

Sustainability Statement

1. About this Sustainability Statement

As part of Hup Seng Industries Berhad’s (“HSIB” or “the Group”) development of its sustainability journey, the Group is pleased to present its sixth annual sustainability statement (“the Statement”), which provides a comprehensive overview of the Group’s approaches to sustainability.

The statement has been prepared in accordance with the Global Reporting Initiative (“GRI”) Core Option Guidelines as the basis for the Group’s economic, environmental and social (“EES”) disclosures. Following the GRI guidelines, we address material issues that have a significant impact on our EES performance and stakeholders’ assessments. The statement illustrates the progress of our sustainability performance for the period between 1st January 2022 and 31st December 2022 and adheres to the Sustainability Reporting Guide (“SRG”) as well as the toolkit issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

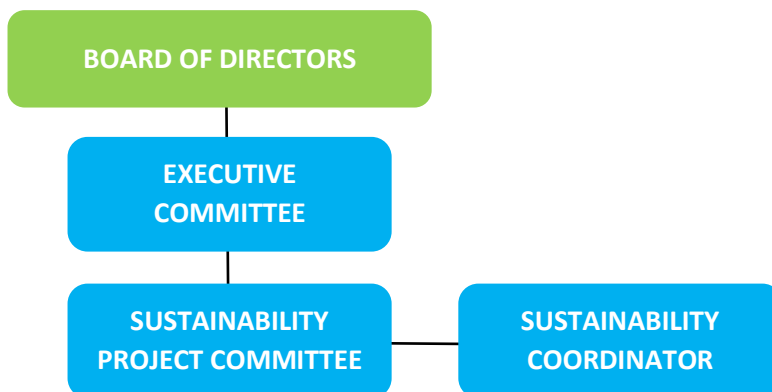
The statement encompasses four key companies within the Group, namely HSIB, Hup Seng Perusahaan Makanan (M) Sdn. Bhd., Hup Seng Hoon Yong Brothers Sdn. Bhd. and In-Comix Food Industries Sdn. Bhd. Each of these companies contributes to the overall environmental and social impact of the Group.

Full details of our Sustainability Report are available on our website at www.hsib.com.my.

2. Sustainability Governance Structure

An organization’s sustainability requires a top-down approach in which the Board of Directors (“the Board”) plays a pivotal role in leading the organization towards its goals and objectives. We have also established a governance structure to ensure that sustainability initiatives are overseen and implemented effectively. The sustainability project committee is formed to integrate sustainability into the Group’s business processes and prepare the Group’s sustainability reporting. A sustainability coordinator works closely with representatives from various business functions to implement sustainability programs and initiatives. There is a clear line of communication; with the sustainability project committee reporting to the executive committee which ultimately reports to the Board.

The Group’s sustainability governance structure is outlined below:



The following are the core responsibilities of the sustainability project committee:

1. Conducts materiality assessments.
2. Identifies material sustainability issues and ensures effective stakeholder engagement.

2. Sustainability Governance Structure (cont'd)

3. Provides recommendations to the executive committee regarding the development and execution of strategies for material sustainability matters.
4. Establishes targets and performance indicators for approval by the executive committee and the Board.
5. Ensures smooth implementation of strategies formulated into the Group's business processes.
6. Monitors sustainability performance and maintains proper records to facilitate regular reviews.
7. Leads the preparation of sustainability statement and report, ensuring that applicable reporting requirements are met.

3. Risk Management and Sustainability

Risk management is a critical pillar of good corporate governance, and the Board is aware of the importance of establishing and maintaining a sound risk management and internal control system.

The Group has established and implemented a risk management framework for the identification, assessment, treatment, monitoring and reporting of significant risks. The Board oversees the management in the formulation, update and maintenance of an adequate and effective risk management framework. The Group's Enterprise Risk Management ("ERM") framework is based on an internationally recognized risk management framework (i.e., ISO 31000). The Group maintains a risk register which identifies the material risks faced by the Group and the internal controls in place to manage and mitigate those risks.

Throughout the year, we have reviewed and reevaluated our risk profile with reference to the current global standards and best practices. The Group's emerging and principal risks, together with its appetite with respect to each risk, were identified and agreed upon.

In addition, the Board increased its focus on environmental, social and governance ("ESG") matters and looked at how they can be embedded in our decision-making processes. In this regard, we have taken initial steps by integrating some ESG aspects into our ERM framework. Sustainability-related risks along ESG dimensions are part of the overall risk universe covered in the risk management framework and processes.

