

# TBK & SONS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1960



# 2022

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## INTRODUCTION

TBK & Sons Holdings Limited (the “Company”) and its subsidiaries (the “Group” or “we”) are principally engaged in civil and structural works in Malaysia and the People’s Republic of China (the “PRC”) and trading of oil and related products in PRC. The Group is pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the year ended 30 June 2022 (the “Financial Year” or “2022”). This ESG Report discloses the Group’s environmental, social and governance (“ESG”) initiatives, plans, and performance transparently and demonstrates its 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. Our ESG governance structure is divided into two components, namely the board of directors (the “Board”) and an ESG sub-committee.

The Board holds the overall responsibility on the Group’s ESG issues and oversees the ESG strategies, direction and policies. In order to better manage the Group’s ESG performance, related issues and potential risks, the Board discusses and reviews the Group’s ESG risks and opportunities, performance, progress, goals and targets regularly with the assistance of the ESG sub-committee. The Board is also responsible for ensuring the effectiveness of ESG risk management and internal control mechanism and facilitating the exchange of best practices with other comparable companies.

The ESG sub-committee is composed of the Chief Executive Officer and management of different departments. It facilitates the Board’s oversight of ESG matters and has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group’s ESG performance, ensuring compliance with ESG-related laws and regulations and preparing ESG reports. The ESG sub-committee arranges meetings regularly to evaluate the effectiveness of current policies and procedures, and formulate appropriate solutions to improve the overall ESG performance. At meetings, the ESG sub-committee discussed the existing and upcoming plans in order to monitor and manage the Group’s strategic goals in terms of sustainable development, mitigate potential risks, and minimise their negative impacts on its business operations. By setting ESG-related goals and targets to minimise the environmental impacts from the Group’s operation, the Group affirmed its commitment in embedding sustainability into its business operation and fulfilling its corporate responsibility. The ESG sub-committee would periodically report to the Board, assist in assessing and identifying the Group’s ESG risks and opportunities, evaluate the implementation and effectiveness of the internal control mechanism, and review the progress of the set goals and targets.

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## REPORTING SCOPE

The reporting scope is determined by senior management of the Group by considering the materiality principle, as well as the Group's core business and main revenue source.

Unless otherwise stated, the ESG Report mainly covers the Group's operations in Malaysia, Hong Kong and the PRC, including four operating segments, namely, (i) civil works projects, (ii) building works projects, (iii) construction and renovation works projects, and (iv) trading of oil and related products. These segments are the Group's major sources of revenue during the Financial Year. The ESG key performance indicators ("KPIs") 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 or its major subsidiaries and 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 "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities (the "Listing Rules") on Main Board of 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 of the Group's Annual Report 2022.

During the preparation for this ESG Report, the Group has applied the reporting principles in the aforementioned ESG Reporting Guide as the following:

**Materiality:** Materiality assessment was conducted to identify material issues during the Financial Year, thereby adopting the confirmed material issues as the focus of the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board and the ESG sub-committee. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

**Quantitative:** The standards and methodologies used in the calculation of relevant data in this ESG Report, as well as the applicable assumptions were disclosed. The KPIs are supplemented with explanatory notes to establish benchmarks where applicable.

**Consistency:** The preparation approach of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

This ESG Report has undergone the internal review process of the Group and was approved by the Board.

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## REPORTING PERIOD

Unless otherwise specified, this ESG Report covers the period from 1 July 2021 to 30 June 2022, the reporting content in this ESG Report comprises the ESG activities, challenges and measures taken by the Group during the Financial Year.

## STAKEHOLDER ENGAGEMENT

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

To understand and address the key issues of concern 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"> <li>• Corporate governance system</li> <li>• Business strategies and performances</li> <li>• Investment returns</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting and other shareholder meetings</li> <li>• Financial reports</li> <li>• Press release and announcements</li> <li>• Company website and emails</li> </ul>
Clients	<ul style="list-style-type: none"> <li>• Product and service quality</li> <li>• Delivery times</li> <li>• Labour protection</li> <li>• Work safety</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfaction surveys</li> <li>• Client feedback</li> <li>• Phone and email communications</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Rights and benefits</li> <li>• Remuneration and compensation</li> <li>• Training and development</li> <li>• Working hours</li> <li>• Career development</li> <li>• Health and safety</li> <li>• Working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings and briefings</li> <li>• Training</li> <li>• Internal memos</li> <li>• Company activities</li> <li>• Company policies</li> </ul>
Vendors and subcontractors	<ul style="list-style-type: none"> <li>• Payment schedule</li> <li>• Business ethics and reputation</li> <li>• Fair tendering</li> </ul>	<ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Performance evaluation</li> <li>• Quotation and tendering processes</li> <li>• Field visits</li> </ul>

