

Sustainability Statement

1. About this Sustainability Statement

Sustainability continues to be at the heart of our decision-making and business management, ensuring that our business grows resiliently with long-term success. As one of the leading biscuits, crackers, and cookies manufacturers in Malaysia, Hup Seng Industries Berhad (“HSIB” or “the Group”) recognises its responsibility in delivering added value to society by practising and promoting sustainable business practices.

We are proud to publish our seventh sustainability statement (“the Statement”), covering the period from 1 January 2023 to 31 December 2023. Our Statement details the sustainability journey of HSIB, provides a summary of our key environmental, social and governance (“ESG”) activities and highlights, and is intended to be read in conjunction with the FY2023 Sustainability Report (“the Report”).

The disclosures made in this statement and its accompanying report have been prepared in accordance with Global Reporting Initiative (“GRI”) Universal Standards. The GRI content index and relevant references are disclosed on pages 38 and 39 of this report. We also referred to Bursa Malaysia’s Main Market Listing Requirements and the Sustainability Reporting Guide (3rd edition) when preparing the disclosures, and have further aligned our ESG efforts with the United Nations Sustainable Development Goals (“UN SDGs”). During the year, an independent firm has been engaged to validate selected disclosures made in the Sustainability Report.

The statement covers four main companies in the Group: 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 plays a role in shaping 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

HSIB’s sustainability governance structure is the foundation of our business operations and plays an essential role in developing our sustainable practices across all our business segments. Our organisation maintains a top-down approach, with the Board of Directors (“the Board”) playing a crucial role in guiding the organization toward its goals and objectives. The Executive Committee, Sustainability Project Committee and Sustainability Coordinator each have specific duties and responsibilities. These roles are essential for minimising risk at all levels and maintaining a dynamic and robust environment.

The Sustainability Project Committee is responsible for integrating sustainability into the Group’s business processes and preparation of the Group’s sustainability reporting. The Sustainability Coordinator collaborates 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 in turn reports to the Board.

The Group’s sustainability governance structure is outlined below:



2. Sustainability Governance Structure (cont'd)

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.
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 an essential aspect and forms an integral part in our decision-making process, to both protect the value of the Group and mitigate potential negative impacts on people, society, and the environment. The Group has implemented a continuous risk management process aimed at ensuring that risks are identified, assessed, prioritised, controlled and monitored in such a way that they can be kept at an acceptable level.

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.

The Board also emphasised the importance of managing ESG matters and looked at how sustainable practices including the management of its risk can be embedded in our decision-making processes. In this regard, we have taken steps by integrating the above 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.

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.

4. Stakeholder Engagement

Stakeholders are essential in enabling HSIB's continued business growth and development. Engagement of stakeholders is crucial to identify key sustainability issues and solutions to manage our material matters. We seek continuous improvement alongside our valued stakeholders throughout the year with regular engagements. By listening to our stakeholders, we are able to gather invaluable inputs to shape our risk management and decision-making processes for our business. 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.

