

TBK & SONS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1960

Environmental, Social and Governance Report **2020**



INTRODUCTION AND SUSTAINABILITY APPROACH

As a civil and structural work contractor undertaking civil and structural works in the oil and gas industry in Malaysia, TBK & Sons Holdings Limited (the “Company”) and its subsidiary (the “Group” or “we”) is pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the financial year ended 30 June 2020 (the “Reporting Period” or “FY20”). This ESG Report summarises the Group’s environmental, social and governance (“ESG”) initiatives, plans, and performance transparently and demonstrates our ongoing commitment towards sustainable development.

THE ESG GOVERNANCE STRUCTURE

We consider ESG commitment as a part of our fiduciary duty and we pledge to embed ESG considerations into our decision-making process. To achieve this, we have developed a core governance framework to ensure the alignment of ESG governance with our strategic growth, while advocating ESG integration into our business operations. The structure of our corporate social responsibility is divided into two components, namely the board of directors (the “Board”) and an ESG sub-committee.

The Board holds the overall responsibility for the Group’s ESG strategy and reporting by overseeing the overall governance and progress of the Group’s ESG management systems, high-level policies, commitments, strategies and objectives. With the objective to better managing the Group’s ESG performance, its corresponding issues, and potential risks, the Group has formed an ESG sub-committee to formulate policies and translate them into actions, while facilitating the exchange of best practices with other benchmarked companies. The members of the ESG sub-committee comprises of the Chief Executive Officer and senior management of different departments.

The ESG sub-committee is accountable for the collection and analysis of ESG data, tracks and evaluates internal ESG performance, reports major issues to the Board on a semi-annual basis, ensures compliance with ESG-related laws and regulations, as well as preparing the ESG report. Our ESG sub-committee arranges meetings semi-annually to assess the effectiveness of the current policies and procedures, and establish proper solutions to improve overall ESG policy performance. At meetings, discussions on the existing and upcoming plans are held to monitor and manage the Group’s strategic goals in sustainable development, potential risk mitigation, and measures in minimising negative impacts on our business operations.

On top of the Group’s comprehensive risk management framework and robust internal control systems, an independent internal control consultant has been engaged for the Group’s annual internal control assessment to identify potential risk and control deficiencies with the recommendations of necessary improvements.

REPORTING SCOPE

This ESG Report generally covers the Group’s principal business activities in Malaysia. The ESG key performance indicator (“KPI”) data are gathered only from the operations under the Group’s direct operational control. The Group will continue to assess the major ESG aspects of different businesses and to extend the scope of disclosure when and where applicable.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Information relating to the Group’s corporate governance practices has been set out in the Corporate Governance Report on P. 24 to P. 36 of the Group’s 2020 annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges, and measures being taken during the financial year ended 30 June 2020.

STAKEHOLDER ENGAGEMENT

We are dedicated to fulfilling stakeholders’ expectations by truly understanding all their concerns and integrating such expectations through our ESG practices, with the ultimate purpose of maximising the greater economic output and business value while aligning with the Group’s long-term sustainable development goals.

To understand and address the key concerns of different stakeholders, we have been facilitating effective communication and maintaining ongoing relationships with them. We have established a comprehensive stakeholder engagement process and we will continue to increase the involvement of stakeholders via constructive conversation to chart long term prosperity. Stakeholders’ expectations have been taken into consideration by utilising diversified engagement methods as shown below:

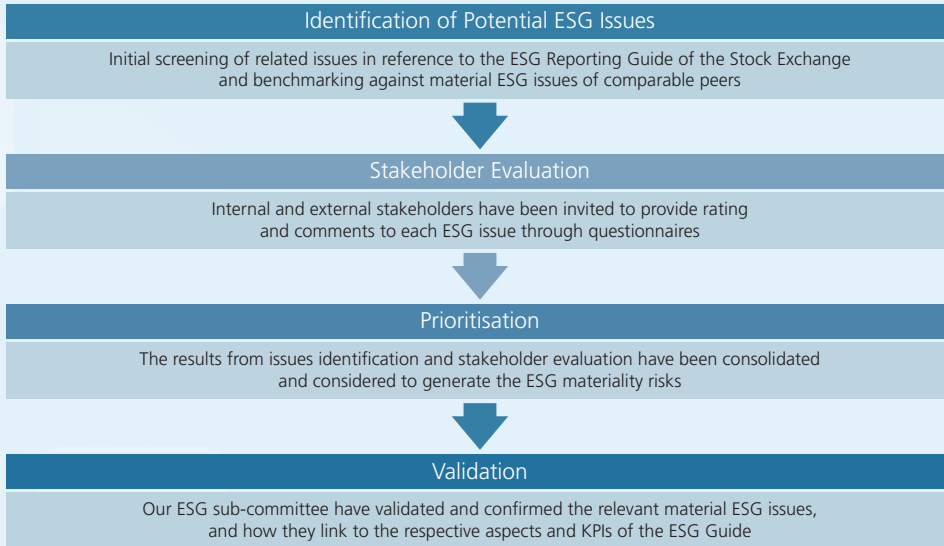
Stakeholders	Issues of concern	Engagement methods
Investors and shareholders	<ul style="list-style-type: none">• Corporate governance system• Business strategies and performance• Investment returns	<ul style="list-style-type: none">• Annual general meeting and other shareholder meetings• Financial reports• Press release and announcements• Company website and email
Clients	<ul style="list-style-type: none">• Product quality• Delivery times• Labour protection• Work safety	<ul style="list-style-type: none">• Satisfaction surveys• Client feedback• Phone and email communications