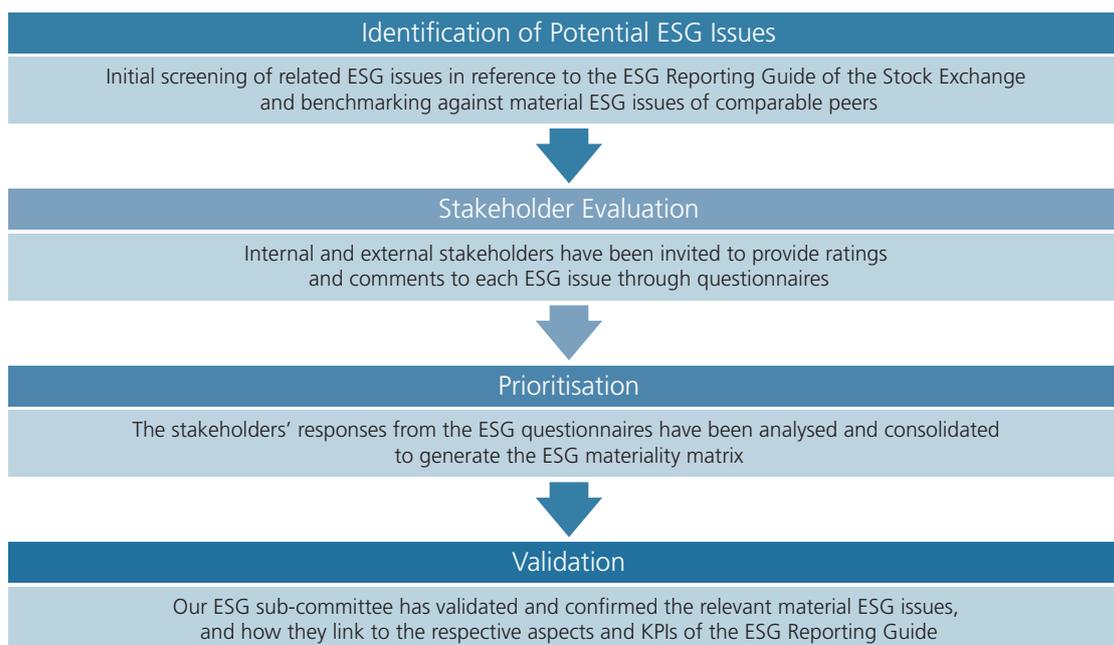
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Stakeholders	Issues of concern	Engagement methods
Government and supervising authorities	<ul style="list-style-type: none"> <li>• Compliance with rules and laws</li> <li>• Implementation of policies</li> </ul>	<ul style="list-style-type: none"> <li>• Written correspondence</li> <li>• Submission of statutory reports</li> <li>• Involvement in public consultation</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Giving back to society</li> <li>• Environmental protection</li> <li>• Social welfare</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Community services</li> <li>• Press releases</li> <li>• ESG reports</li> <li>• Charitable donations</li> </ul>

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

## MATERIALITY ASSESSMENT

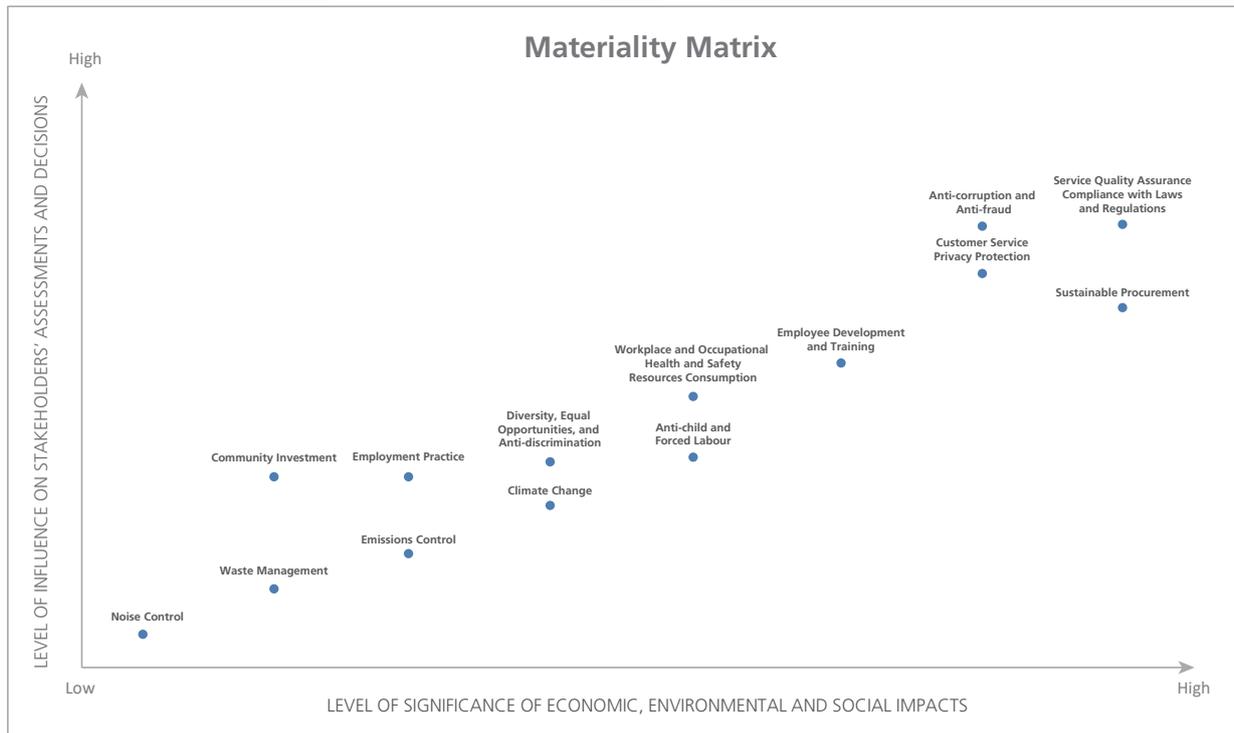
We conducted a materiality assessment with different stakeholder groups through the aforementioned engagement channels to identify corresponding ESG issues and assess the materiality of each to the Group's operations. The procedure of the materiality assessment is outlined as follows:



The result of the materiality assessment is one of the most important tools for the Group to evaluate and prioritise the ESG issues related to the Group. The Board will then develop strategies according to the result of the materiality assessment with the assistance of the ESG sub-committee to manage the ESG issues.

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



During the Financial Year, 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.

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## BOARD STATEMENT

Dear Stakeholders,

On behalf of the Board, I am pleased to present the ESG Report of the Group for the Financial Year. This ESG Report demonstrates our growing commitment to advancing our sustainability performance in areas such as corporate governance, community participation, customer satisfaction and employee care.

