Turning off idle office equipment;
- Using the low friction tyres and lightweight materials;
- Eliminating excessive packaging and wastages; and
- Using LED lighting and other energy efficient equipment.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs

| Energy consumption by type | 2020 | 2019 |
|--|---------|---------|
| Electricity consumption (kWh) | 331,720 | 344,034 |
| Intensity of electricity (kWh per revenue '000) | 4.80 | 6.12 |
| Petrol/Diesel consumption (litre) | 499,762 | 654,443 |
| Intensity of petrol (litre per revenue '000) | 7.24 | 10.17 |
| Water consumption (cubic meters ("m ³ ")) | 7,455 | 5,151 |
| Intensity of water (m ³ per revenue '000) | 0.14 | 0.09 |

The Environment and Natural Resources

The effectiveness of the above mentioned measures relies on the support of our internal and external stakeholders. Therefore, we believe it is our local communities and society as a whole. In this regard, we have adopted the following measures:

- Encouraging our business partners and other stakeholders to meet their respective environmental obligations and seeking to promote more environmentally friendly solutions in the services we provide;
- Identifying the environmental impacts associated with our operations, and set targets to improve our environmental performance;
- Taking a proactive approach in assessing and analysing our strategy in light of potential future legislation, for example with regard to single-use plastics;
- Applying new eco-friendly technology and practices to reduce the consumption of non-renewable resources such as diesel/petrol, water, electricity and their associated greenhouse gas emissions;
- Seeking to find synergies in our efforts to protect the environment and our corporate social responsibility initiatives, such as our donation campaign for Community Recycle for Charity;
- Minimising waste in daily operations through reduction, recycling and recovery; and
- Encouraging our employees to adopt environmentally responsible behavior and promoting operational strategies and policies which are conducive to environmental protection.

Due to the nature of our business, the Group does not directly generate industrial pollutants and is not aware of any significant generation of hazardous waste. During the Year, the Group did not have any material non-compliance issues in respect of any applicable laws and regulations relating to environmental protection of the air, greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Development and Training

The Group values its employees as individuals as well as recognizing their role as the engine of the Group's performance and growth. We acknowledge the importance of empowering our people through development and training. With regard to improving staff retention and maximizing competency, the Group has conducted regular training and coaching to enhance our workforce's practical knowledge and skills as well as their understanding of the industry's trends opportunities and challenges.

During the Year, the Group has organized and participated in various technical and soft skills trainings. They were as follows:

- Sales & Business Development Training
- Security Awareness Training: Logistics & Warehousing
- Marine Cargo & Integrated Transit Liability (ITL) Insurance Policy Coverage & Claim Procedure
- Import Operations
- Influential, Interaction & Interpersonal Sales Skills
- Personal Improvement
- Dangerous Goods Regulations – Initial Course
- ISO 9001: 2015 – OMP, BMP, ISM & Forms
- ISO 45001: 2018 OHSMS Internal Auditing (Code: OHS05)
- Briefing About Logistics
- ISO 9001 Crash Course
- Forklift Safety & Certification Program
- Time Management
- Mastering Incoterms 2020
- Jom Guna Levy Briefing – HRDF Schemes & Latest Update
- Levy I Grant I Claim Briefing – Grant Application & Claim Submission Guidelines
- Lead Auditor Integrated Management System (IMS) ISO 9001, ISO 14001 & ISO 45001

The Group participated in seminars and workshops related to logistic and freight forwarding industries.

The Group has also conducted trainings related ISO 9001: 2015 prior to conducting certification audits in order to ensure compliance with the relevant standards and requirements as well as adherence to best practices.