Stakeholders	Issues of concern	Engagement methods
Employees	<ul style="list-style-type: none"> • Rights and benefits • Remuneration and compensation • Training and development • Working hours • Career development • Health and safety • Working environment 	<ul style="list-style-type: none"> • Meetings and briefings • Training • Internal memos • Company activities • Company policies
Vendors and subcontractors	<ul style="list-style-type: none"> • Payment schedule • Business ethics and reputation 	<ul style="list-style-type: none"> • Business meetings • Performance evaluation • Quotation and tendering processes • Field visits
Government and supervising authorities	<ul style="list-style-type: none"> • Compliance with rules and laws • Implementation of policies 	<ul style="list-style-type: none"> • Written correspondence • Submission of statutory reports • Involvement in public consultation
Community	<ul style="list-style-type: none"> • Giving back to society • Environmental protection • Social welfare • Health and safety 	<ul style="list-style-type: none"> • Community services • Press releases (if necessary) • ESG reports

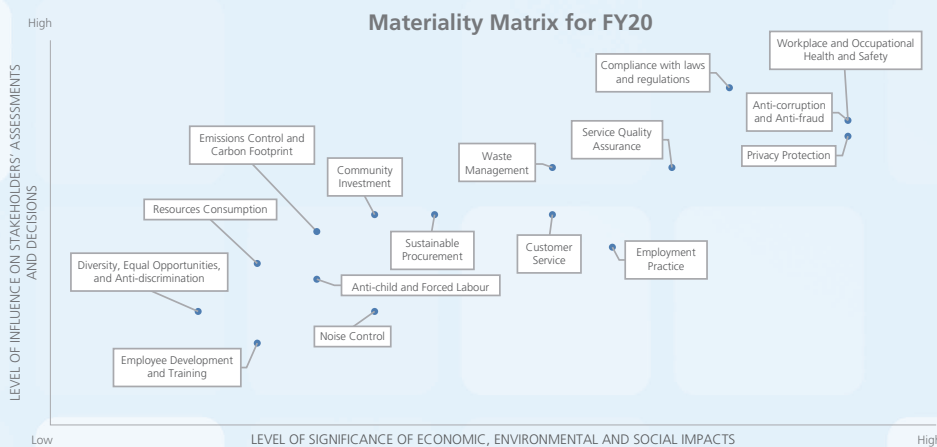
We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

MATERIALITY ASSESSMENT

We have conducted a materiality assessment with different stakeholder groups through the aforementioned engagement channels to identify corresponding ESG issues and assess the materiality of each to the Group’s operations. The procedure of the materiality assessment is outlined as follows:



The following matrix is a summary of the Group’s material ESG issues:



During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

CONTACT US

For details of our ESG performance, corporate governance as well as financial performance, please visit our website at <http://www.tbksholdings.com/> and our annual reports. You can also provide your feedback and comments on our sustainability performance.

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on concerted efforts from all industries and society. Rooted in the oil and gas civil works industry in Malaysia, we aim to reduce the adverse environmental impacts of our business operations to the minimal. We understand and have aligned our long-term value drivers to achieve sustainable value creation. We have integrated environmental sustainability into the fundamental of our business strategy and operational practices and are committed to creating greater long-term sustainable value for both the Group and the environment.

The Group is wholly committed to mitigating negative environmental impacts linked with our business activities. An incident response team has been established in our environmental management system and it was formed to deal with any incidents that will potentially bring adverse implications to the environment. The team manages the incident handling mechanism including incident detection and documentation, detailed investigation and analysis, remedial action plan, and incident disclosure. The management system is reviewed by the management on an annual basis and the performance of the environmental impact is measured based on the review results.

We have also formulated related environmental policies and initiatives to promote sustainability within our business. We constantly uphold the principles of emission reduction and resource efficiency in our environmental management approaches by implementing measures that promote energy efficiency, wastes reduction, and other green initiatives. The Group is also committed to educating our employees in raising their awareness of environmental protection and complying with relevant environmental laws and regulations. Within our policy framework, we continually look for opportunities to pursue environmentally friendly measures which enhance our environmental performance through minimizing the consumption of energy and other resources.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental related laws and regulations, including but not limited to the Malaysian Environmental Quality Act 1974, EQ (Clean Air) Regulations 1978, and the Environmental Quality (Sewage and Industrial Effluents) Regulations 1979 that would have a significant impact on the Group.