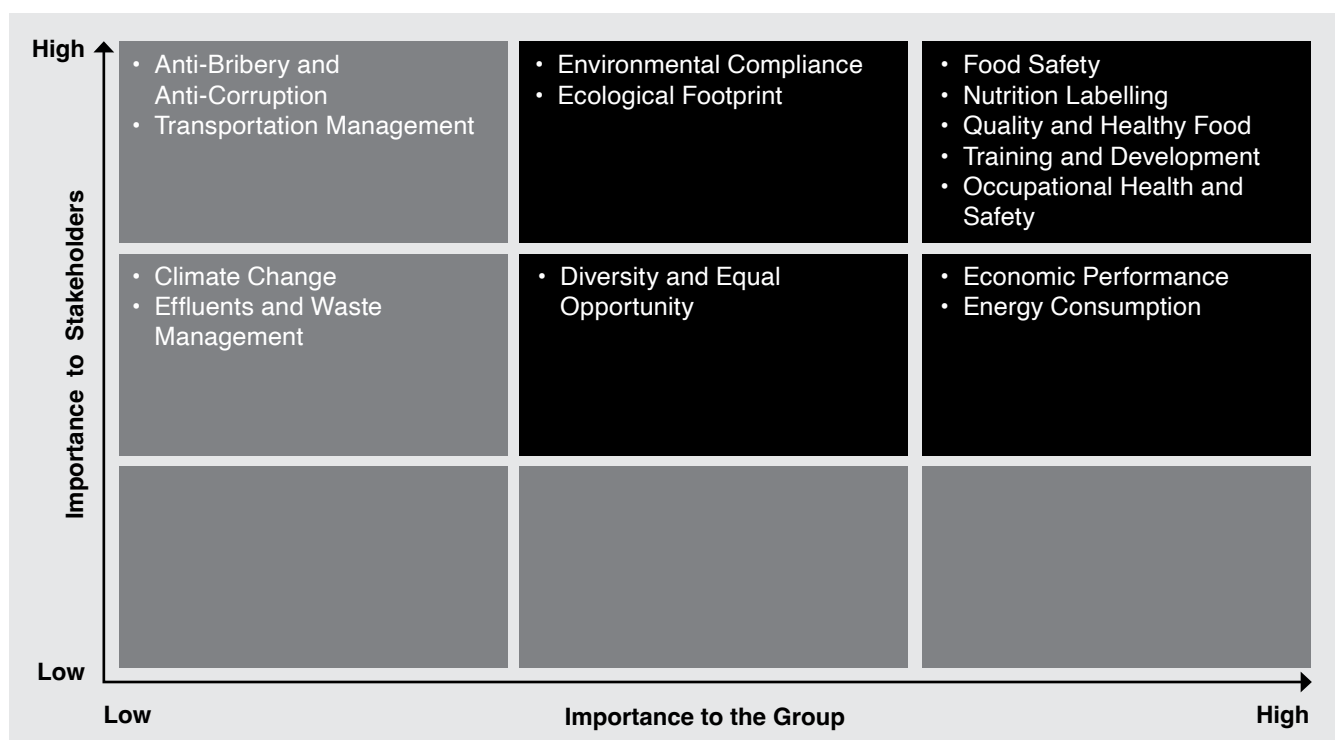
We have summarized our key stakeholders and methods of engagement in the following table:

4. Stakeholder Engagement (cont'd)

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
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

Risk management is an integral part of every decision we take, to both protect the value of our company and mitigate potential negative impacts on people, society, and the environment. 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. When considering these risks, our assessment has led to some of them being directly linked to sustainability related topics. Where applicable, these material issues are mapped to our risk profile to provide a meaningful correlation and broader view on the Group's overall risks that they are facing.

Sustainability risks can also 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; and
- Assessing the potential risks associated with other factors, such as environmental trends and regulatory requirements.

Our materiality assessment was guided by Bursa Securities's Sustainability Reporting Guide (3rd Edition), Bursa Securities's Toolkit and reference made to our risk management framework to ensure that our economic, environmental, social and governance risk profile remains relevant.

5. Materiality Assessment (cont'd)

Material Topics and Risk Assessment (cont'd)

In FY2023, 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
Economic 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>Operational:</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>Operational:</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
Occupational Health and Safety <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. 	<p>Operation:</p> <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. 	<p>Operation:</p> <ul style="list-style-type: none"> Knowledge/Competency Risk
Diversity and Equal Opportunity <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. 	<p>Operation:</p> <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. 	<p>Strategic:</p> <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. 	<p>Compliance:</p> <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. 	<p>Compliance:</p> <ul style="list-style-type: none"> Non-compliance to Regulatory Standards Risk <p>Operation:</p> <ul style="list-style-type: none"> Product Quality Risk

6. Managing Sustainability

i. Economic / Economic performance

The impact of increase in commodity and food prices, global supply chain disruptions as well as the new Malaysian minimum wage continued to be felt in FY2023. However, market conditions improved slightly during the year. The Group manages to register revenue growth mainly due to increase in selling prices and sales volume, fueled by higher domestic sales. Profits also improved due to the improvement in contribution as a result of cost reduction of certain major input materials.