In order to effectively manage the Group's ESG issues, the Group has established a robust governance structure that allows it to implement ESG strategies across the business, manage its goal-setting and reporting processes, strengthen relationships with stakeholders and ensure overall accountability. Under the ESG governance structure, the Board has a primary role in overseeing the Group's ESG issues. The Group has set up the ESG subcommittee to assist the Board in governing ESG matters. During the Financial Year, the Board and the ESG sub-committee evaluated the impacts of ESG-related risks on the operation and formulated ESG-related policies in dealing with relevant risks. Information about the Group's ESG governance structure is stated in the section headed "The ESG Governance Structure".

2022 marks an important milestone for realising our medium-term targets declared in the previous financial year. We are pleased to announce that we have successfully achieved all the environmental targets set in the last ESG report attributable to the implementation of sound ESG-related policies and strategies. In view of this, we have decided to formulate a set of more ambitious environmental targets, using 2022 as the new baseline year. These targets are important tools for us to ensure our business operations are in line with our key focus areas on the environment. Details of the targets and steps taken to achieve them can be found in the section headed "Environmental".

The Group is conscious of its corporate responsibility for sustainable development and is dedicated to upholding it. In order to meet the our customers' requirements on different health, safety and environmental aspects, we are committed to incorporating ESG considerations into our daily operations. The Group has maintained an effective control on quality assurance measures, and has formed a project management team, which includes a project manager, construction manager and quality manager, to monitor the quality of each construction project. In addition, the Group has fully implemented a health, safety and environmental management system to prevent potential industrial accidents to ensure that a safe workplace is provided for workers. The Group also ensures that it has complied with all applicable safety regulations and properly implemented protection measures for its projects.

Besides its own corporate responsibility, the Group is principally required to comply with the laws and regulations in relation to environmental protection in where it operates, including the Environmental Quality Act 1974 of Malaysia, Environmental Quality (Clean Air) Regulations 1978 of Malaysia, the Environmental Quality (Sewage and Industrial Effluents) Regulations 1979 of Malaysia, the Air Pollution Control Ordinance of Hong Kong, the Waste Disposal Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China, and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution. Given the Group's substantial experience in the industry and its established operation workflow which includes preliminary site visits by its staff to determine possible environmental compliance issues, the Group has been able to address such environmental compliance issues. During the Financial Year, the Group was in compliance with applicable environmental laws and regulations in all material respects.

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Looking forward, the Group will further deepen the integration of ESG concepts internally and externally and implement sustainable development more responsibly.

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, subcontractors, suppliers, and Shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contributions to the development of the Group.

**Tan Hun Tiong**

*Chairman*

Hong Kong, 27 September 2022

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## 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. We aim to reduce the adverse environmental impacts of our business operations to the minimum. 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 its business activities. An incident response team (the “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 response 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 to ensure its effectiveness.

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, waste 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 continuously look for opportunities to pursue environmentally friendly measures which enhance our environmental performance through minimising the consumption of energy and other resources.

During the Financial Year, the Group was not aware of any material non-compliance with environmental-related laws and regulations, including but not limited to, the Environmental Quality Act 1974 of Malaysia, Environmental Quality (Clean Air) Regulations 1978 of Malaysia, the Environmental Quality (Sewage and Industrial Effluents) Regulations 1979 of Malaysia, the Air Pollution Control Ordinance of Hong Kong, the Waste Disposal Ordinance of Hong Kong, the Environmental Protection Law of the People’s Republic of China, and the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution that would have a significant impact on the Group.

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## EMISSIONS CONTROL

### Exhaust Gas Emissions

The exhaust gas generated by the Group's operation mainly comes from petrol and diesel consumed by vehicles for transportation and logistics. Due to our business nature, the use of vehicles is inevitable. Although heavy-duty vehicles are often considered less fuel-efficient, they are more preferable for executing large-scale construction tasks. The remote locations of our projects also require extensive travelling for goods transportation from our suppliers and project team. To control exhaust gas emissions from our business activities, we have adopted a series of preventive and corrective measures:

- Require the project managers to perform efficient planning on deliveries to minimise the number of trips made for transporting goods;
- Arrange regular maintenance and repair services for all vehicles to ensure fuel consumption efficiency and respective emissions complied with local emission standards; and
- Switch off the engine when the vehicles are idling.

Through the implementation of such measures, the Group has increased its employee's awareness of reducing exhaust gas emissions.

During the Financial Year, the Group's exhaust gas emissions generated from vehicles for transportation and logistics activities generally decreased in comparison to the year ended 30 June 2021 ("2021"), which was mainly attributable to the reduced usage of heavy goods vehicles. The Group will continue its effort in mitigating the exhaust gas emissions in the following years by performing more efficient route planning to minimise the kilometres travelled by vehicles for transporting goods.

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

Types of exhaust gas <sup>1</sup>	Unit	2022	2021
Nitrogen oxides (NO <sub>x</sub> )	kg	1,408.46	2,241.80
Sulphur oxides (SO <sub>x</sub> )	kg	3.74	5.18
Particulate matter (PM)	kg	101.67	167.71

Note(s):

1. The calculation of exhaust gas emissions data is based on the "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

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## Greenhouse Gas (“GHG”) Emissions

The principal sources of the Group’s GHG emissions were generated from petrol and diesel consumption by vehicles and machinery (Scope 1) as well as purchased electricity (Scope 2). Due to our business nature, the consumption of petrol, diesel and electricity depends greatly on the nature and number of projects.