EMISSIONS CONTROL AND CARBON FOOTPRINT

Air Emissions

The major source of emissions arising out of the Group's operation was petrol and diesel consumed by vehicles for transportation and logistics activities. Due to our business nature, the use of vehicles and machinery is inevitable and it is more preferable to use heavy-duty vehicles for executing construction tasks although they are often considered as less fuel-efficient. The remote locations of our projects also require extensive travelling for goods transportation from our suppliers and project team. We have therefore adopted a series of preventive and corrective measures to control air emissions from our business activities.

The Project Managers are required to perform efficient planning on deliveries to minimise the number of trips made for transporting goods. All vehicles were also arranged for regular maintenance and repair services by qualified personnel to ensure fuel consumption efficiency and respective emissions had complied with local emission standards.

The table below illustrates the Group's exhaust gas emissions performance:

Types of exhaust gas	Unit	FY20	FY19
Nitrogen oxides (NOx)	kg	2,022.18	6,450.08
Sulphur oxides (SOx)	kg	4.76	24.74
Particulate matter (PM)	kg	153.88	514.08

Greenhouse Gas ("GHG") Emissions

The principal sources of the Group's GHG emissions were generated from petrol and diesel consumption by vehicles (Scope 1) as well as purchased electricity (Scope 2). Due to our business nature, the Group's consumption of petrol, diesel and electricity depends greatly on the nature and number of projects. Regardless, we embrace in driving green practices in our day-to-day operations and have actively adopted environmental protection, energy conservation, and water conservation measures which are described in the sections headed "Energy Management" and "Water Management" under aspect A2 in order to reduce GHG emissions.

Besides, the Group also propagates environmental protection messages to employees by posting notices and posters of green information in office areas to raise their awareness and promote best practices of environmental management.

The table below illustrates the Group's GHG emissions performance:

Indicators ¹	Unit	FY20	FY19
Scope 1 — Direct GHG emissions			
• Fuel consumed	tCO ₂ e	1,583.90	N/A
Scope 2 — Energy indirect GHG emissions			
• Purchased electricity	tCO ₂ e	82.14	N/A
Total GHG emissions	tCO ₂ e	1,666.04	4,191.86
Total GHG emissions intensity ²	tCO ₂ e/thousand RM revenue	0.01	0.02

Note:

- GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), and the sustainability Report 2019 published by Tenaga Nasional.
- For the Reporting Period, the Group recorded a revenue of approximately RM151,147,000 (FY19: RM194,017,000). The data are also used for calculating other intensity data.

WASTE MANAGEMENT

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practices have complied with relevant laws and regulations relating to environmental protection.

Hazardous Wastes

Hazardous wastes generated by the Group's business activities include lead-acid batteries, lubricating oil, fluorescent lamps, and waste oil. Stringent requirements on the management and disposal of such chemical waste have been put in place. In particular, chemical wastes generated at construction sites are required to be packed and stored securely with proper labelling. The disposal of such wastes is required to be approved and documented for internal review.

During the Reporting Period, all hazardous wastes generated from our business activities were passed to third-party contractors to lawfully handle and dispose, therefore no relevant data are available for disclosure. However, we pledge to improve our communications with the relevant third-party contractors to implement more comprehensive control on documentation of hazardous waste data for future disclosure.

Non-hazardous Wastes

We uphold the 5Rs principle, namely reduce, reevaluate, reuse, recycle, and rescue for waste management and strive for resource utilization. In order to minimise the environmental impacts from non-hazardous wastes generated from our business operation, apart from engaging a licensed specialist to handle the recycling of non-hazardous wastes, the Group has also implemented various waste reduction measures and initiatives and assumed the responsibility for the overall waste management:

- Encourage double-sided printing;
- Collect single-side printed paper for reuse;
- Use recycling paper for internal documents;
- Utilise electronic communication where applicable; and
- Reduce the use of single-use disposable items.

The table below illustrates the Group's non-hazardous waste disposal performance during the Reporting Period:

Types of non-hazardous waste	Unit	FY20	FY19
Total non-hazardous wastes	kg	1,678.33	2,122.71
Total non-hazardous wastes intensity	kg/thousand RM revenue	0.01	0.01

A2. Use of Resources

We are committed to becoming a resource-saving and environmentally friendly enterprise to promote environmental protection. The Group has established relevant policies and procedures governing the use of energy and water to achieve higher efficiency and reduce unnecessary use of resources.

RESOURCES CONSUMPTION

ENERGY MANAGEMENT

The group aims to minimise the environmental impacts that resulted from our operations by identifying and adopting appropriate measures. Energy policies, measures, and practices have been developed to show our commitment to energy efficiency. The Group strives to further reduce energy consumption by adopting the following measures and initiatives:

Approaches	Measures and Initiatives
Green Initiatives	<ul style="list-style-type: none">• Adjust air conditioning temperature to 25 degree Celsius at office• Switch off lighting, air-conditioning and office equipment when unattended• Monitor electricity consumption from our office operations regularly
Regular Maintenance	<ul style="list-style-type: none">• Perform regular inspection on our physical assets to ensure their durability• Maintain checklist for vehicle maintenance to prevent reduction in fuel efficiency
Employee Awareness	<ul style="list-style-type: none">• Engage employees by providing regular training on best practices and tips on electricity, water and paper saving• Convey environmental awareness messages via email and posters

Besides, the Group regularly reviews our energy consumption objectives and targets to continuously enhance the Group's energy consumption performance. Unexpected high consumption of energy will be investigated to find out the root cause and corresponding preventative measures will be taken.