4. Stakeholder Engagement

As part of our continuous improvement efforts, we engage with our stakeholders in both formal and informal settings. Our engagements with our suppliers and consumers range from formal meetings to ongoing dialogues. Through our collaborations with external stakeholder partners, we were able to identify and address issues as soon as they arise. This approach allows us to better achieve our environmental, social and economic goals.

In FY2022, despite numerous COVID-19-related repercussions, we remained proactive in engaging various stakeholders through a variety of channels. We have summarized our key stakeholders and methods of engagement in the following table:

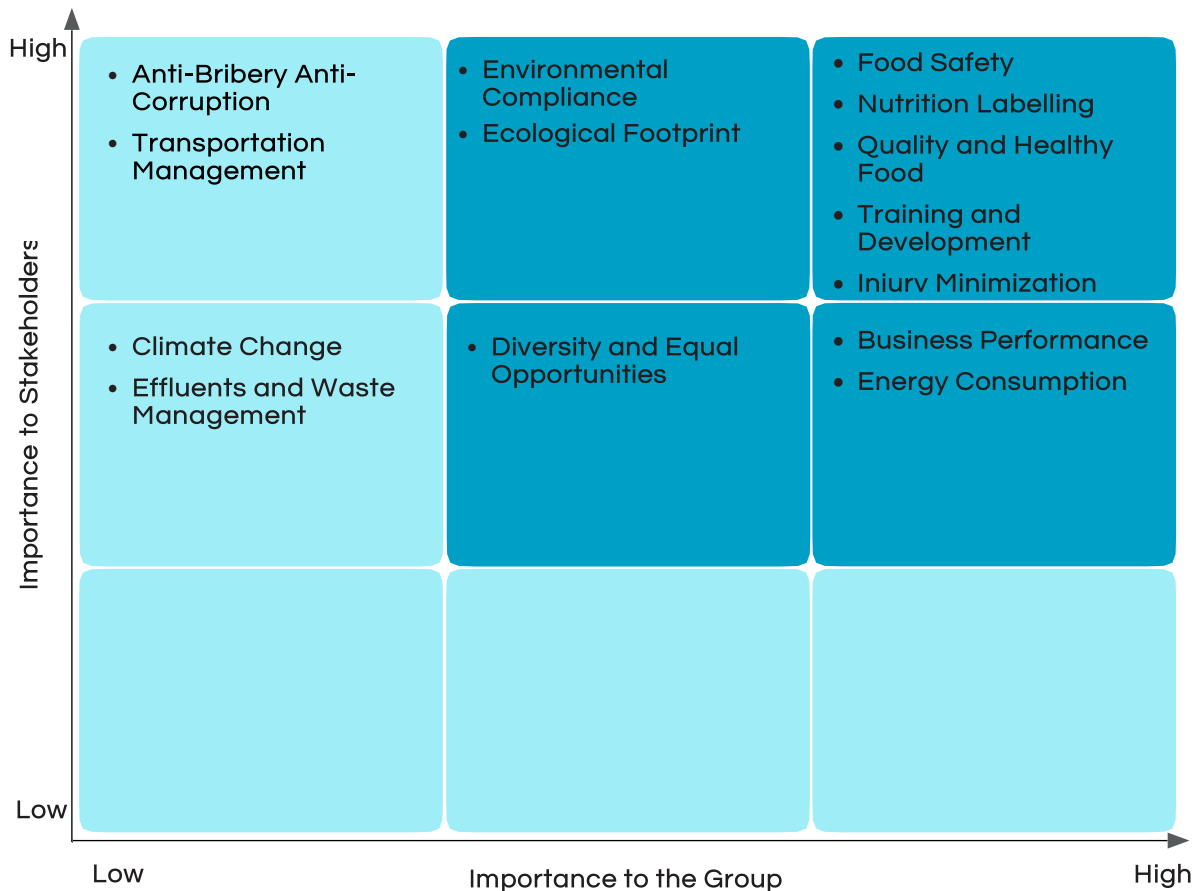
Stakeholders	Frequency	Types of Engagement	Focus
Customers	<ul style="list-style-type: none"> • Throughout the year • As needed 	<ul style="list-style-type: none"> • Feedback surveys • Social media channels (e.g. Facebook and Instagram) • Corporate website 	<ul style="list-style-type: none"> • Safe, nutritious and quality products • Regulatory compliance • Third party food certification • Customer satisfaction
Suppliers	<ul style="list-style-type: none"> • Annually • As needed 	<ul style="list-style-type: none"> • Interviews • Face-to-face interactions • Supplier performance evaluation 	<ul style="list-style-type: none"> • Regulatory compliance • Business continuity • Fair pricing • Responsive and timely communication