During the Financial Year, the Group has set a target to reduce GHG emissions intensity (tCO<sub>2</sub>e/thousand RM revenue) by the year ended 30 June 2025 (“2025”) compared to 2022 level. To achieve this target, we embrace driving green practices in our day-to-day operations and have actively adopted environmental protection and energy conservation measures which are described in the section headed “Energy Management” under aspect A2 in order to reduce GHG emissions. Besides, the Group advocates environmental protection from employees by posting notices and posters of green information in office areas to raise their awareness and promote best environmental management practices.

During the Financial Year, the Group’s GHG emissions intensity decreased significantly compared to 2021, mainly due to the increase in the Group’s revenue derived from the Group’s oil trading business in 2022, which led to an increase in the intensity base.

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

Indicators <sup>1</sup>	Unit	2022	2021
Scope 1 — Direct GHG emissions	tCO <sub>2</sub> e	<b>911.96</b>	1,483.81
• Fuel consumption — vehicles		<b>631.51</b>	879.85
• Fuel consumption — machinery		<b>280.45</b>	603.96
Scope 2 — Energy indirect GHG emissions	tCO <sub>2</sub> e	<b>153.49</b>	127.44
• Purchased electricity		<b>153.49</b>	127.44
Total GHG emissions	tCO <sub>2</sub> e	<b>1,065.45</b>	1,611.25
Intensity <sup>2</sup>	tCO <sub>2</sub> e/thousand RM revenue	<b>0.001</b>	0.01

Note(s):

- 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 latest released emission factors of China’s regional power grid basis, the “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5), the “2021 Sustainability Report” published by the HK Electric Investment Limited, the “2019 Baseline Emission Factors for Regional Power Grids in China” published by the Ministry of Ecology and Environment of the People’s Republic of China and the “Sustainability Report 2021” published by Tenaga Nasional.
- For the Financial Year, the Group recorded a total revenue of approximately RM825,908,000 (2021: approximately RM189,081,000). The data are also used for calculating other intensity data.

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## *WASTE MANAGEMENT*

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

### **Hazardous Waste**

Hazardous waste 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. For example, chemical waste generated at construction sites are required to be packed and stored securely with proper labelling. The disposal of such waste is required to be approved and documented for internal review. The Group also minimises and avoids the use of harmful materials during operations with the aim to further reduce the generation of hazardous waste.

During the Financial Year, all hazardous waste generated from our business activities were collected by qualified third-party contractors to lawfully handle and dispose of, therefore, we do not have access to relevant data. However, we pledge to improve our communications with the relevant third-party contractors to implement a more comprehensive control on the documentation of hazardous waste data for future disclosure.

### **Non-hazardous Waste**

Due to our business nature, the non-hazardous waste we generate is mainly paper. We uphold the 5Rs principle, namely reduce, re-evaluate, reuse, recycle and rescue, as well as strive for resource utilisation. During the Financial Year, the Group set a target of reducing non-hazardous waste intensity (kg/thousand RM revenue) by 2025 compared to 2022. In order to minimise the environmental impacts from non-hazardous waste generated from our business operation and achieve the set target, apart from engaging a licensed specialist to handle the recycling of non-hazardous waste, 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;
- Utilise electronic communication where applicable; and
- Reduce the use of single-use disposable items.

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During the Financial Year, the Group's non-hazardous waste intensity decreased significantly compared to 2021, mainly due to the increase in the Group's revenue derived from the Group's oil trading business in 2022, which led to an increase in the intensity base.

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

Types of non-hazardous waste	Unit	2022	2021
Paper <sup>1</sup>	kg	1,118.92	1,385.11
Total non-hazardous waste	kg	1,118.92	1,385.11
Total non-hazardous waste intensity	kg/thousand RM revenue	0.001	0.01

Note:

1. The data excludes recycled paper.

## SEWAGE DISCHARGES INTO WATER AND LAND

Due to our business nature, our business activities do not discharge a significant amount of sewage into water and land. Similarly, there was no unreasonable amount of sewage discharged during the Financial Year. Used water is discharged to the public wastewater collection sewer and it is processed centrally by the public wastewater sewage system. The Group has formulated relevant water-saving measures, specific measures for reducing sewage generated are described in the section headed "Water Management" under aspect A2.

## 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's daily operations mainly consume diesel, petrol and electricity. The Group aims to minimise the environmental impacts resulted from its operations by identifying and adopting appropriate measures. Energy policies, measures, and practices have been developed to show our commitment to improve energy efficiency. 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 use resources more efficiently in all facets of our operations. During the Financial Year, the Group set a target of reducing the total energy consumption intensity (MWh/thousand RM revenue) by 2025 compared to 2022.

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The Group regularly reviews its energy consumption 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. In order to further reduce energy consumption and achieve the set target, the Group has adopted the following measures and initiatives:

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

During the Financial Year, the total energy consumption of the Group decreased significantly compared to 2021, mainly due to the increase in the Group's revenue derived from the Group's oil trading business in 2022, which led to an increase in the intensity base.

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

Types of energy	Unit	2022	2021
Direct energy consumption	MWh	<b>3,629.62</b>	5,904.07
• Petrol		<b>3,017.60</b>	4,978.13
• Diesel		<b>612.02</b>	925.94
Indirect energy consumption	MWh	<b>272.30</b>	220.44
• Purchased Electricity		<b>272.30</b>	220.44
Total energy consumption	MWh	<b>3,901.92</b>	6,124.51
Total energy consumption intensity	MWh/thousand RM revenue	<b>0.005</b>	0.03

Note(s):

- The calculation of unit conversion refers to the "Energy Statistics Manual" issued by the International Energy Agency.