Owing to our business operation model, the consumption of resources by the Group depends greatly on external factors such as location of projects, number of projects, and size of the civil works. Although it is relatively difficult for us to control the usage of diesel and petrol for our service operations, we endeavour to contribute towards more efficient use of resources in all facets of our operations.

The table below illustrates the Group's energy consumption performance during the Reporting Period:

Types of energy	Unit	FY20	FY19
Direct energy consumption	MWh	6,408.04	16,443.71
Diesel	MWh	5,464.74	14,816.08
Petrol	MWh	943.30	1,617.63
Indirect energy consumption	MWh	146.68	132.11
Purchased electricity	MWh	146.68	132.11
Total energy consumption	MWh	6,554.72	16,565.82
Total energy consumption intensity	MWh/thousand RM revenue	0.04	0.09

WATER MANAGEMENT

Water was mainly used in offices and construction sites. The Group nevertheless actively promotes the importance of water conservation to its employees. Apart from posting reminders next to water taps, the Group also regularly inspects water taps to prevent leakage.

Similar to electricity, the Group's water consumption depends heavily on the quantity and nature of its construction projects, therefore the fluctuation of water consumption may not be able to fully reflect the Group's effort in water saving. Yet, the Group is committed to saving water resources through different measures in the forthcoming year. During the Reporting Period, the Group's total water consumption was 12,992m³, for when the intensity was 0.09m³ per thousand RM revenue.

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

PACKAGING MATERIAL

Due to the Group's business nature, the use of packaging material is not considered as a material ESG aspect of the Group.

A3: The Environment and Natural Resources

The Group believes that corporate development should not come at the expense of the environment and natural resources, therefore the Group recognises the responsibility in minimizing the negative environmental impacts of its business operations as an ongoing commitment to good corporate citizenship. The Group remains conscious of its potential impact, therefore, regularly assesses the environmental risks of its business model, adopts preventive measures to reduce risks, and ensures compliance with relevant laws and regulations.

NOISE CONTROL

As our business activities involve the operation of heavy machineries and equipment, we are fully aware of the noise pollution generated at the construction sites. We are committed to protecting the workers from excessive noise in their working environment, hence the Group strictly adheres to all the applicable local laws and regulations in Malaysia, including the Factories and machinery Act 1967, Environmental Quality Act 1974 and the Environmental Quality (Motor Vehicle Noise) Regulation 1987.

The Group has implemented different measures to reduce noise level and ensure that workers and the surrounding neighbourhood will not be disturbed. Noise tests and controls are performed on a regular basis before the construction work commences to ensure that the noise generated is within acceptable parameters as outlined in local laws and regulations. Our Project Manager performs close scrutiny and onsite inspection to detect and prevent potential violations of laws and regulations.

B. SOCIAL

B1. Employment

Employees are the most important asset to the Group. It is the Group's objective to nurture an inclusive and harmonious working environment. By upholding values of trust, respect and compassion, the Group believes that it will boost employees' sense of belonging and retain top talents.

The Group has established an Employment Policy and Employee Handbook to govern the entire processes in human resources management, which cover recruitment and selection, working hours, rest periods, attendance, performance appraisal and promotion, termination, workplace discipline and other employee benefits and welfare. The Employment Policy is reviewed regularly and updated if required for ensuring the applicability of its terms and condition and compliance with the latest labour laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations, including but not limited to the Employment Act 1955, Industrial Relations Act 1967 (and their latest amendments), the Employment Provident Fund Act 1991, Employers' Social Security Act 1969, Minimum Wage Order 2012 and Minimum Retirement Age Act 2012 that would have a significant impact on the Group.

EMPLOYMENT PRACTICE

Competitive Remuneration Package

Our employees are offered a competitive remuneration package in order to attract and retain talents. The remuneration policy is formulated based on the Group's core principles, namely ability, competitiveness and fairness. Employee remuneration is determined on the basis of market levels, profitability of the Group, regulatory requirements, and individual performances assessed through our performance appraisal mechanism. The remuneration package also includes the entitlement of other benefits subject to their position and length of service with the Group. These benefits range from employer's contribution to Employees Provident Fund, Social Security Organisation and Employment Insurance System in accordance with the Malaysian statutory provisions, as well as other voluntary provisions including health screening package, medical benefit, annual leave, medical and hospitalisation leave, compassionate leave, maternity leave and marriage leave.

Recruitment, Promotion, and Dismissal

The Group adheres to the principles of openness and fairness to adopt a robust recruitment process based on merit selection against the job criteria applied. According to the Code of Conduct, all decision-making processes ranging from recruitment, performance evaluation to interpersonal relations should be conducted solely based on meritocracies such as individual performances, skill sets, qualifications and experience. Employees should conform to the equal opportunity policy and treat other colleagues with respect and dignity.