In 2020, a total of 261 training hours completed by the employees.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Training for Full Time Employees

Number of Employees Attended Training

Grading of Position

| Position | 2020 | | | | | 2019 | | | | |
|-------------------|---|---------------------------------------|---|---------------------------------------|---------------------------------|---|---------------------------------------|---|---------------------------------------|---------------------------------|
| | Male | | Female | | % of Employee Attended Training | Male | | Female | | % of Employee Attended Training |
| | Number of Employees under this Category | Number of Employees Attended Training | Number of Employees under this Category | Number of Employees Attended Training | | Number of Employees under this Category | Number of Employees Attended Training | Number of Employees under this Category | Number of Employees Attended Training | |
| Senior Management | 3 | 1 | 2 | 2 | 60% | 3 | 3 | 2 | 2 | 100% |
| Middle Management | 4 | 4 | 1 | 1 | 100% | 6 | 5 | 4 | 4 | 92% |
| Junior Management | 17 | 10 | 18 | 11 | 60% | 7 | 6 | 8 | 7 | 88% |
| Executive | 41 | 18 | 68 | 31 | 45% | 37 | 30 | 37 | 33 | 91% |
| Non-Executive | 68 | 8 | 21 | 1 | 10% | 55 | 42 | 20 | 19 | 85% |
| Total | 133 | 41 | 110 | 46 | 36% | 108 | 86 | 71 | 65 | 87% |

Society and Community Involvement

During the Year, due to COVID-19 pandemic and the government of Malaysia initiated the Movement Control Order, nil contributions that were made to the community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs

Number of Employees

| By age group | 2020 | 2019 |
|---------------------------|------|------|
| Under 30 | 77 | 67 |
| 30–50 | 102 | 104 |
| Over 50 | 19 | 8 |
| Total Number of Employees | 198 | 179 |

| By gender | 2020 | | 2019 | |
|---------------------------|------|--------|------|--------|
| | Male | Female | Male | Female |
| Total Number of Employees | 108 | 91 | 108 | 71 |

| | 2020 | 2019 |
|---------------------------------------|--------|--------|
| Proportion of Male to Female Employee | 1:0.84 | 1:0.66 |

| | 2020 | 2019 |
|--|--------|--------|
| Number of New Employees | 90 | 30 |
| Percentage of New Employees over Total Employees | 45.45% | 16.76% |

| | 2020 | 2019 |
|-------------------------------|--------|--------|
| Number of Resigned Employees | 71 | 54 |
| Total Employees turnover rate | 35.86% | 30.17% |



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Promoting Diversity

The Malaysian Federal Constitution prohibits any discrimination on grounds including race, religion or gender; however there is no specific statute in Malaysia relating to workplace diversity at the current time.

In spite of this, the Group continues to take a proactive approach in promoting a more prominent role for women in the workplace. We initially set a target to achieve a ratio of 30% or more female employees amongst new hires. In 2020 female employees accounted for 46% of new hires.

Moving forward, we strive to achieve an equal balance between female and male employees at all levels of the workforce and will continue our hiring and career efforts in support of women for their careers' advancements and equality. Training programs were conducted to encourage women to play a more active role in the organization in order to improve the retention of female employees and improve their suitability for promotion.

Employment, Development and Training

The recruitment, training and development of employees is a key factor in a company's performance. The Group's human resources policies and guidelines stipulated in the employee's handbook were in compliance with the above-mentioned labour laws and regulations, as well as all others that apply to the Group.

The Group's philosophy in regard to employee's relations is linked to the "Asian Culture of Trust and Respect" where relationships are key to business success; hence it is the Group's intention to keep employees and continually develop them. Consequently, career development is enshrined in the Group's Philosophy and Values.

The Group recruits its employees based on their industry experience, technical and interpersonal skills in line with its Staff Retention Program aimed at attracting and retaining talent. Each employee's performance and competency review is uniquely tailored to them and is evaluated in the context of individual roles on an annual basis. The Company believes that employee training is a crucial factor in its competitiveness and commitment to remain innovative in a fast-paced industry.