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## Water Management

Water was mainly used in offices and construction sites. Similar to energy consumption, the Group's water consumption depends heavily on the quantity and nature of its construction projects; therefore the fluctuation of water consumption may not fully reflect the Group's effort in water saving. Yet, the Group is committed to saving water resources. During the Financial Year, the Group has set a target of reducing total water consumption intensity (m<sup>3</sup>/thousand RM revenue) by 2025 compared to 2022. To achieve the target, the Group 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.

During the Financial Year, the Group's water consumption intensity decreased significantly compared to 2022, mainly due to the increase in the Group's revenue derived from the Group's oil trading business in 2022, which led to an increase in the intensity base.

The table below illustrates the Group's water consumption performance:

Water consumption	Unit	2022	2021
Total water consumption	m <sup>3</sup>	31,552.27	22,885.00
Total water consumption intensity	m <sup>3</sup> /thousand RM revenue	0.04	0.12

Due to the geographical location of our offices, 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.

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## 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 of minimising 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, it 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 machinery 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 but not limited to, the Factories and Machinery Act 1967, the Environmental Quality Act 1974 and the Environmental Quality (Motor Vehicle Noise) Regulation 1987.

The Group has implemented different measures to reduce noise levels and ensured 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.

## A4. Climate Change

The Group recognises the importance on the identification and mitigation of significant climate-related issues, therefore, the Group is committed to managing the potential climate-related risks which may impact the Group's business activities. The Group has established Risk Management Policy in identifying and mitigating climate-related risks. The Group assessed the identified risks, employed qualitative and quantitative methods to determine their potential impact and likelihood of materialisation in a specific timeframe. The Group prioritised risks based on their impact or relevance to the Group's strategic objectives, and shall adjust and update the business contingency plan accordingly to improve the business stability.

Through the above method, we identified the material impacts on the Group's business arising from the following risks:

### *CLIMATE-RELATED ISSUES*

#### **Physical Risks**

The increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt operations by damaging the power grid, communication infrastructures, hampering and injuring our employees, leading to reduced capacity and decrease in productivity, or expose the Group to risks associated with non-performance and delayed performance. To minimise the potential risks and hazards, the Group has flexible working arrangements and precautionary measures during bad or extreme weather conditions.

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## Transition Risks

The Group anticipate that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. From a listed company's perspective, we acknowledge the increasing requirements of climate-related information disclosures. One example is the update of the Stock Exchange's ESG Reporting Guide in respect of significant climate-related impact disclosures of an issuer. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response. In addition, we have set targets to gradually reduce the Group's energy consumption and GHG emissions.

## 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 the Employment Policy and the Employee Handbook to govern the entire processes in human resources management, which covers 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 to ensure the applicability of its terms and condition and compliance with the latest labour laws and regulations.

During the Financial Year, 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 of Malaysia, Industrial Relations Act 1967 (and their latest amendments) of Malaysia, the Employment Provident Fund Act 1991, Employers' Social Security Act 1969 of Malaysia, Minimum Wage Order 2012 of Malaysia, Minimum Retirement Age Act 2012 of Malaysia, the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China that would have a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## *EMPLOYMENT PRACTICES*

### **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 bases of market levels, profitability of the Group, regulatory requirements, and individual performances assessed through the 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, five pensions and one insurance pertained to the PRC's 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. In Hong Kong, the Group operates the Mandatory Provident Fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

### **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 to performance evaluation 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' capabilities. 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 on 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 gatherings and social activities such as luncheons, annual dinners and festive gatherings during Hari Raya Aidilfitri, Chinese New Year and Deepavali. Unfortunately, these activities were forced to stop as preventive measures in response to the COVID-19 pandemic.

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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## **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, Hong Kong and the PRC.

## *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 principles 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.

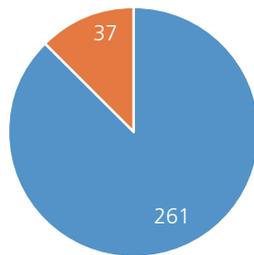
As an established service company in Malaysia, the Group values racial diversity at the workplace and respects all employees regardless of their race and ethnicity. In respect of each other's religious beliefs, the Group upholds employment policies that support diversity. For example, Muslim male employees 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

As at 30 June 2022, the Group had a total of 298 (As at 30 June 2021: 375) employees which are all full-time employees. The distribution of employees according to gender, age group and geographical region is as follows:

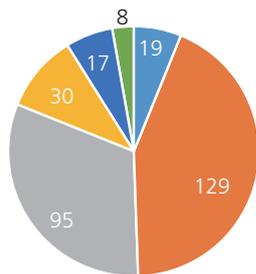
**2022**

Employee by Gender



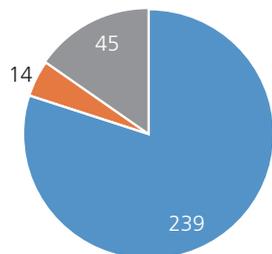
■ Male ■ Female

Employee by Age Group



■ 18–25 years old ■ 26–35 years old ■ 36–45 years old  
 ■ 46–55 years old ■ 56–65 years old ■ Over 65 years old

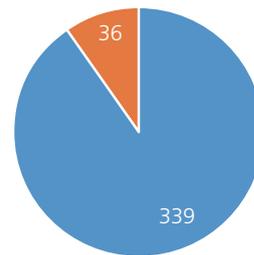
Employee by Geographical Region



■ Malaysia ■ Hong Kong ■ PRC

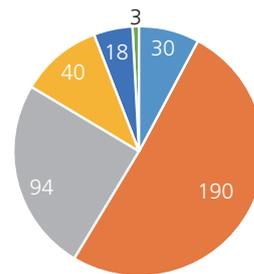
**2021**

Employee by Gender



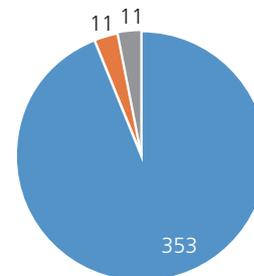
■ Male ■ Female

Employee by Age Group



■ 18–25 years old ■ 26–35 years old ■ 36–45 years old  
 ■ 46–55 years old ■ 56–65 years old ■ Over 65 years old