The Group offers promotion and development opportunities for outperforming employees through an open and fair assessment system to explore employees' capability. Performance reviews are conducted annually, the results of performance reviews are used for employees' salary review and promotion consideration.

The Group does not tolerate the dismissal of employees under any unreasonable basis. Any termination of the employment contract would be based on reasonable and lawful grounds. Exit interviews will also be conducted with leaving employees to help us better understand the needs of our employees and to improve the overall working environment.

Work-life Balance and Employee Satisfaction

The Group acknowledges the importance of maintaining a proper work-life balance to its employees as this not only ensures both their physical and mental health but also further improves overall work productivity. To bolster the social bonding between our colleagues and the management, the Group organises employee gathering and social activities such as luncheons, annual dinners and festive gatherings during Hari Raya Aidilfitri, Chinese New Year and Deepavali.

Employee satisfaction is the key to productivity and quality, therefore the Group devotes continuous efforts to boost employees' morale at the workplace. The Group strives to create an open environment in which employees can speak up with ideas and issues. Employee satisfaction surveys are conducted regularly to collect feedback from the employees and understand their concerns for the Group. The survey results will be consolidated and reviewed for a future action plan from the management.

Working Hours and Rest Periods

The Employment Policy stipulates that the standard working hour for full-time employees is eight hours per working day; rest periods are arranged in accordance with relevant employment laws of Malaysia.

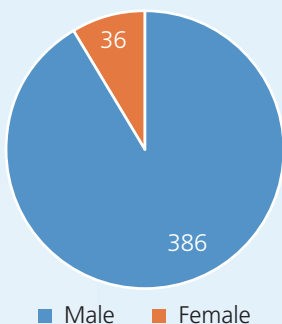
DIVERSITY, EQUAL OPPORTUNITIES, AND ANTI-DISCRIMINATION

The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. The Group advocates the principle of equal employment opportunities and diversity without any forms of discrimination. Discrimination including unjust or prejudicial treatment to anyone due to certain personal characteristics, such as race, gender, ethnicity, religion, age, and marital status, is strictly forbidden.

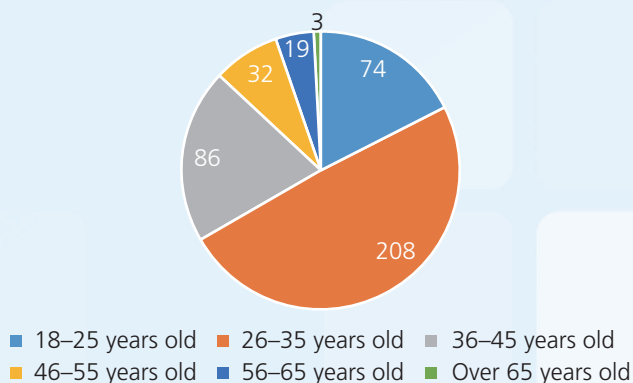
As an established service company in Malaysia, the Group values racial diversity at the workplace and respect all employees regardless of their race and ethnicity. In respect of each other's religious beliefs, the Group upholds employment policies that support this racial diversity. For example, Muslim male employees are entitled to extended lunch hours to fit obligations to perform Friday prayers. The Group strives to understand both the social and cultural complexities inherent in embracing differences to promote an equal and fair workplace.

As at 30 June 2020, the Group had a total of 422 full time employees. The distribution of employees according to gender, age group and geographical diversity is as follows:

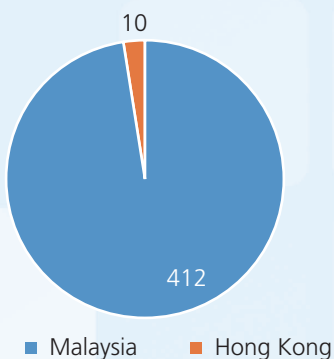
Employee Gender Diversity



Employee Age Diversity



Employee Geographical Region Diversity



During the Reporting Period, the Group’s overall employee turnover rate was approximately 26%. The table below shows the employee turnover rate by gender, age group and geographical region:

	Turnover Rate (%)
By Gender	
Male	24.35
Female	69.44
By Age Group	
18–25 years old	79.73
26–35 years old	14.42
36–45 years old	22.09
46–55 years old	21.88
56–65 years old	15.79
Over 65 years old	33.33
By Geographical Region	
Malaysia	28.88
Hong Kong	0

B2. Health and Safety

Occupational health and safety of our employees is of the utmost priority for our business operations. We believe that a safe and healthy workforce is the core to drive future success. To ensure this, the Group’s service line is certified in accordance with the internationally recognised OHSAS 18001:2007, the Occupational Health and Safety Assessment Series. Besides, the Group has attained the ISO9001:2015 Quality Management System certification during the Reporting Period, which contains the Health, Safety and Environment (“HSE”) Policy and the HSE Management System, to ensure sound performance and promote a robust workplace safety management system. All of the Group’s workplace and occupational health and safety policies are in compliance with relevant legislations in Malaysia.