Performance expectations for employees were systemized via a "KPI" system practiced by the Group. The KPI's were linked to each employee's respective objectives and evaluated against 4 criteria namely Far Exceeding Expectation (FEE), Exceeding Expectation (EE), Meeting Expectation (ME) and Below Expectation (BE).

The Group positioned its employee's engagement in line with the company's vision of "The Preferred Partner in Global Logistics". Their performance was tracked through a talent management process based upon their Ambition, Ability, Agility, Achievement and Passion.

Trainings were provided by a combination of both the external as well as internal trainers on logistics industry products and services, relevant regulations, dangerous goods as well as other useful topics. For new hires, an induction training program followed by on-the-job training were provided during each employee's probationary period, following which their progress is closely monitored and reviewed throughout their onboarding process. Department heads are encouraged to propose continuous improvements to the training syllabus in accordance with the Group's needs to maintain a workforce that is capable of adapting to the rapidly changing nature of the industry.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

During the Year, due to COVID-19, there is no recreational activities and trainings for the employees.

The Group continues to collaborate with local universities through internship Programs to train new graduates and to develop their skills. The internship program provides an excellent opportunity for young talent to gain genuine business experience in a dynamic organisation with a focus on training and innovation. Allowances were provided for their daily expenses in line with the Group's commitment to corporate social responsibilities. Department Heads were assigned to brief and train the interns with a level of commitment and dedication equal to that afforded to our full-time employees. Candidates who performed well on the internship program were provided with additional training and awarded permanent positions with the Group.

A Learning Culture

As discussed above under 'Employment, Development and Training', a well-trained workforce is an essential prerequisite to success in a rapidly evolving industry. Skilled workers are more productive and better able to adapt to the increasing pace and complexity of innovation. In addition to the extensive training we provide, we also encourage personal development and a studious attitude, both for career progression and to foster a spirit of innovation and creativity.

The Group's "Fusion of Employee's Awareness" aims to impart a good learning culture, adaptability, SHES proficiency, brand awareness and a sense of belonging towards developing a world-class team. The Group has conducted "team building activities" aimed at building trust inculcating a sharing and caring attitude, nurturing and preserving a good and healthy working relationships between employees, the management and the community.

Diversity and Business Flexibility

As the freight forwarding and logistics Industry continues to rapidly evolve, the Group has continued its policy of "Total Quality Assurance" to extend its product and service diversity as part of the Group's continuing pursuit for the highest standards of service.

The Company has created a Business Development Unit which conducts research on market trends and big data analytics to provide insights to the senior management to enhance the Group's competitiveness and market share.

Labour Standards

With regard to the employment of minors, the relevant law in Malaysia is the Children and Young Persons (Employment) Act 1966 which places strict limits on the nature of work which may be undertaken by persons below fourteen years of age.

The Group is wholly opposed to the use of child labour and forced labour on moral as well as legal grounds. We agree that child labour and forced labour is a violation of basic human rights and international labour conventions and damages the social fabric of society and international relations. We have put in place human resources policies and guidelines in compliance with the relevant employment laws and regulations. During the Year, the Group strictly complies with the employment ordinance and did not employ any child labour nor forced labour in accordance with the Children and Young Persons (Employment) Act 1966 and all other relevant laws and regulations that apply to the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Supply Chain Management

The Group has a supply chain management system consisting of suppliers of cargo space, suppliers of overseas freight and logistics services, subcontractors such as local ground transportation as well as other logistics services providers, fuel and equipment vendors. We engage with suppliers fairly, transparently and ethically. The Group maintains close communication with its suppliers to allow better understanding of their operations.

During the Year, the Group was not aware of any key suppliers or subcontractors that had any significant (actual and/or potential) adverse business ethics, labour practices or shortfalls in their adherence to environmental law and regulations.

Product Responsibility

We principally provide comprehensive international freight services, transportation services as well as warehousing services to customers worldwide. The Group had registered a series of trademarks and domain names in Malaysia and Hong Kong to maintain and protect our intellectual property. We comply with all applicable law relating to intellectual property, notably the Malaysian Copyright Act 1987, Malaysian Patents Act 1983 and Malaysian Trademarks Act 1976.

The Group's mission statement of "Service with Security" emphasises the importance the Group places on the safety and security of each customers' cargo and the Group's commitment to helping them the risk of theft, hijacking and loss.

The Group's facilities are located in a secured area with closed-circuit surveillance system. The Group also adopts risk management measures, such as using global positioning system. The Group's management team have gained extensive risk management knowledge through a combination of practical experience and risk management training, including enhancing their understanding of ISO 9001 quality management system. The Group has also formulated and implemented security policies and procedures as well as setting up a security task, to ensure compliance with such policies and procedures. Moreover, the Group strives to provide customers with viable options on better and more cost effective means to transport their cargo.

The Group has created a customer services department that is in charge of handling customer complaints. All complaints are recorded essentially on our internal system which records the details of complaint, monitors the handling and progress of the complaint and records the eventual outcome.

We are also committed to protecting customer's personal data, the importance of which is enshrined in the Malaysian Personal Data Protection Act 2010. The Group takes all necessary steps to ensure that all customer's data processed by us is handled fairly and lawfully. All of our employees and third party service providers who have access to customer data are required to respect its confidentiality and such access is provided in accordance with the relevant laws and regulations.

During the Year, the Group was not aware of any incidents of non-compliance with the above-mentioned intellectual property or data protection laws and regulations or any other relevant laws and regulations regarding health and safety, advertising, labelling, privacy matters relating to products and services provided and methods of redress that have significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Anti-Corruption

We attach great importance to our corporate culture of honesty and integrity both because it maintains our corporate image and because we believe it is right. In compliance with the Malaysian Anti-Corruption Commission Act 2009, we have established anti-corruption policies which are set out in our human resources policies and guidelines.

All employees are fully briefed on the relevant anti-corruption laws and guidelines upon entering into their employment contracts so as to ensure that they comply strictly with them and carry out their duties in good faith. All employees are expected to discharge their duties with integrity and to follow relevant local and international laws that apply to either them or the Group. The Group closely monitors the conduct of its management staff to prevent wrong-doings among the Board, senior management and staff, such as prohibiting transfer of benefits while considering new customers, suppliers or any project investment.

The procedure for whistle blowing policy is as follows:

- Acts of misconduct may be disclosed in writing, by telephonically or in person. However, all reports are encouraged to be made in writing, so as to assure a clear understanding of the issues raised;
- Individuals are recommended to self-identify, though it is not a requirement of the policy;
- All reports shall be sent directly to the chairman of the Board;
- The Group will conduct an internal investigation and determine what actions are necessary to protect the reputation and integrity of the Group; and
- Where criminality is suspected, the relevant member of the Group will promptly report this to the local authorities.

During the Year, the Group was not aware of any incidents of non-compliance with the Anti-Corruption Commission Act 2009 or with any other relevant laws and regulations regarding bribery, extortion, fraud and money laundering.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

“Environmental, Social and Governance (ESG) Reporting Guide” Content Index

| Aspects | Description | Page index |
|--|--|------------|
| A1: Emissions | | |
| General Disclosure | Information on: (a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste; and KPIs | 4 to 5 |
| A2: Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials; and KPIs | 5 to 6 |
| A3: The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer’s significant impact on the environment and natural resources. | 6 |
| B1: Employment | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; and KPIs | 7 to 11 |
| B2: Health and Safety | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards; and KPIs | 2 to 3 |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

| Aspects | Description | Page index |
|-------------------------------------|--|------------|
| B3: Development and Training | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities; and KPIs | 7 to 8 |
| B4: Labour Standards | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | 11 |
| B5: Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | 12 |
| B6: Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 12 |
| B7: Anti-corruption | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 13 |
| B8: Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | 8 |