Employee by Geographical Region



■ Malaysia ■ Hong Kong ■ PRC

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

During the Financial Year, the Group's overall employee turnover rate was approximately 15.10% (2021: 10.93%)<sup>1</sup>. The table below illustrates the employee turnover rate by gender, age group and geographical region:

Turnover Rate (%) <sup>2</sup>	2022	2021
<b>By Gender</b>		
Male	15.33	10.62
Female	13.51	13.89
<b>By Age Group</b>		
18–25 years old	26.32	20.00
26–35 years old	15.50	10.00
36–45 years old	12.63	7.45
46–55 years old	10.00	22.50
56–65 years old	–	–
Over 65 years old	62.50	–
<b>By Geographical Region</b>		
Malaysia	17.15	11.05
Hong Kong	7.14	18.18
PRC	6.67	–

Note(s):

1. The employee turnover rate = Total number of employees who resigned during the financial year/Total number of employees at the end of the financial year\*100%.
2. The employee turnover rate (by category) = Number of employees who resigned during the financial year (by category)/Number of employees at the end of the financial year (by category)\*100%.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## 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 this end, the Group's service line is certified in accordance with the internationally recognised OHSAS18001:2007, the Occupational Health and Safety Assessment Series. Besides, the Group has attained the ISO9001:2015 Quality Management System certification, which contains the Health, Safety and Environment ("HSE") Policy and the HSE Management System, to ensure stable performance and implement a robust workplace safety management system. All of the Group's workplace and occupational health and safety policies are in compliance with relevant legislation in Malaysia, the PRC and Hong Kong.

There were no work-related fatalities that occurred in each of the past three years including the Financial Year and there were no records of lost days due to work injury during the Financial Year (2021: no last 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 of Malaysia, Factories and Machinery Act 1967 of Malaysia, the Occupational Safety and Health Act 1994 of Malaysia, the Occupational Safety and Health Ordinance of Hong Kong, the Labour Law of the People's Republic of China, Prevention and Control of Occupational Diseases Law of the People's Republic of China and the Fire Prevention Law of the People's Republic of China 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 in order 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 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## **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 are highlighted in the Employee Handbook and in every site briefing. Warnings and/or safety notices are displayed on facilities and machinery to make employees aware of the hazards involved. 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 the handling process and reduces risk of unorganised controls in the event of an incident.

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 ongoing COVID-19 pandemic, the Group has continued to take actions to strengthen the health and safety precautionary measures in both the offices and construction sites to ensure the health of its employees. Apart from increasing the frequency of office cleaning and sterilization in office areas, employees are also required to wear surgical face masks at the offices 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 offices during the imposition of the Movement Control Order by the government of Malaysia.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## B3. Development and Training

Training and continuous development are indispensable for the Group's employees to keep abreast of the everchanging 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 could strengthen the professional capabilities and growth of the employees and retain high-calibre talent, providing a solid foundation for the Group's continuing success. At the same time, the Group also supports the sustainable growth of business and maintenance of the Group's competitive edge in the industry.

### *EMPLOYEE DEVELOPMENT AND TRAINING*

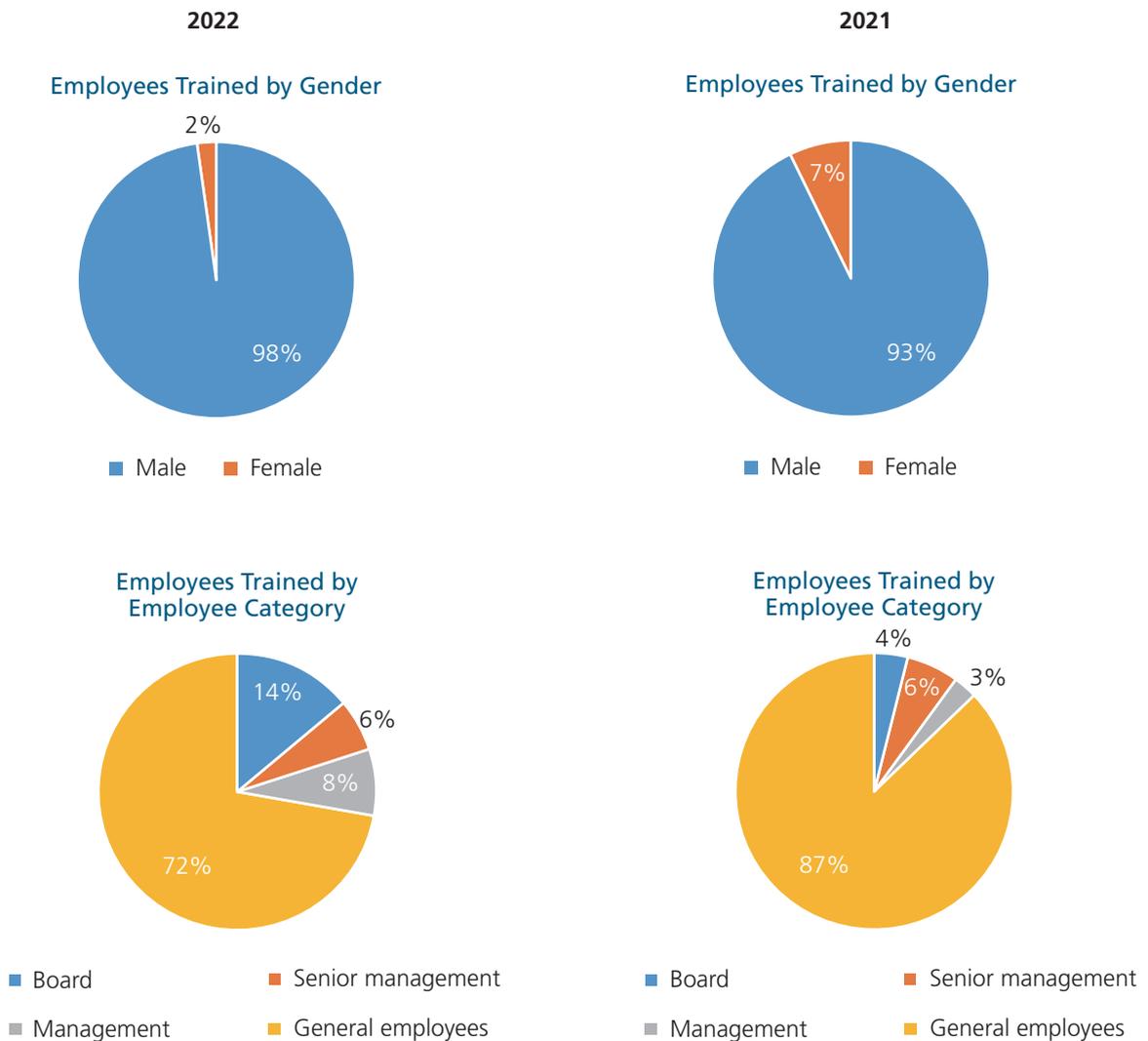
To nurture a professional workplace alongside to fulfil our employees' personal development, the Group provides enormous supports for its employees in their pursuance of continuous professional training. New recruits are required to attend induction programme, safety training and on-the-job training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