During the Reporting Period, there were no deaths or permanent disability cases noted and there were no records of lost days due to work injury. The Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Construction Industry Development Board Act 1994, Factories and Machinery Act 1967 and Occupational Safety and Health Act 1994 of Malaysia that would have a significant impact on the Group.

WORKPLACE AND OCCUPATIONAL HEALTH AND SAFETY

For each of our engaged projects, the Project Manager is directly responsible for the individuals assigned for each site to oversee the project operations and make prompt responses. The management will be reported on a timely basis in the event of any notifications or alarms of unsettled hazards in the workplace. The Group has established an emergency response team which comprises of an on-scene commander, wardens, first aid team, fire rescue team and oil spill team, with ongoing supervision and monitoring of the Project Manager. The team is formed specifically to handle any project-based emergencies, crisis management and disaster recovery protocols. The team is accountable for responding to emergencies, taking appropriate action in the initial minutes, and minimising vulnerabilities and threats to the employees and business operations.

All new recruits are required to attend the Operational Health and Safety Induction conducted by the Project Manager or the Safety and Health Officer within the first week of reporting. Upon completion of the induction programme, employees shall undergo on-the-job training based on their responsibilities to learn the proper way of operating relevant machineries and tools before offering services to the Group's clients. Other workplace safety activities such as regular safety training and fire drills are conducted in order to maintain and refresh employees' awareness and knowledge on safety.

Provision of Safe Environment to Employees

Onsite employees are provided with and required to wear necessary personal protective equipment ("PPE"), depending on their work nature. To raise the safety awareness of the Group's employees, the requirements on the use of PPE is highlighted in the Employee Handbook and in every site briefing. Warnings and/or safety notices are displayed on facilities and machinery to make aware of the hazards involved to the employees. In addition, the Group has implemented a set of workplace safety measures to protect its employees. A formalised incident management mechanism has been established and relevant information is communicated to all the employees. This increases the employees' awareness and familiarity in handling process and reduces risk of unorganised controls in the event of an incident occurrence.

Furthermore, periodic risk assessments are performed to identify and mitigate any potential risks arising from the workplace and to cultivate a safe, healthy and conducive working environment for the Group's employees. As part of the occupational health and safety management system, the Group's on-site project management team is responsible for conducting workplace inspections on a daily basis to identify and record hazards. All the observations and corrective action plans are documented in the Unsafe Condition and Unsafe Act Register.

Response to COVID-19 Pandemic

In response to the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic, the Group has taken certain actions to strengthen the health and safety precautionary measures in both the office and construction sites to ensure the health of its employees. Apart from increasing the frequency of office cleaning and sterilisation in office areas, employees are also required to wear surgical face masks at the office and construction sites and check their body temperature prior to work every day. Employees are reminded of the importance of maintaining personal hygiene. The Group also closed its construction sites and office following the imposition of the Movement Control Order by the government of Malaysia from 18 March 2020 to 4 May 2020.

B3. Development and Training

Training and continuous development are indispensable for the Group's employees to keep abreast of the ever-changing trend of the industry and also to satisfy its customers' evolving needs. The Group holds a firm belief that the provision of training opportunities and continuous career development to its employees, which strengthens the professional capabilities and growth of the employees and retains high-calibre talent, provides a solid foundation for the Group's continuing success. At the same time, it also supports the sustainable growth of business and maintenance of the Group's competitive edge in the industry.

EMPLOYEE DEVELOPMENT AND TRAINING

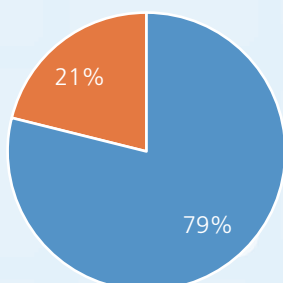
To nurture a professional workplace alongside with the aim of fulfilling our employees' personal development, the Group provides enormous supports for its employees in their pursuit of continuous professional training. New recruits are required to attend induction programme, safety training and on-the-job training to encourage flexibility and adaptability at the workplace.

During the Reporting Period, the Group's employees participated in a wide array of training courses ranging from general to technical aspects. The coverage of topics includes company introduction, code of conduct, employee handbook, hazardous chemical handling, working at height, traffic control, evacuation awareness and other safety-related subjects. A training matrix is maintained by the Group for gap analysis purposes to ensure that the required competencies of employees are satisfied and as a tool for managing the development of its talents. Training contents are regularly updated to be in line with industrial standards.

The Group's resource allocation in the employee development initiative elevates all employees as a whole to support their personal growth and professional advancement. To equip the employees with desirable skills set and competencies, the Group had arranged training sessions that were conducted by external professional bodies covering the topics in corporate governance, regulatory awareness, tax planning and strategies. Under our performance appraisal mechanism, supervisors are obliged to provide timely constructive feedback to the employees on their accomplishments and areas of improvement at work.

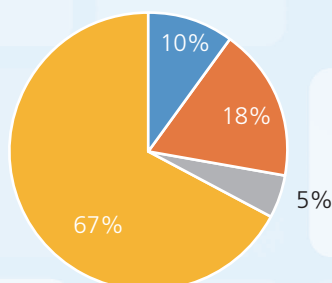
The percentage breakdown of employees trained by gender and employee category are as follows:

Employees trained by gender



■ Male ■ Female

Employees trained by employee category



■ Board of Directors ■ Senior Management
 ■ Management ■ Other Employees

B4. Labour Standards

ANTI-CHILD AND FORCED LABOUR

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and prohibits any child and forced labour employment. The Group's Human Resources Department is responsible to monitor and ensure compliance of the latest and relevant laws and regulations that prohibit child labour and forced labour.

To avoid illegal employment of child labour, underage workers and forced labour, personal data are collected during the recruitment process to assist the selection of suitable candidates and to verify candidates' identity. All of our employees must have reached the statutory age and possess identification documents before the commencement of work. The Human Resources Department also ensures identity documents are carefully screened and checked. Supervisors are also encouraged to monitor and report to the Project Manager or Head of Department if any suspected non-compliance instances.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to the Children and Young Persons (Employment) Act 1966 that would have a significant impact on the Group.

B5. Supply Chain Management

The Group recognises the importance of good supply chain management practices in mitigating environmental and social risks. We prioritise the quality of suppliers, subcontractors and service providers to sustain top notch standards of our service offerings and we strive to collaborate and maintain stable partnership with suppliers and subcontractors who possess qualifications or expertise in their respective fields. In view of green supply chain management, the Group strives to engage suppliers and subcontractors who incorporate the consideration of environmental and social risks into their supply chain management. We consider sustainability commitment of suppliers as a crucial component in our consideration and we highly value suppliers that could differentiate themselves from their peers and enforce controls to minimise adverse implications of operations on society and environment.

SUSTAINABLE PROCUREMENT

The Group operates on the principle of transparency and therefore has established a formal tendering and procurement mechanism to select major suppliers or subcontractors. The management will review and scrutinised the entire supplier or subcontractor selection process to ensure the openness and fairness of the tendering and procurement procedure. To ensure supplier and subcontractors have met our requirements and standards, the Group has formulated stringent procedures and standards in selecting and reviewing suppliers and subcontractors. Factors such as production capacity, quality, performance, risk and environmental impacts are all taken into consideration when selecting new suppliers or annual supplier review.

Besides, we perform close monitoring on the suppliers' or subcontractors' business practices through onsite inspections. Any observations of non-compliance during the site visit will be reported immediately to the management. Corrective action plan will be carried out to remediate the identified risks in a timely manner.

B6. Product Responsibility

Achieving and maintaining a high-quality standard for projects is of utmost importance for the sustainable growth of the Group. The Group believes completing works that meet or exceed our client's requirements is crucial for job references and future business opportunities. The Group regularly controls and monitors the process of each project to ensure that it delivers high-quality services and sustainable projects.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning advertising, labelling, and privacy matters relating to products and services provided and methods of redress, including but not limited to the Malaysian Personal Data Protection Act 2010 and the Hong Kong Personal Data (Privacy) Ordinance that would have a significant impact on the Group. Moreover, disclosure on the number of products sold or shipped subject to recalls for safety and health reasons was not applicable due to the Group's business nature.

SERVICE QUALITY ASSURANCE

The Group is committed to providing services with high standards of quality and reliability. We have attained the ISO9001:2015 Quality Management System certification, for which it provides guidelines to our employees for meeting the following objectives:

- To provide consistent, reliable and effective services to satisfy the demands and expectations of our clients;
- To comply with all relevant standards, statutory and regulatory requirements;
- To provide appropriate training for employees to enhance skills and knowledge to match with quality requirements of works and services; and
- To monitor and improve the effectiveness of QMS by conducting periodic internal reviews, inspections, feedback collection and enhancement.

In addition, the management constantly invested heavily in aspects such as human resources, health and safety, professional trainings, infrastructure and equipment to ensure the continuous delivery of high-quality service.

PRIVACY PROTECTION

The Group recognises the protection of confidential information is the key to its success, therefore protecting confidential data and customers' privacy always remains the priority of the Group. As such, a Data Privacy Policy and data protection controls have been implemented by the Group for which the corresponding guidelines are established in compliance with the Malaysian Personal Data Protection Act 2010 and the Hong Kong Personal Data (Privacy) Ordinance.

As stated in the Code of Conduct, the Group strictly prohibits any disclosure and transfer of the Group's internal data to other entities without prior consent from the management. Unauthorised access and misuse of information are also strictly prohibited. Any violations of the Code of Conduct are a major misconduct that shall be subjected to disciplinary action including dismissal and judicial proceedings.

Regarding the Group's information system controls, the Group applied sufficient system security to grant access right to designated personnel according to their job duties and prevent any unauthorised access to our system resources, information and personal data. Any transfer of personal data to a third-party processor is only allowed if the third party agreed to comply with the terms and conditions stipulated under the Data Privacy Policy with adequate security measures in place.

In addition, proper review mechanism has been established to approve any amendment within the system to establish accountability, prevent risks of inappropriate access grants, and decrease uncertainties of potential misuse of data.

CUSTOMER SERVICES

To understand our customers' needs and provide services that meet their expectations and standards, customer satisfaction surveys are distributed for our customers to provide feedbacks on our service provisions. We have also established the complaints handling mechanism to ensure a thorough investigation is conducted in a timely manner and appropriate remedial actions are carried out when complaints were received. All complaint cases and details are documented to reduce the possibility of re-occurrence in the future.

ADVERTISING AND LABELLING

As the Group's operational process does not involve advertising and labelling practices, the disclosure on information relating to advertising and labelling is not applicable to the Group.

B7. Anti-corruption

The Group strives to maintain a high level of ethical corporate culture and we strictly prohibit all forms of corruption, bribery, extortion, money-laundering and other fraudulent activities in relation to our business operations. The Group has formulated an Anti-corruption Policy to ensure that every employee complies with the rules of the Group in daily operation to prevent violation of the law and uphold professional ethics, integrity, values, and standards when dealing with the Group's finance, products, partnerships and public image.

During the Reporting Period, there were no conclude legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with related laws and regulations concerning bribery, extortion, fraud, and money laundering, including but not limited to the Anti-corruption Commission Act 2009 of Malaysia that would have a significant impact on the Group.

ANTI-CORRUPTION AND ANTI-FRAUD

The Group believes in fairness and honesty in business dealings. Potential conflicts of interest that may increase the risk of bribery and bid-rigging will be constantly monitored. If there are any potential or actual conflict of interest perceived, employees are required to report to the management immediately.

Besides, a Whistle-blowing Mechanism has also been established to provide a confidential channel for employees to raise concerns about wrongdoings, fraudulent and unethical acts, and other malpractices at the earliest opportunity. A designated independent investigation team is responsible to deal with the reported issue and may escalate to relevant regulatory or enforcement authority whenever necessary. Trainings related to anti-corruption are conducted to employees and the management to boost their awareness on the prevention of bribery.

B8. Community Investment

COMMUNITY INVESTMENT

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of our strategic development. The Group strives to nurture corporate culture and practice corporate citizenship in daily work life.

During the Reporting Period, the Group had supported different community activities through donations of approximately RM237,800 and over 20 hours of volunteering. For instance, the Group had sent 6 and 2 volunteers to "Persatuan Tarian Singa Dan Naga Long Yi" and "Pertubuhan Bantuan Teknikal Insaf" respectively. Moving forward, we aim to encourage our employees to participate in charitable activities during their work and spare time as we believe participating in activities that repay the society can increase our employees' civic awareness while establishing correct values.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration	Page Reference
Aspect 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 exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	P.5-8
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions — Emissions control and carbon footprint	P.6
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions — Emissions control and carbon footprint	P.6
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Not applicable — Explained	P.7
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management	P.8
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions	P.5-8
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management	P.7-8
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	P.8-10
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Resources Consumption	P.10
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources — Resources Consumption	P.10
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Resources Consumption	P.9-10
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Resources Consumption	P.10
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Not applicable — Explained	P.10

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration	Page Reference
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources	P.11
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Noise Control	P.11
Aspect 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, antidiscrimination, and other benefits and welfare.	Employment	P.11-14
KPI B1.1 ("Recommended Disclosure")	Total workforce by gender, employment type, age group and geographical region	Employment — Diversity, Equal Opportunities, and Anti-discrimination	P.13
KPI B1.2 ("Recommended Disclosure")	Employee turnover rate by gender, age group and geographical region	Employment — Diversity, Equal Opportunities, and Anti-discrimination	P.14
Aspect 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.	Health and Safety	P.14-15
KPI B2.1 ("Recommended Disclosure")	Number and rate of work-related fatalities.	Health and Safety	P.14
KPI B2.2 ("Recommended Disclosure")	Lost days due to work injury.	Health and Safety	P.14
KPI B2.3 ("Recommended Disclosure")	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety — Workplace and Occupational Health and Safety	P.15
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	P.16
KPI B3.1 ("Recommended Disclosure")	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training — Employee Development and Training	P.16

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration	Page Reference
Aspect 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.	Labour Standards	P.17
KPI B4.1 ("Recommended Disclosure")	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Anti-child and Forced Labour	P.17
KPI B4.2 ("Recommended Disclosure")	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Anti-child and Forced Labour	P.17
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	P.17
KPI B5.2 ("Recommended Disclosure")	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management — Sustainable Procurement	P.17
Aspect 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.	Product Responsibility	P.18-19
KPI B6.1 ("Recommended Disclosure")	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable — Explained	P.18
KPI B6.4 ("Recommended Disclosure")	Description of quality assurance process and recall procedures.	Product Responsibility — Service Quality Assurance	P.18
KPI B6.5 ("Recommended Disclosure")	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Privacy Protection	P.19

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration	Page Reference
Aspect 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.	Anti-corruption	P.20
KPI B7.1 (“Recommended Disclosure”)	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption — Anti-corruption and Anti-fraud	P.20
KPI B7.2 (“Recommended Disclosure”)	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption — Anti-corruption and Anti-fraud	P.20
Aspect 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.	Community Investment	P.20