4. Stakeholder Engagement (cont'd)

Stakeholders	Frequency	Types of Engagement	Focus
Employees	<ul style="list-style-type: none"> • Annually • As needed 	<ul style="list-style-type: none"> • Learning and development programs • Employee performance appraisal • Team building activities • Sports and social events 	<ul style="list-style-type: none"> • Respect for human rights • Safe and healthy workplace • Job security and supportive welfare • Equal opportunity and career development
Shareholders	<ul style="list-style-type: none"> • Quarterly • Annually • As needed 	<ul style="list-style-type: none"> • Financial results • Press releases • Corporate website • Annual General Meeting 	<ul style="list-style-type: none"> • Financial performance • Good corporate governance
Regulators	<ul style="list-style-type: none"> • Throughout the year • As needed 	<ul style="list-style-type: none"> • Statutory submissions • Site visits and conferences • Audits and assessments 	<ul style="list-style-type: none"> • Ethical business practices • Product quality and safety • Halal certification • Occupational health and safety • GHG and other emissions • Effluent and waste
Media	<ul style="list-style-type: none"> • Throughout the year • As needed 	<ul style="list-style-type: none"> • Media interviews • Press releases • Advertisements 	<ul style="list-style-type: none"> • Business strategy and business growth • New product launches • Product quality and safety • Regulatory compliance
Non-Governmental Organizations	<ul style="list-style-type: none"> • As needed 	<ul style="list-style-type: none"> • Corporate social responsibility activities 	<ul style="list-style-type: none"> • Ethical business practices • Good corporate governance
Community	<ul style="list-style-type: none"> • Throughout the year 	<ul style="list-style-type: none"> • Social media channels (e.g. Facebook and Instagram) • Corporate website • Community events 	<ul style="list-style-type: none"> • Direct and indirect economic contribution • Responsible environmental management and contribution to society
Consumers	<ul style="list-style-type: none"> • Throughout the year 	<ul style="list-style-type: none"> • Social media channels (e.g. Facebook and Instagram) • Corporate website • Product campaigns 	<ul style="list-style-type: none"> • Brand awareness • Consumers preferences and market trends
Industry and Trade Associations	<ul style="list-style-type: none"> • As needed 	<ul style="list-style-type: none"> • Association meetings • Trainings • Exhibitions 	<ul style="list-style-type: none"> • Industry trends and standards • Knowledge and information sharing
Academia	<ul style="list-style-type: none"> • As needed 	<ul style="list-style-type: none"> • Corporate website 	<ul style="list-style-type: none"> • Knowledge and information sharing

5. Materiality Assessment

Identifying the Group's EES matters that have material impact is key to formulating and implementing sustainable strategies. The materiality matrix was developed based on the importance of material sustainability issues to key stakeholders and to the business operations. The matrix is as follows:



Material Topics and Risk Assessment

Our materiality assessment was conducted under the guidance of our risk management framework, and Bursa Securities's Sustainability Reporting Guide (3rd Edition) and Bursa Securities's Toolkit, in order to ensure that our economic, environmental, social and governance risk profile remains relevant.

In FY2022, we revisited our risk profile and integrated material sustainability matters into our Enterprise Risk Management ("ERM") framework in order to identify, shortlist, prioritize specific risks and opportunities. In addition, we took into consideration the views of internal stakeholders and our business environment and weighted them against our strategic priorities.

Sustainability risks can be identified and derived from a variety of perspectives, including:

- Conducting regular risk assessments and identifying new risks, both internally and externally;
- Evaluating the possible impacts of our operations and products on society and the environment;
- Assessing the potential risks associated with other factors, such as environmental trends and regulatory requirements.

5. Materiality Assessment (cont'd)

Material Topics and Risk Assessment (cont'd)

In FY2022, we reviewed and retained all 46 material sustainability matters that were identified in the previous financial year since these matters continue to be relevant to our stakeholders and have a significant impact on our Group's business operations.

Having analyzed each of the assessment of the 46 material matters, we identified the following 10 matters as being material and significant to our Group's business operations. These material matters were then evaluated in terms of their sustainability risks and opportunities, and correlated with our Group's risk profile.

Material Issues	Description	Potential Opportunities for HSIB if issue is addressed	Potential Risks for HSIB if issue is not addressed	Link to Our Corporate Risks
Business Performance <i>Corresponding United Nations Sustainable Development Goals ("UN SDGs"): 8</i>	<ul style="list-style-type: none"> Return on equity and earnings per share. 	<ul style="list-style-type: none"> Sustainable financial performance creates long-term value for all stakeholders. 	<ul style="list-style-type: none"> Hinder business continuity. 	<u>Strategic:</u> <ul style="list-style-type: none"> Long Term Viability and Growth Rate Risk Continuity Risk <u>Financial:</u> <ul style="list-style-type: none"> Financial Performance Risk
Ecological Footprint <i>Corresponding UN SDGs: 12</i>	<ul style="list-style-type: none"> The impact on environment caused by our business operations. 	<ul style="list-style-type: none"> Reducing wastage at source supports operational efficiency, which is cost saving. Recycling also conserves diminishing natural resources. 	<ul style="list-style-type: none"> Environmental and reputational risk from the failure to meet stakeholders' expectations in managing our waste and production efficiency. 	<u>Operation:</u> <ul style="list-style-type: none"> Production Cost Overrun Risk
Energy Consumption <i>Corresponding UN SDGs: 7, 12, 13</i>	<ul style="list-style-type: none"> Countering climate change has become a business priority and no longer an option. 	<ul style="list-style-type: none"> Reduce energy usage and emissions which saves costs. 	<ul style="list-style-type: none"> Waste of resources and affects production processes. 	<u>Operation:</u> <ul style="list-style-type: none"> Machinery Breakdown Risk
Environmental Compliance <i>Corresponding UN SDGs: 12</i>	<ul style="list-style-type: none"> As a leader in food processing, environmental regulation compliance is vital to the community around our plants. 	<ul style="list-style-type: none"> Engaging with regulators allows HSIB to prepare for emerging legislation and ensure compliance. 	<ul style="list-style-type: none"> Reputational risk and unable to obtain certification or license renewal from regulatory bodies. 	<u>Compliance:</u> <ul style="list-style-type: none"> Non-Compliance with Regulatory Authority Requirements Risk

5. Materiality Assessment (cont'd)

Material Topics and Risk Assessment (cont'd)

Material Issues	Description	Potential Opportunities for HSIB if issue is addressed	Potential Risks for HSIB if issue is not addressed	Link to Our Corporate Risks
Injury Minimization <i>Corresponding UN SDGs: 3, 8</i>	<ul style="list-style-type: none"> Minimize injury is our goal in workplace safety. 	<ul style="list-style-type: none"> Increased productivity and efficiency in HSIB operations. 	<ul style="list-style-type: none"> Injuries, occupational hazards, lost days and fatalities will result in productivity loss and reputational risk. 	<u>Operation:</u> <ul style="list-style-type: none"> Health and Safety Hazard Risk
Training and Development <i>Corresponding UN SDGs: 4, 8</i>	<ul style="list-style-type: none"> Develop future leaders through training programs. 	<ul style="list-style-type: none"> Remain competitive with skilled and diverse employees. Cultivate high-performance culture through effective training and upskilling programs. 	<ul style="list-style-type: none"> Loss of competent and experienced employees. Financial implications when HSIB workforce is not developed to meet the evolving market demands. 	<u>Operation:</u> <ul style="list-style-type: none"> Knowledge/Competency Risk
Diversity and Equal Opportunities <i>Corresponding UN SDGs: 5, 8, 10</i>	<ul style="list-style-type: none"> We are an equal opportunity employer who believes diverse background can contribute to making better decisions. 	<ul style="list-style-type: none"> Remain competitive with skilled and diverse employees. 	<ul style="list-style-type: none"> Challenge to attract and retain talent. 	<u>Operation:</u> <ul style="list-style-type: none"> Knowledge/Competency Risk Dependence on Foreign Labor Risk
Quality and Healthy Food <i>Corresponding UN SDGs: 2, 3</i>	<ul style="list-style-type: none"> We strive to continuously develop new products with healthier ingredients. 	<ul style="list-style-type: none"> Deliver HSIB's brand promise to consumers through product excellence. Offer healthier options that contribute to consumers' well-being. 	<ul style="list-style-type: none"> Unable to meet consumers demand and compete in existing and new markets. 	<u>Strategic:</u> <ul style="list-style-type: none"> Innovation/R&D Risk
Nutrition Labelling <i>Corresponding UN SDGs: 3, 12</i>	<ul style="list-style-type: none"> Correct labelling to be printed on packaging and is in compliance with respective countries' regulations. 	<ul style="list-style-type: none"> Meeting consumer demands for nutritional information which enable them to make informed decision on choice of products. 	<ul style="list-style-type: none"> Regulatory risks. 	<u>Compliance:</u> <ul style="list-style-type: none"> Non-compliance to Regulatory Standards Risk
Food Safety <i>Corresponding UN SDGs: 3</i>	<ul style="list-style-type: none"> Our products have passed the various certification processes to ensure safety compliance. 	<ul style="list-style-type: none"> Deliver HSIB's brand promise to consumers through product quality and increase in customers' confidence. 	<ul style="list-style-type: none"> Reputational risk and branding damage. 	<u>Compliance:</u> <ul style="list-style-type: none"> Non-compliance to Regulatory Standards Risk <u>Operation:</u> <ul style="list-style-type: none"> Product Quality Risk

6. Managing Sustainability

i. Economic / Economic performance

FY2022 was one of the most challenging periods in the history of our Group. Our operating costs were significantly impacted by the increase in commodity and food prices, global supply chain disruptions as well as the new Malaysian minimum wage. In addition, consumers were faced with rising costs of living and are therefore more cautious with their purchases.

Nevertheless, the Group generated RM318.2 million in revenue, representing an increase of 7.6% from FY2021.

We have adopted a dividend policy that entails paying out at least 60% of the annual profit after taxes as dividends to shareholders. We believe that such a pay-out rate will be beneficial and well-received by the shareholders and investors.

ii. Environment / Materials

In order to manage waste effectively in Hup Seng, we focus on the following:

- Working closely with our suppliers to ensure that our raw materials and packaging materials conform to our purchasing policy and are of high quality.
- Track, measure and monitor any losses that occur during the manufacturing processes and identify key categories and waste streams.
- Reduce and recycle the generated waste by proper planning and monitoring.

In FY2022, approximately 472 tons of waste were disposed of by licensed waste contractors in accordance with local regulations and some of these wastes were repurposed and used as animal feeds.

	FY2020	FY2021	FY2022
Materials used by weight (thousand tons)	39	34	32
Recycled packaging materials as scrap sales (tons)	662	550	472

Besides the above, we have developed applications that enable storage and monitoring of data on a digital platform, thereby eliminating the need for paper-based records and procedures.

iii. Environment / Energy

We strive to use the most efficient mix of energy sources in order to reduce our operating costs, thereby improving our energy efficiency and contributing to the reduction of global warming. Moreover, in an effort to reduce our energy consumption, we have established an electrical energy management ("EEM") committee, which is responsible for reviewing and recommending energy-saving measures.

	FY2020	FY2021	FY2022
Energy consumption within the Group (mil kWh)	31	27	27
Energy intensity (kWh per ton)	844	830	875

6. Managing Sustainability (cont'd)

In addition, we are aware that excessive use of lighting has a negative impact on the environment. Hence, we practice turning off the lights of our office buildings during lunch breaks as well as investing in eco-friendly and energy-saving lamps and light fixtures to reduce heat generation and energy consumption. We also reward employees for their innovative ideas regarding energy conservation.

Water Management

We ensure that wastewater generated from our facilities are treated and meets all regulatory requirements prior to its discharge into the environment. Our wastewater treatment system removes contaminants from wastewater and converts it into an effluent that can be returned to the water cycle. Furthermore, we have engaged an independent testing laboratory, accredited by the Department of Standards Malaysia, to monitor our industrial effluent discharge on a monthly basis.

For the past three financial years, we have not exceeded the acceptable conditions for discharge of industrial effluent set out in standard B.

	FY2020	FY2021	FY2022
Water consumption within the Group (m ³)	42,059	34,884	37,671

iv. Environment / Environmental compliance

As part of our commitment to the environment, we adhere to a formalized set of policies that provide guidance on environmental issues as well as all applicable regulations, including:

1. Environmental Quality (Scheduled Waste) Regulations 2005
2. Environmental Quality (Clean Air) Regulations 2014
3. Environmental Quality (Industrial Effluent) Regulations 2009
4. Other relevant local government regulations

Further, we ensure that our transportation team operates in a manner that minimizes the impact on the environment, particularly in terms of fuel consumption and carbon emissions. Presently, most of our trucks are equipped with environmentally friendly Euro 2 and 3 engines and are powered by Euro 5 diesel fuel. Also, to ensure the safety and roadworthiness of our trucks are in compliance with the Government's safety and emission regulations, we perform regular maintenance and service on our trucks in addition to sending them for periodic inspections by the Pusat Pemeriksaan Kenderaan Berkomputer ("Puspakom").

We have recorded zero incidents of non-compliance with environmental regulations for the last three financial years.

v. Social / Occupational health and safety ("OHS")

In view of the significance of OHS, we adopt a zero-tolerance approach regarding OHS violations and adheres to the Occupational Safety and Health (Amendment) Act 2022 and other applicable regulations.

Our OHS policy is continuously reviewed and strengthened in order to safeguard the health and safety of all employees, including full-time and part-time, through daily workplace inspections and walkabouts, regular on-the-job training, safety awareness briefings, induction training for new employees, specific skill training for machine and forklift operators, as well as quarterly committee meetings due to the high level of labor intensity and complexity of machinery involved in our industry.

The establishment of an OHS committee also provides employees with a platform for identifying potential areas for improvement, providing feedback to the management and motivating employees to take responsibility of their own work environment.

6. Managing Sustainability (cont'd)

Through continuous monitoring and supervision of our safety practices, we are pleased to report that we have made significant progress in our OHS performance for FY2022:

	FY2020	FY2021	FY2022
Number of work-related fatalities	0	0	0
Lost time injury frequency rate (in million man hours)	1.58	2.46	0.36
Number of accident cases	5	7	1

It is our objective to have all employees attend health and safety training and approximately 74.5% of our employees have completed the aforesaid training in FY2022.

COVID-19 health and safety

The Group's COVID-19 Emergency Response Protocol ("ERP") Committee is responsible for ensuring compliance with the COVID-19 regulations introduced by the Government and the ERP COVID-19 employee handbook from time to time. The ERP Committee also addresses critical issues relating to COVID-19 in a timely manner in order to protect our workforce to the greatest extent possible.

Preventive measures for COVID-19 have continued to be implemented, including daily monitoring of health status, wearing of a face mask, social distancing, self-isolation for those infected, etc. Additionally, the ERP Committee requires that foreign employees' accommodations be sanitized twice a week and the checklists and sanitization records must be properly maintained. Regular inspections of hostels are also conducted by the human resource department in an effort to reduce the risk of transmission of COVID-19.

vi. Social / Training and development

Despite the challenges posed by the pandemic during the reporting period, we have maintained our unwavering commitment to developing the skills and capabilities of its employees. We are pleased to note that the Group has recorded a significant increase in total training hours in comparison with FY2021. There was a total of 13,274 training hours completed by our employees, representing a 118% increase from the previous financial year. This averaged out to 11.4 hours per employee higher than FY2021's 4.9 hours per employee.

Total Training Hours by Gender:

	FY2020	FY2021	FY2022
Male	6,244	3,918.5	8,759
Female	4,037	2,158.5	4,515
Total	10,281	6,077	13,274

Total Training Hours by Job Level:

	FY2020	FY2021	FY2022
Management	7,422	3,892	7,238
Non-Management	2,859	2,185	6,036
Total	10,281	6,077	13,274

6. Managing Sustainability (cont'd)

vii. Social / Diversity and equal opportunity

We are committed to creating a work environment that values equality, openness and freedom from bias and discrimination. Additionally, to enrich the organization, we strive to attract and retain a diverse group of talent, regardless of their gender, age, ethnicity, disabilities, skills, experience, and cultural background.

As of 31 December 2022, we employ 1,167 people, of whom 83% are permanent employees and the remainder being contractors or temporary employees. We have also made significant progress in achieving gender equality in our workforce, with 37% of all our employees being female. Our current workforce is primarily comprised of 51.4% of individuals under the age of 39, who bring fresh ideas to the organization and provide a healthy pipeline of talent that may be nurtured into leadership positions in the future. 33.1% of our workforce are between the ages of 40 and 55, whom assist in providing on-the-job training and mentoring to our young talents. As for the remaining 15.5%, they are over the age of 55.

Percentage of employees by gender and age group for each employee category

FY2020	Male			Female		
	Management	Executive	Non-Executive	Management	Executive	Non-Executive
Under 39 years old	0.00%	0.45%	37.91%	0.08%	0.68%	13.04%
40 to 55 years old	0.76%	1.52%	15.92%	0.23%	1.36%	11.68%
Over 55 years old	1.44%	0.68%	6.14%	0.83%	0.76%	6.52%
Total	2.20%	2.65%	59.97%	1.14%	2.80%	31.24%

FY2021	Male			Female		
	Management	Executive	Non-Executive	Management	Executive	Non-Executive
Under 39 years old	0.08%	0.49%	35.47%	0.08%	0.73%	14.85%
40 to 55 years old	0.81%	1.62%	16.40%	0.25%	1.38%	12.18%
Over 55 years old	1.46%	0.57%	5.68%	0.89%	0.81%	6.25%
Total	2.35%	2.68%	57.55%	1.22%	2.92%	33.28%

FY2022	Male			Female		
	Management	Executive	Non-Executive	Management	Executive	Non-Executive
Under 39 years old	0.08%	0.43%	35.13%	0.08%	0.68%	15.43%
40 to 55 years old	0.86%	1.80%	16.88%	0.26%	1.46%	11.65%
Over 55 years old	1.54%	0.60%	5.49%	0.95%	0.77%	5.91%
Total	2.48%	2.83%	57.50%	1.29%	2.91%	32.99%

6. Managing Sustainability (cont'd)

Percentage of directors by gender and age group

FY2020	Male	Female
Under 39 years old	0.00%	5.56%
40 to 55 years old	16.67%	27.77%
Over 55 years old	50.00%	0.00%
Total	66.67%	33.33%

FY2021	Male	Female
Under 39 years old	0.00%	5.56%
40 to 55 years old	11.11%	27.77%
Over 55 years old	55.56%	0.00%
Total	66.67%	33.33%

FY2022	Male	Female
Under 39 years old	0.00%	5.88%
40 to 55 years old	11.77%	29.41%
Over 55 years old	52.94%	0.00%
Total	64.71%	35.29%

Percentage of employees that are contractors or temporary employees by gender and nationality

Due to our commitment to equal opportunity, we do not discriminate against employees based on their nationality or cultural background, and we are committed to complying with all key human rights and fair labor practices.

FY2020	Male		Female	
	Local	Foreigner	Local	Foreigner
Permanent	47.0%	0	35.0%	0.0%
Contractors or Temporary Employees	0.0%	18.0%	0.0%	0.0%
Total	47.0%	18.0%	35.0%	0.0%

FY2021	Male		Female	
	Local	Foreigner	Local	Foreigner
Permanent	46.8%	0.0%	37.5%	0.0%
Contractors or Temporary Employees	0.0%	15.7%	0.0%	0.0%
Total	46.8%	15.7%	37.5%	0.0%

FY2022	Male		Female	
	Local	Foreigner	Local	Foreigner
Permanent	45.9%	0.0%	37.1%	0.0%
Contractors or Temporary Employees	0.0%	17.0%	0.0%	0.0%
Total	45.9%	17.0%	37.1%	0.0%

6. Managing Sustainability (cont'd)

Percentage of employee turnover by employee category

In order to remain competitive with our peers and be in line with the prevailing local market rates, we review our compensation packages on a regular basis and provide fair remuneration and working conditions to all employees. The benefits we provide for all full-time employees include medical benefits, maternity leave, parental leave, long-service awards, etc.

	FY2020	FY2021	FY2022
Management	0.00%	0.01%	0.00%
Executive	0.01%	0.02%	0.02%
Non-Executive	2.18%	1.48%	1.78%
Total	2.19%	1.51%	1.80%

Anti-Bribery and Anti-Corruption

In order to avoid bribery and corruption in our daily operations, we are committed to conducting business with integrity and complying with the Anti-Corruption Commission Act of Malaysia. We have also developed an anti-bribery and anti-corruption ("ABAC") committee and policy, as well as code of conduct and whistleblowing policy to assist our employees in understanding their roles and responsibilities.

As of 31 December 2022, all our directors and employees had read, acknowledged and agreed to comply with our ABAC policy. The following is the breakdown of the percentage of employees who have received ABAC training within each employee category over the past three financial years:

	FY2020	FY2021	FY2022
Management	32.52%	33.04%	25.71%
Non-Management	66.72%	63.15%	64.44%
Total	99.24%	96.19%	90.15%

We are pleased to report that there have been no incidents of corruption, discrimination, harassment, human rights violations, forced labor or child labor for the past three financial years.

viii. Social / Supporting our community

Over the years, we have collaborated with non-governmental organizations, government agencies, and educational institutions to support community-based programs and initiatives, including food donations and fundraising campaigns.

In FY2022, we have invested RM79,423.52 in corporate social responsibility ("CSR") activities across 266 organizations, an increase of 147% compared to FY2021. The following are the amounts invested in the communities and the number of beneficiaries for the past three financial years:

	FY2020	FY2021	FY2022
Amount invested in the communities (RM)	43,303.92	32,120.64	79,423.52
Number of beneficiaries	181	99	266

Furthermore, we have contributed to local economic growth by creating employment opportunities and supporting local businesses that meet our standard requirements in the communities where we operate.

	FY2020	FY2021	FY2022
Number of new local hires	229	129	165
Spending on local suppliers (%)	75.09	78.27	77.61

6. Managing Sustainability (cont'd)

ix. *Social / Quality and healthy food*

Our crackers, biscuits and cookies are developed and manufactured only with healthy ingredients and high-quality production processes as our primary focus is on providing products that are unrivaled in terms of quality.

As an official recognition of our products' quality excellence, we have received the International High Quality Award by Monde Selection, Belgium from FY1996 to FY2022 and the Gold Quality Award since FY1994. It is one of the world's most prestigious awards with regards to product quality.

The Group has always kept abreast with worldwide health concerns. As part of our continuous effort in producing healthier products, our research and development department is currently monitoring the use of only ingredients that are free of partially hydrogenated oils ("PHOs"), including new and alternative ingredients.

Presence in social media

To provide positive customer experiences, we believe that listening to customers' feedback and acting on them is critical. The use of digital and social media platforms, such as Facebook and Instagram, allows us to increase our brands' visibility as well as actively engage with customers and stakeholders for feedback on our products. This also allows us to gain a deeper understanding of customers' preferences and market trends.

For the past three financial years, we have not received any substantiated complaints concerning breaches of customer privacy or losses of customer data. We do not disclose or use personal customer information for any purposes other than those agreed upon.

x. *Social / Nutrition labelling*

In order for our consumers to make informed purchasing decisions, we ensure that the product labeling is comprehensive, accurate, and easily understood.

All of our products contain information concerning the ingredients, recommended daily allowances, nutritional information per serving, storage instructions, expiration date and nutritional advice in five different languages: Malay, English, Chinese, French and Arabic.

The Halal logo is also displayed clearly on all of our products' packaging, making it easier for Muslim consumers to determine which products best meet their requirements.

xi. *Social / Food safety*

To ensure that only the highest quality products are delivered to our customers, we adhere to a rigorous food safety policy. From the procurement of ingredients to the research and development process prior to the manufacturing and packaging process, and finally to the storage and delivery of the products, a well-trained and experienced team is responsible for overseeing all aspects of the product's life cycle.

In addition to rigorous quality control procedures, our processes are regularly inspected by independent third-party auditors. Among the certifications that we have received, both locally and internationally, are:

1. FSSC 22000 Food Safety System Certification
2. ISO 22000:2018 Food Safety Management System Certification
3. ISO 9001:2015 Quality Management System Certification
4. Hazard Analysis Critical Control Point ("HACCP") Certification
5. Good Manufacturing Practices ("GMP") Certification

6. Managing Sustainability (cont'd)

6. Safe Food Industry Responsibility ("MeSTI") Certification
7. Halal Certification from the Department of Islamic Development Malaysia ("JAKIM")
8. Halal Certification from the Halal Product Assurance Organizing Agency of Indonesia ("BPJPH")

Moreover, our suppliers are evaluated on an annual basis based on their performance in terms of quality, delivery, and customer service. Over the past three financial years, all active suppliers have participated in the performance evaluation process and received an overall satisfaction rating of over 90%.

7. Key Performance Data

Sustainability is an integral part of our value chain and we tailor our sustainability framework to meet the requirements of our markets. As part of our efforts to communicate effectively with our stakeholders and demonstrate accountability to them, we report our sustainability performance on an annual basis, as well as continually achieve sustainability milestones through feedback from our stakeholders and refinement of our business operations and processes. Our key performance indicators are as follows:

Aspect	GRI Standards	Details	FY 2020	FY 2021	FY 2022
Economic					
Performance (RM mil)	201-1	Direct economic value generated and distributed	327	296	318
Performance	201-1	Total number of factories	2	2	2
Performance (RM mil)	201-1	Operating costs	272	259	283
Performance (RM mil)	201-1	Taxes	15	10	9
Performance (RM mil)	201-1	Net profit	40	27	26
Performance (%)	201-1	Return on equity	28.9	19.6	18.5
Performance (RM)	201-1	Earnings per share	0.050	0.034	0.033
Performance (RM)	201-1	Net dividends per share	0.060	0.025	0.030
Environment					
Material (thousand tons)	301-1	Materials used by weight	39	34	32
Material (tons)	301-3	Recycled packaging materials as scrap sales	662	550	472
Energy (mil kWh)	302-1	Energy consumption within the Group	31	27	27
Energy (kWh per ton)	302-3	Energy intensity	844	830	875
Water (m ³)	303-5	Water consumption within the Group	42,059	34,884	37,671
Social					
Supporting our community (%)	204-1	Proportion of spending on local suppliers	75.1	78.3	77.6
Diversity and equal opportunity	205-3	Confirmed incidents of corruption and actions taken	0	0	0
Diversity and equal Opportunity (%)	401-1	Employee turnover rate	2.2	1.5	1.8
Supporting our community	401-1	Number of new local hires	229	129	165
Occupational health and safety	403-9	Number of work-related fatalities	0	0	0
Occupational health and safety	403-9	Number of accident cases	5	7	1
Occupational health and safety (in million man hours)	403-9	Lost time injury frequency rate	1.6	2.5	0.4
Training and development	404-1	Average number of hours each employee spent in training each year	7.8	4.9	11.4
Diversity and equal opportunity	406-1	Incidents of discrimination and corrective actions taken	0	0	0
Quality and healthy food	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0