During the Financial Year, 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, content of the Code of Conduct and the Employee Handbook, hazardous chemical handling, working at height, traffic control, evacuation awareness as well as 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 acts 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

The percentage breakdown of employees trained by gender and employee category<sup>1</sup> are as follows:



Note(s):

- The breakdown of employees trained (by category) = Number of employees trained during the financial year (by category)/Total number of employees trained during the financial year\*100%.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

During the Financial Year, approximately 17.11% (2021: approximately 52.53%)<sup>1</sup> of the Group's employees have received training, and the average training hours completed per employee was approximately 1.20 hours (2021: approximately 4.63 hours)<sup>2</sup>. The percentage of employee trained and average training hours per employee by gender and employee category are as follows:

	Percentage of employees trained (%) <sup>3</sup>		Average training hours per employee (hours) <sup>4</sup>	
	2022	2021	2022	2021
<b>By Gender</b>				
Male	<b>19.16</b>	53.98	<b>1.37</b>	4.94
Female	<b>2.70</b>	36.11	<b>0.03</b>	1.75
<b>By Employee Category</b>				
Board	<b>100.00</b>	100.00	<b>3.21</b>	4.71
Senior management	<b>20.00</b>	91.67	<b>2.93</b>	10.25
Management	<b>25.00</b>	75.00	<b>2.06</b>	9.00
General staff	<b>14.23</b>	49.43	<b>1.00</b>	4.33

Note(s):

1. Percentage of employees trained = Total number of employees trained during the financial year/Total number of employees at the end of the financial year.
2. Average training hours completed per employee = Total training hours during the financial year/Total number of employees at the end of the financial year.
3. Percentage of employees trained (by category) = Number of employees trained during the financial year (by category)/Number of employees at the end of the financial year (by category).
4. Average training hours completed per employee (by category) = Training hours during the financial year (by category)/Number of employees at the end of the financial year (by category).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## **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 with 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' identities. Minimum hiring age are clearly regulated in the Employee Handbook. 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. In circumstances where any individual below the legal working age is hired, corrective actions will be taken immediately to rectify the situation, by terminating the employee and reporting to the relevant governmental authorities.

During the Financial Year, 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 of Malaysia, the Employment Ordinance of Hong Kong, the Employment of Young Persons (Industry) Regulations of Hong Kong and the Labour Law of the People's Republic of China that would have a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## B5. Supply Chain Management

The Group recognises the importance of sound supply chain management practices in mitigating environmental and social risks, and therefore has formulated policies and guidelines for various aspects of its customer service, including standardised operating procedures and staff training.

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.

The number of supplier breakdown by geographical region are as follows:

Total suppliers by geographical region	Unit	2022	2021
Malaysia	Number	285	313
PRC	Number	6	2
Others	Number	1	–
Total number of suppliers	Number	292	315

### *SUSTAINABLE PROCUREMENT*

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 value the sustainable commitment of suppliers as a crucial component in our consideration and highly value suppliers that could differentiate themselves from their peers and enforce controls to minimise adverse implications of operations on society and environment.

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 openness and fairness in the tendering and procurement process. To ensure suppliers and subcontractors have met our requirements and standards, especially in the areas regarding managing environmental risks and providing environmentally preferable products, the Group has implemented 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 in annual supplier review, suppliers who fail to meet our requirements will be delisted.

During the Financial Year, all suppliers have been reviewed through the said practices (2021: all suppliers have been reviewed).

The Group strives to not rely solely on specific suppliers and maintains more than one supplier for each product or service it provides to ensure supply chain stability. In any procurement process, quotes must be compared, and at least two quotes must be obtained from different suppliers. The Group will continue to monitor and inspect the performance of its supply chain on a regular basis.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## **Managing Environmental Risks and Promoting Environmentally Preferable Products in Supply Chain**

The Group also pays attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices amongst its business partners and suppliers. The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts during supplier conference. 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 Financial Year, 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 Personal Data Protection Act 2010 of Malaysia, the Personal Data (Privacy) Ordinance of Hong Kong, the Law of the People's Republic of China on Protection of Consumer Rights, the Advertising Law of the People's Republic of China, and the Patent Law of the People's Republic of China 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## *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 (“QMS”) certification, which provides guidelines to our employees to meet 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 invests heavily in aspects such as human resources, health and safety, professional training, infrastructure and equipment to ensure the continuous delivery of high-quality service.