The Group generated RM357 million in revenue, representing an increase of 12.3% from FY2022.

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.

	FY2021	FY2022	FY2023
Materials used by weight (thousand tonnes)	34	32	35

Note: Our previous disclosure on recycled packaging materials defined as scrap are now grouped under total waste generated, which are presented in the following section under Effluents and Waste Management.

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.

Effluents and Waste Management

At Hup Seng, we explore how waste from our operations can be minimized and put to alternative uses. By adopting this approach, we aim to not only reduce the environmental impact of our operations but also to enhance resource efficiency.

	FY2021	FY2022	FY2023
Waste Management (tonnes)			
Waste diverted from disposal (food)			
i) Biscuit scraps – repurposed and used as animal feeds	247.23	218.28	237.96
Waste diverted from disposal (non-food)			
ii) Plastics	65.58	28.92	76.94
iii) Iron / Tins	62.47	45.77	159.47
iv) Carton boxes / papers	173.49	177.24	183.66
v) Big containers (“tong besar”)	-	-	72.96

6. Managing Sustainability (cont'd)

ii. Environment / Materials (cont'd)

Effluents and Waste Management (cont'd)

	FY2021	FY2022	FY2023
vi) Empty sacks for sugar, milk and flour	25.43	26.77	24.45
vii) Tapes ("OPP")	1.32	1.68	17.78
viii) Pallets	5.76	-	1.58
ix) Drums	-	0.12	0.23
Sub-total: Waste diverted from disposal (non-food)	334.04	280.51	537.07
Total waste generated	581.27^{1,2}	498.79^{1,2}	775.03¹

Note:

1. Scrap reported in prior years has not taken into account item vi, viii and ix. For consistency of description and reporting, the definition of scrap will now include item i to ix, and reported as waste generated from FY2023 onwards.
2. Data disclosed in prior years has been revised to reflect changes in calculation method used to define scrap, ensuring consistency of data reported and in line with Note 1 above.

Our waste generated contains items from raw materials, processing and packaging items. In FY2023, approximately 775 tonnes of waste were diverted from disposal. Out of these, 238 tonnes were repurposed and used as animal feeds while the remaining 537 tonnes comprising of non-food items were sent for recycling.

Through proper waste management practices, we can effectively minimize our environmental footprint, leading to potential cost savings for the Group. This means that we are constantly exploring innovative ways to repurpose waste materials and implement sustainable solutions throughout our value chain.

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.

Our electrical energy management ("EEM") committee is responsible for reviewing and recommending energy-saving measures. By promoting a culture of conservation and sustainability, this helps to not only reduce our environmental impact but also contribute to operational efficiency.

	FY2021	FY2022	FY2023
Energy consumption within the Group (mil kWh)	27	27	24
Energy intensity (kWh per tonne)	830	875	732

Our energy consumption are comprised of electricity, natural gas, Liquefied Petroleum Gases ("LPG"), heating oils, diesel and gasoline consumed and energy intensity are based on total production of biscuits and beverages. Among the energy consumed in FY2023, 7.57 million kWh were purchased electricity.

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.

6. Managing Sustainability (cont'd)

iv. Emissions Management

We acknowledge that our business operations emit greenhouse gas emissions which contribute to climate change and we are committed to improving energy efficiency in our operations to ensure responsible consumption of energy and sustainable production.

We strive to manage our emissions by monitoring and tracking them while identifying opportunities for improvement.

	FY2021	FY2022	FY2023
Scope 1 emissions (tCO ₂ e)	5,152.34	4,643.05	3,529.33
Scope 2 emissions (tCO ₂ e)	4,487.48	4,730.20	4,883.52
Scope 3 emissions (tCO ₂ e)	2,011.95	2,520.58	2,839.74

Scope 1 refers to direct emissions such as gas and heating oil used in production, Scope 2 refers to indirect emissions from purchased electricity and Scope 3 refers to indirect emissions from business travel and employee commuting.

v. 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.

	FY2021	FY2022	FY2023
Water consumption within the Group (m ³)	34,884	37,671	37,206

vi. 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.

6. Managing Sustainability (cont'd)

vii. 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.

Through continuous monitoring and supervision of our safety practices, we are pleased to report that we have made positive progress in our OHS performance for FY2023:

	FY2021	FY2022	FY2023
Number of work-related fatalities	Nil	Nil	Nil
Lost time injury frequency rate (in million man hours)	2.46	0.36	1.39
Number of accident cases	7	1	4

It is our objective to have all employees attend health and safety training and approximately 60.8% of our employees have completed the aforesaid training in FY2023.

	FY2021	FY2022	FY2023
Employees trained on health and safety standards (%)	1.7 ¹	74.5	60.8

Note:

- 1. Reduced training hours due to restrictions faced in prohibitions of general mass movements and gatherings across the country, social distance practice and limited workforce capacity allowed as a result of Movement Control Order implemented by the Government.*

Safety is inherent to our operations. The safety of our people, and those who work with us, remains as one of our top priorities. We keep our employees educated on health and safety topics through continuous trainings and we are committed to cultivating a work environment that not only emphasises safety but also promotes the overall health and well-being of our staff.

6. Managing Sustainability (cont'd)

viii. Social / Training and development

We maintain our unwavering commitment to developing the skills and capabilities of its employees. We are pleased to note that the Group has recorded a modest increase in total training hours in comparison with FY2022. There was a total of 14,168.5 training hours completed by our employees, representing a 6.7% increase from the previous financial year. This averaged out to 11.4 hours per employee, which is the same as in FY2022.

Total Training Hours by Gender:

	FY2021	FY2022	FY2023
Male	3,918.5	8,759.0	5,161.0
Female	2,158.5	4,515.0	9,007.5
Total	6,077.0	13,274.0	14,168.5

Total Training Hours by Job Level:

	FY2021	FY2022	FY2023
Management	3,892.0	7,238.0	3,960.5
Non-Management	2,185.0	6,036.0	10,208.0
Total	6,077.0	13,274.0	14,168.5

ix. 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 2023, we employ 1,241 people, of whom 78% are permanent employees and the remainder being contractors or temporary employees. We have also made consistent progress in achieving gender equality in our workforce, with 37% of all our employees being female. Our current workforce is primarily comprised of 52.9% 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. 31.7% 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 15.4%, they are over the age of 55.

6. Managing Sustainability (cont'd)

ix. Social / Diversity and equal opportunity (cont'd)

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

FY2021	Male (62.58%)			Female (37.42%)		
	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 (62.81%)			Female (37.19%)		
	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%

FY2023	Male (62.77%)			Female (37.23%)		
	Management	Executive	Non-Executive	Management	Executive	Non-Executive
Under 39 years old	0.08%	0.40%	36.50%	0.08%	0.40%	15.47%
40 to 55 years old	0.56%	1.61%	16.44%	0.24%	1.37%	11.44%
Over 55 years old	1.69%	0.65%	4.84%	0.89%	0.81%	6.53%
Total	2.33%	2.66%	57.78%	1.21%	2.58%	33.44%

6. Managing Sustainability (cont'd)

ix. *Social / Diversity and equal opportunity (cont'd)*

Percentage of directors by gender and age group

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%

FY2023	Male	Female
Under 39 years old	0.00%	6.25%
40 to 55 years old	18.75%	18.75%
Over 55 years old	56.25%	0.00%
Total	75.00%	25.00%

6. Managing Sustainability (cont'd)

ix. Social / Diversity and equal opportunity (cont'd)

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.

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%

FY2023	Male		Female	
	Local	Foreigner	Local	Foreigner
Permanent	43.6%	0.0%	34.5%	0.0%
Contractors or Temporary Employees	0.2%	19.0%	2.7%	0.0%
Total	43.8%	19.0%	37.2%	0.0%

6. Managing Sustainability (cont'd)

ix. Social / Diversity and equal opportunity (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.

	FY2021	FY2022	FY2023
Management	0.01%	0.00%	0.01%
Executive	0.02%	0.02%	0.02%
Non-Executive	1.48%	1.78%	1.37%
Total	1.51%	1.80%	1.40%

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 2023, 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:

	FY2021	FY2022	FY2023
Management	33.04%	25.71%	29.09%
Non-Management	63.15%	64.44%	67.28%
Total	96.19%	90.15%	96.37%

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.

6. Managing Sustainability (cont'd)

x. 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 FY2023, we have invested RM 127,418.83 in corporate social responsibility (“CSR”) activities across 373 organizations, an increase of 60% compared to FY2022. The following are the amounts invested in the communities and the number of beneficiaries for the past three financial years:

	FY2021	FY2022	FY2023
Amount invested in the communities (RM)	32,120.64	79,423.52	127,418.83
Number of beneficiaries	99	266	373

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.

	FY2021	FY2022	FY2023
Number of new local hires	129	165	176
Spending on local suppliers (%)	92.90	93.20	92.80

Note:

1. The calculation methodology on spending on local suppliers from prior reporting years has been changed from ‘origin of products’ to ‘business location of the local suppliers’ to improve data represented.
2. Data disclosed on spending on local suppliers has been revised to reflect changes in calculation methods.

xi. Social / Quality and healthy food

Our crackers, biscuits and cookies are developed and manufactured 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 FY2023 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.

6. Managing Sustainability (cont'd)

xi. Social / Quality and healthy food (cont'd)

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.

xii. 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.

xiii. 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 (V5.1) Food Safety Management System Certification
2. ISO 22000:2018 Food Safety Management System Certification
3. ISO 9001:2015 Quality Management System Certification
4. HACCP (Hazard Analysis and Critical Control Point) Certification
5. GMP (Good Manufacturing Practice) Certification
6. MeSTI (Food Safety is Responsibility of the Industry) 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")

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:

Section in Our Sustainability Report	GRI Topic or Common Sustainability Matters	GRI Standards	Details	FY 2021	FY 2022	FY 2023
Economic Performance	• Economic Performance	201-1	<ul style="list-style-type: none"> • Direct economic value generated and distributed-Revenues (RM mil) • Total number of factories • Operating costs (RM mil) • Taxes (RM mil) • Net profit (RM mil) 	296	318	357
			<ul style="list-style-type: none"> • Return on equity (%) • Earnings per share (RM) • Net dividends per share (RM) 	2 259 10 27	2 283 9 26	2 297 15 45
Supporting Our Community	• Economic Performance	201-1	• Economic value distributed: Community Investments	32,120.64	79,423.52	127,418.83
		201-1	• Total number of beneficiaries of the investment in communities	99	266	373
Supporting the Local Supply Chain Network	• Procurement Practices	204-1	• Proportion of spending on local suppliers (%)	92.90	93.20	92.80
Anti-Bribery and Anti-Corruption	• Anti-Corruption	205-2	• Communication and training about anti-corruption policies and procedures (%)	96.19	90.15	96.37
		205-3	• Confirmed incidents of corruption and actions taken	Nil	Nil	Nil
Environment						
Materials	• Materials used by weight or volume	301-1	• Materials used by weight (thousand tonnes)	34	32	35
		302-1	• Energy consumption within the Group (mil kWh)	27	27	24
Energy Consumption	• Energy intensity	302-3	• Energy intensity (kWh per tonne)	830	875	732
		303-5	• Water consumption within the Group (m ³)	34,884	37,671	37,206
Water Management	• Direct (Scope 1) GHG emissions	305-1	• Scope 1 emissions (tCO ₂ e)	5,152.34	4,643.05	3,529.33
		305-2	• Scope 2 emissions (tCO ₂ e)	4,487.48	4,730.20	4,883.52
Emissions Management	• Other indirect (Scope 3) GHG emissions	305-3	• Scope 3 emissions (tCO ₂ e)	2,011.95	2,520.58	2,839.74
		306-3	• Waste generated (tonnes)	581	499	775
Effluents and Waste Management	• Waste diverted from disposal	306-4	• Waste diverted from disposal (food) (tonnes)	247	218	238
			• Waste diverted from disposal (non-food) (tonnes)	334	281	537
	• Waste directed to disposal	306-5	• Waste directed to disposal (tonnes)	Nil	Nil	Nil

7. Key Performance Data (cont'd)

Section in Our Sustainability Report	GRI Topic or Common Sustainability Matters	GRI Standards	Details	FY 2021	FY 2022	FY 2023
Social						
Diversity and Equal Opportunity	<ul style="list-style-type: none"> New employee hires and employee turnover GRI 2: General Disclosures 	401-1 2-7	<ul style="list-style-type: none"> Employee turnover rate (%) Temporary Employees (%) 	1.5 15.7	1.8 17.0	1.4 21.9
Supporting our community	<ul style="list-style-type: none"> New employee hires and employee turnover 	401-1	<ul style="list-style-type: none"> Number of new hires - Local 	129	165	176
Occupational Health and Safety	<ul style="list-style-type: none"> Worker training on occupational health and safety Work-related injuries 	403-5 403-9	<ul style="list-style-type: none"> Worker training on occupational health and safety (%) Number of work-related fatalities 	1.7 Nil	74.5 Nil	60.8 Nil
	<ul style="list-style-type: none"> Lost time incident rate 	403-9	<ul style="list-style-type: none"> Number of accident cases 	7	1	4
			<ul style="list-style-type: none"> Lost time injury frequency rate (in million man hours) 	2.5	0.4	1.4
Training and Development	<ul style="list-style-type: none"> Training and Education 	404-1	<ul style="list-style-type: none"> Average number of hours each employee spent in training each year 	4.9	11.4	11.4
Diversity and Equal Opportunity	<ul style="list-style-type: none"> FTSE SHR: Number of substantiated complaints concerning human rights violations Diversity and Equal Opportunity 		<ul style="list-style-type: none"> Incidents concerning human rights violations 	Nil	Nil	Nil
		405-1	<ul style="list-style-type: none"> Diversity of governance bodies (%) 	Gender: Male-66.67 Female-33.33 Age Group: Male <39: Nil 40 to 55: 11.11 >55: 55.56 Age Group: Female <39: 5.56 40 to 55: 27.77 >55: Nil	Gender: Male-64.71 Female-35.29 Age Group: Male <39: Nil 40 to 55: 11.77 >55: 52.94 Age Group: Female <39: 5.88 40 to 55: 29.41 >55: Nil	Gender: Male-75.00 Female-25.00 Age Group: Male <39: Nil 40 to 55: 18.75 >55: 56.25 Age Group: Female <39: 6.25 40 to 55: 18.75 >55: Nil
		405-1	<ul style="list-style-type: none"> Diversity of employees (%) 	Gender: Male-62.58 Female-37.42 Age Group: Male <39: 36.04 40 to 55: 18.83 >55: 7.71 Age Group: Female <39: 15.66 40 to 55: 13.81 >55: 7.95	Gender: Male-62.81 Female-37.19 Age Group: Male <39: 35.64 40 to 55: 19.54 >55: 7.63 Age Group: Female <39: 16.19 40 to 55: 13.37 >55: 7.63	Gender: Male-62.77 Female-37.23 Age Group: Male <39: 36.98 40 to 55: 18.61 >55: 7.18 Age Group: Female <39: 15.95 40 to 55: 13.05 >55: 8.23
	<ul style="list-style-type: none"> Non-Discrimination 	406-1	<ul style="list-style-type: none"> Incidents of discrimination and corrective actions taken 	Nil	Nil	Nil
Customer Privacy	<ul style="list-style-type: none"> Customer Privacy 	418-1	<ul style="list-style-type: none"> Substantiated complaints concerning breaches of customer privacy and losses of customer data 	Nil	Nil	Nil