Recall procedure was not applicable due to the Group’s business nature.

## *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 a 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 Personal Data Protection Act 2010 of Malaysia, the Personal Data (Privacy) Ordinance of Hong Kong and the Personal Information Protect Law of the PRC.

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 major misconduct that shall be subjected to disciplinary action including dismissal and judicial proceedings.

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

In addition, a 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## *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 feedback 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 future recurrence.

During the Financial Year, the Group did not receive any cases of product or service-related complaints (2021: no related cases).

## *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.

## *INTELLECTUAL PROPERTY RIGHTS*

Despite intellectual property rights is not considered as a material ESG aspect due to the Group's business nature, the Group has established relevant policies to govern the information technology management within the Group. Also, the IT Department is responsible for obtaining proper licenses for software, hardware and information the Group uses in its business operation. Duplication or downloading of information, software, and images from the internet must be approved by relevant departments. Furthermore, we closely monitor the infringement actions in the market and prevent any infringement behaviour, such as counterfeit trademarks. As at 30 June 2022, the Group has registered one trademark in Malaysia, one trademark in Hong Kong, and also has two registered domain names in Malaysia and Hong Kong. The Group regularly monitors to ensure that intellectual property rights are not being infringed upon.

## **B7. Anti-corruption**

The Group strives to maintain a corporate culture of high ethical standards and strictly prohibits all forms of corruption, bribery, extortion, money-laundering and other fraudulent activities in relation to its 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, and standards when dealing with the Group's finance, products, partnerships and public image.

During the Financial Year, there were no concluded legal cases 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 that would have a significant impact on the Group, including but not limited to, the Anti-corruption Commission Act 2009 of Malaysia, the Prevention of Bribery Ordinance of Hong Kong, the Company Law of the People's Republic of China, Tendering and Bidding Law of the People's Republic of China, Criminal Law of the People's Republic of China and Anti-unfair Competition Law of the People's Republic of China.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## *ANTI-CORRUPTION AND ANTI-FRAUD*

The Group upholds the principles of 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 is any potential or actual conflict of interest perceived, employees are required to report to the management immediately.

Training related to anti-corruption are rendered to employees and the management to boost their awareness on the prevention of bribery. During the Financial Year, our directors and employees were given anti-corruption training. The content of which includes the “Anti-Corruption Programme-A Guide for Listed Companies” published by the Independent Commission Against Corruption (“ICAC”) of Hong Kong Special Administrative Region, the Malaysia Anti-Corruption Commission Act and the Corporate Liability under Malaysian Anti-Corruption Commission (MACC) Act 2009.

In addition, the Whistle-blowing Mechanism has 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 for dealing with reported issues and may escalate to relevant regulatory or enforcement authority whenever necessary.

## **B8. Community Investment**

The Group is committed to 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.

The Group focuses on supporting the socially and economically disadvantaged group in society. During the Financial Year, the Group had made two donations with a sum of RM20,000. The Group donated RM10,000 cash sponsorship to Unity in Diversity Welfare Association (“UIDWA”) for holding a charity dinner for the local community. UIDWA is an NGO that implements programs and humanitarian aid throughout Port Dickson and Negeri Sembilan to help the local community. The organisation has also provided food assistance to 1,000 families around Negeri Sembilan for the past two years. Another RM10,000 donation was made to the Persatuan Belia Berkemahiran Rasah (“PBBKR”) to support the implementation of its community programs. PBBKR has put much effort in maintaining cleanliness in the local community and fostering a spirit of helping each other.

Moving forward, we aim to encourage our employees to participate in charitable activities to help the grass roots 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

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

### Mandatory Disclosure

Requirements	Section/Declaration
Governance Structure	Introduction and Sustainability Approach — The ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

### Subject Areas, Aspects,

General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
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
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Emissions Control
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Emissions Control
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable — Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions — Emissions Control
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions — Waste Management

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## Subject Areas, Aspects,

### General Disclosures and KPIs

	Description	Section/Declaration
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Resources Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Resources Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources — Resources Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources — Resources Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Not applicable — Explained
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## Subject Areas, Aspects,

### General Disclosures and KPIs

	Description	Section/Declaration
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change — Climate-related Issues
<b>Aspect B1: Employment</b>		
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.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment — Diversity, Equal Opportunities, and Anti-discrimination
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment — Diversity, Equal Opportunities, and Anti-discrimination

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## Subject Areas, Aspects,

### General Disclosures and KPIs

	Description	Section/Declaration
<b>Aspect B2: Health and Safety</b>		
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
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety — Occupational Health and Safety Management
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training — Employee Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training — Employee Development and Training
<b>Aspect B4: Labour Standards</b>		
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
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Anti-child and forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Anti-child and forced Labour

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## Subject Areas, Aspects,

### General Disclosures and KPIs Description

### Section/Declaration

#### Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	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
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management — Sustainable Procurement

#### 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
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable — Explained
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Service Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Privacy Protection

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

## Subject Areas, Aspects,

### General Disclosures and KPIs

	Description	Section/Declaration
<b>Aspect B7: Anti-corruption</b>		
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
KPI B7.1	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
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption — Anti-corruption and Anti-fraud
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption — Anti-corruption and Anti-fraud
<b>Aspect B8: Community Investment</b>		
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
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment