



Boustead Holdings Berhad 196001000193 (3871-H)

(A member of LTAT Group)

**IMPROVING
TODAY
FOR A
BETTER
TOMORROW**

SUSTAINABILITY
REPORT
2019



Sustainability Report 2019

Cover Rationale

The theme of this year's Sustainability Report – Improving Today for a Better Tomorrow reflects Boustead Holdings Berhad's commitment to fortify economic, environmental and social sustainability efforts in order to safeguard future growth. The colour green used as a base is associated with sustainability whilst the contour lines in the typography is indicative of the challenges we faced in moving towards sustainability and the resulting opportunities.

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Sustainability Report 2019



ONLINE VERSION
www.boustead.com.my



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ABOUT OUR REPORT

The Report

Boustead Holdings Berhad's Sustainability Report 2019 is representative of the Group's commitment to communicate our efforts in managing the sustainability risks and opportunities that we face to our varied stakeholders, in a transparent manner.

Our Sustainability Report incorporates a detailed account of our impact and progress in terms of our sustainability performance.

Report Scope and Boundary

This year's Report encapsulates the most important sustainability information for the reporting period 1 January 2019 to 31 December 2019. Consistent with financial reporting standards, all monetary value is reported in Ringgit Malaysia (RM).

In order to produce an accurate representation of our sustainability efforts, the scope of this Report has been confined to entities the Group has management control over in terms of the implementation of the Group's Sustainability Policy. This Report includes the operations of Boustead Group, which

reflects entities that the Group holds equity in and extends beyond Malaysian shores to involve overseas subsidiaries as well. Associate companies and non-controlling Joint-Venture (JV) companies are not included in this Report.

The scope of reporting remains unchanged from 2018.

Reporting Framework

This Report has been developed according to Bursa Malaysia Main Market Listing Requirements (Practice Note 9) and guided by the Bursa Malaysia Sustainability Reporting Guide.

We have referenced the Global Reporting Initiative (GRI) Standards – Core Option in developing this report. The GRI Content Index is reflected on pages 74 through 77. This Report aims to provide a balanced overview of the Group's material topics and related impact. It applies the GRI principles of Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.



ASSURANCE

Boustead Holdings Berhad's Board Sustainability Committee is cognisant of the critical responsibility it is charged with, in safeguarding the integrity of the Report. The Board employs good governance practices and internal reporting procedures in the review of this Report. Prior to the Board's review, this Report was carefully examined by Boustead Holdings Berhad's Sustainability Management Committee (SMC).

We have studied our reporting process internally and will be undertaking the required action to improve. We are looking to establish third-party assurance for selected sustainability indicators in the near future and are working towards this goal.

ABOUT OUR REPORT



ENHANCEMENT THIS YEAR

In line with our commitment to ensure that we provide a more transparent and comprehensive reporting of our sustainability efforts, we have introduced additional performance indicators to substantiate our contribution towards sustainable development.

To align our sustainability initiatives with the United Nations' (UN) Sustainable Development Goals (SDGs), we have assessed our impact on and contribution to the SDGs, which has led us to prioritise the SDGs accordingly.

Our greenhouse gas (GHG) emission data disclosed in this Report is reported in line with World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) GHG Protocol, a corporate accounting and reporting standard, with the exception of emissions from land conversion which is calculated utilising Roundtable on Sustainable Palm Oil (RSPO) PalmGHG version 4. Global Warming Potential (GWP) values utilised by the Group are derived from the Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report.



SUSTAINABILITY TARGETS AND GOALS

We acknowledge that clear goals and targets are important to drive our sustainability performance and promote accountability. Our quantitative sustainability targets for relevant material matters are currently being defined, to complement qualitative goals described throughout this report. These targets and goals will form part of our Second Group Sustainability Roadmap for 2021-2025.



ACCESSIBILITY

This Sustainability Report as well as earlier editions, are available at <https://www.boustead.com.my/v2/publications.html>.



FEEDBACK CHANNEL

We are committed to continuous engagement with our stakeholders and welcome feedback, comments and suggestions pertaining to Boustead Holdings Berhad's Sustainability Report 2019, which can be directed to:

Boustead Sustainability Department
5th floor, Menara Boustead
69 Jalan Raja Chulan
50200 KL
sustainability.bhb@boustead.com.my
03-21419044 ext 241
www.boustead.com.my

LEGEND



Plantation



Property



Pharmaceutical



Heavy Industries



Trading & Industrial



Finance & Investment



Boustead Group



OVERVIEW

- 04 Message from the Chairman of the Board Sustainability Committee
- 05 Message from the Managing Director
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MESSAGE FROM THE CHAIRMAN OF THE BOARD SUSTAINABILITY COMMITTEE



As Chairman of the Board Sustainability Committee, I am pleased to present to you, Boustead Group's Sustainability Report for the 2019 fiscal year.

Our theme, 'Improving Today for a Better Tomorrow' captures our sense of purpose, as we faced the challenges of the last 12 months. It encapsulates the spirit of the Group as we strive to deliver the best, to create value for our stakeholders and ensure the long-term viability of our business.

We drew inspiration from the United Nations' Sustainable Development Goals (SDGs), a part of the 2030 Agenda for Sustainable Development. The Agenda provides a blueprint for peace and prosperity for the people and the planet, now and in the future.

We recognise that our primary contribution to achieving these 17 shared goals is through the products and services that we offer.

In 2019, we continued to promote sustainable agricultural practices through our Plantation Division. To date, 43% of our planted areas are Roundtable Sustainable Palm Oil (RSPO) certified, while all our mills and estates have either been audited or certified in accordance with mandatory Malaysian Sustainable Palm Oil (MSPO) requirements. Our Pharmaceutical arm actively improves access to safe, effective, high quality and affordable medicines in various therapeutic segments through our manufacturing, logistics and distribution activities. Sustainability features have been incorporated into our properties and townships to ensure that these spaces are safe, inclusive and accessible. The Group takes pride in supporting maritime peace and justice through our work in the building and maintenance of the country's naval fleet via our Heavy Industries Division. Through the delivery of these beneficial solutions, we have contributed to the advancement of a number of goals.

Nevertheless, we are aware that these efforts must come hand in hand with ensuring that the potential negative impact on stakeholders and the environment arising from our activities is addressed.

As a result, we have taken measures to ensure responsible and ethical operations. We continuously work towards building an inclusive, safe and healthy workplace. It is not enough for us to provide employment for 18,000 people across our operations. The jobs we offer must be dignified and deliver fair income that will help reduce inequality, alleviate poverty and provide social protection for employees and their families.

We are also actively innovating to enhance our resource efficiency and reduce wastage, thus promoting sustainable consumption and production in our operations.

In the face of unprecedented global challenges, particularly with the COVID-19 pandemic, we renew our commitment to achieve our vision of 'Growth and Excellence'.

Datuk Zainun Aishah Ahmad
Chairman of the Board Sustainability Committee

MESSAGE FROM THE MANAGING DIRECTOR



Being the head of an established Malaysian institution like Boustead Holdings Berhad comes with its share of critical responsibilities, not least of which is leading the charge on sustainability. We nurture a culture of responsibility and accountability at Boustead, guided by our core values of Respect, Integrity, Teamwork and Excellence.

The Group's journey is underpinned by our sustainability mission, focused on four core areas of impact: economic, environment, our people and the wider community, as outlined in the Group Sustainability Policy. Our 2019 Sustainability Report chronicles the Group's progress towards our sustainability goals in these core areas.

We have invested in developing and improving our products and services to remain relevant. In 2019, we expended over RM70 million for research and development (R&D) activities focusing on quality, sustainability and cost savings. We collaborated with various industry partners and academic institutions and are on track to strengthen these partnerships in the future.

At the heart of our sustainability undertakings are our people. It is with deep regret that we report one fatality in 2019. We have thoroughly investigated the fatal incident and defined measures to prevent recurrence. This incident serves as a stark reminder that safety must always be at the forefront.

We continued to empower our talent, with RM5.2 million invested in 2019, through capacity-building and training programmes. Good progress was made in protecting the rights of our workers, both local and foreign, particularly those at our Plantation Division. The No Deforestation, No Peat, No Exploitation (NDPE) Policy that was newly adopted by the Division further solidified our stand on this matter.

We have also provided business opportunities to more than 9,300 suppliers and vendors. In 2019, we worked closely to develop 63 local vendors through our Vendor Development programmes at BHIC and Pharmaniaga. This was part of our effort to nurture local businesses in advancing the national Shared Prosperity Vision 2030. We have invested more than RM24 million in education, health and welfare programmes organised by the Group and its subsidiaries, benefiting local communities, including family members of our Armed Forces and veterans.

On the environmental front, we better identified our climate-related risks and opportunities. The Group monitored and disclosed more GHG emissions, energy and fuel consumption, as well as water use performance indicators. This information is crucial for us to assess and manage our climate-related risks and opportunities while setting relevant targets. Our efforts are consistent with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which we aim to implement over time.

We are closely monitoring the COVID-19 pandemic, under the guidance of health authorities. Our top priority is to ensure the safety of our people, customers, and partners, as well as limiting the spread of COVID-19 by adopting a set of preventive measures. The measures include implementing alternative work arrangements at our offices and facilities, limiting travel, and enhancing hygiene procedures. We are also honoured to be involved in the national efforts to fight the pandemic. Our Pharmaceutical Division was assigned as the receiving and distributing centre for donation items on behalf of the Ministry of Health and National Disaster Management Agency. Our hotels were also registered as designated quarantine centres, providing more than 9,000 room nights to date under this initiative by the Ministry of Tourism, Arts and Culture.

While we took major strides to strengthen our sustainability efforts, we are conscious that there is still much to do. In 2020, we will intensify our efforts and establish our Second Group Sustainability Roadmap for 2021-2025, to chart our path towards becoming a truly sustainable organisation.

Dato' Sri Amrin Awaluddin
Managing Director

CORPORATE PROFILE

WHO WE ARE



Tracing our roots back to 1828, Boustead Holdings Berhad is one of Malaysia's oldest established businesses. Our over 190-year journey has seen us evolve from a small-scale firm in Singapore to a diverse Malaysian conglomerate, involved in six key areas of the Malaysian economy, which comprise plantation, property, pharmaceutical, heavy industries, finance & investment and trading & industrial.

WHAT IS OUR STORY



Our Corporate Vision, Mission and Company Values are fundamental and form the bedrock of our Group's operations.

OUR CORPORATE VISION



TO HOLD STRONG TO OUR TRADITION OF DELIVERING SOLID AND STABLE GROWTH WHILE NURTURING TALENT THAT WILL BRING ABOUT A HIGHER LEVEL OF EXCELLENCE IN ALL ENDEAVOURS THAT THE BOUSTEAD GROUP UNDERTAKES.

OUR CORPORATE MISSION



To place the interest of our shareholders as the highest priority by maximising shareholder value.

To acknowledge our employees as our most valuable assets.

To continue development of our human resources to retain a competitive edge in the industry.

To accept the importance of our clients by providing products and services of the highest quality.

To enhance our global position while proudly representing Malaysia.

OUR CORPORATE MOTTO



'A TRADITION OF STRENGTH AND STABILITY, A VISION OF GROWTH AND EXCELLENCE'.

OUR CORE VALUES



RESPECT

DIGNITY. TRUST. FAIR.
OPEN. HONOUR



INTEGRITY

HONEST. TRUTHFUL.
CONSCIENCE. SINCERE.
ACCOUNTABILITY



TEAMWORK

UNITY. HARMONY.
CO-OPERATION.
COMMITMENT.
COLLABORATION



EXCELLENCE

PROFESSIONAL. COURAGE.
PRIDE. PROACTIVE.
COMPETITIVE

FINANCIAL HIGHLIGHTS

TOTAL
ASSETS:

RM17.0
BILLION

TOTAL
REVENUE:

RM10.3
BILLION

SHAREHOLDERS'
EQUITY:

RM3.7
BILLION



CAPITAL EXPENDITURE
AND ACQUISITION:

RM598
MILLION

NET ASSETS
PER SHARE:

184
SEN

EBITDA:

RM455
MILLION

MALAYSIA



OUR KEY OPERATING LOCATIONS



PLANTATIONS

- Sungai Jernih Business Unit
- Nak Business Unit
- Trong Business Unit
- Segaria Business Unit
- Segamaha Business Unit
- Telok Sengat Business Unit
- Rimba Nilai Business Unit
- Logan Bunut Business Unit
- Kanowit Business Unit
- Tawai Business Unit



PROPERTIES OWNED AND MANAGED

- The Curve
- eCurve
- Curve NX
- Nucleus Tower
- Menara & Wisma Boustead Kuala Lumpur
- Menara Boustead Penang



HOTELS AND RESORTS

- Royale Chulan Kuala Lumpur
- Royale Chulan Damansara
- Royale Chulan Bukit Bintang
- Royale Chulan The Curve
- Royale Chulan Cherating
- Royale Chulan Seremban
- Royale Chulan Penang



INDONESIA

Sabah

Sarawak



TOWNSHIPS AND DEVELOPMENT

- Taman Mutiara Rini township
- Mutiara Damansara township
- Mutiara Hills township
- One Cochrane Residences



MANUFACTURING SITES

- UAC Berhad
- Pharmaniaga Manufacturing Berhad
- Pharmaniaga LifeScience Sdn Bhd
- Idaman Pharma Manufacturing Sdn Bhd
- Bio-Collagen Technologies Sdn Bhd
- Paradigm Industry Sdn Bhd
- PT Errita Pharma



SHIPYARDS/PORT

- Boustead Naval Shipyard
- Boustead Penang Shipyard
- Boustead Langkawi Shipyard
- Boustead Cruise Centre
- Boustead DCNS Naval Corporation



BHPETROL TERMINALS

- Northport Klang terminal
- Pasir Gudang terminal
- Westport Klang terminal



UNIVERSITY

- University of Nottingham Malaysia

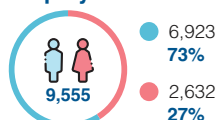
DIVISIONAL HIGHLIGHTS



PLANTATION

Highlights 2019

Employees



1.15
million
GJ



0.96
million
tCO₂e



10.69
Lost Time Injury
cases per million working hours



2.86
million
m³



R&D
RM14.00
million

The Plantation Division possesses decades of experience in managing plantations across Peninsular Malaysia, Sabah and Sarawak. As one of the key players within Malaysia's palm oil industry, the Division fully supports sustainable practices as part of its operations.

Main Companies

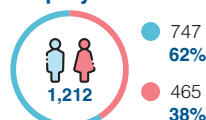
- Boustead Plantations Berhad
- Boustead Estates Agency Sdn Bhd
- Boustead Telok Sengat Sdn Bhd
- Boustead Eldred Sdn Bhd
- Boustead Solandra Sdn Bhd
- Boustead Rimba Nilai Sdn Bhd
- Boustead Emastulin Sdn Bhd
- Boustead Gradient Sdn Bhd
- Boustead Trunkline Sdn Bhd
- Boustead Pelita Kanowit Sdn Bhd
- Boustead Pelita Tinjar Sdn Bhd
- Boustead Pelita Kanowit Oil Mill Sdn Bhd
- Boustead Life Sciences Research Sdn Bhd
- Boustead Agency and Consultancy Services Sdn Bhd



PROPERTY

Highlights 2019

Employees



0.27
million
GJ



0.06
million
tCO₂e



5.67
Lost Time Injury
cases per million working hours



1.11
million
m³



R&D
RM0.03
million

The Property Division is involved in property development, property investment, hotel operations and project management. The Division has built a formidable portfolio of key assets including a hotel chain, award-winning townships, retail establishments as well as commercial and residential developments.

Main Companies

- Boustead Properties Berhad
- Boustead Curve Sdn Bhd
- Boustead DCP Sdn Bhd
- Boustead Realty Sdn Bhd
- Boustead Weld Court Sdn Bhd
- Boustead Hotels & Resorts Sdn Bhd
- Boustead Weld Quay Sdn Bhd
- Mutiara Rini Sdn Bhd
- Damansara Entertainment Centre Sdn Bhd
- Nam Seng Bee Hoon Sdn Bhd
- Midas Mayang Sdn Bhd

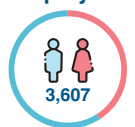


PHARMACEUTICAL



Highlights 2019

Employees



0.21
million
GJ



0.04
million
tCO₂e



0.87
Lost Time Injury
cases per million working hours



0.33
million
m³



R&D
RM23.52
million

The Pharmaceutical Division caters to the pharmaceutical and healthcare industries with its range of offerings that include manufacturing of generic pharmaceuticals and medical devices, logistics and distribution, sales and marketing, distribution of medical products and hospital equipment in addition to retail pharmacy.

Main Companies

- Pharmaniaga Berhad
- Pharmaniaga Research Centre Sdn Bhd
- Pharmaniaga Logistics Sdn Bhd
- Pharmaniaga Marketing Sdn Bhd
- Pharmaniaga Biomedical Sdn Bhd
- Pharmaniaga International Corporation Sdn Bhd
- Pharmaniaga LifeScience Sdn Bhd
- Pharmaniaga Manufacturing Berhad
- Idaman Pharma Manufacturing Sdn Bhd
- Pristine Pharma Sdn Bhd
- Paradigm Industry Sdn Bhd
- Bio-Collagen Technologies Sdn Bhd
- PT Millenium Pharmacon International Tbk
- PT Errita Pharma

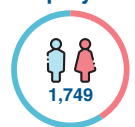


HEAVY INDUSTRIES



Highlights 2019

Employees



0.06
million
GJ



0.01
million
tCO₂e



8.26
Lost Time Injury
cases per million working hours



0.26
million
m³



R&D
RM29.71
million

The Heavy Industries Division's participation in the maritime and aerospace sectors involves the provision of various products and services including naval shipbuilding, maintenance, repair and overhaul services, fabrication for the oil and gas industry as well as aviation support services.

Main Companies

- Boustead Heavy Industries Corporation Berhad
- Boustead Naval Shipyard Sdn Bhd
- Boustead Penang Shipyard Sdn Bhd
- Boustead Langkawi Shipyard Sdn Bhd
- Boustead DCNS Naval Corporation Sdn Bhd
- BHIC Submarine Engineering Services Sdn Bhd
- BHIC AeroServices Sdn Bhd
- BHIC Navaltech Sdn Bhd
- BHIC Defence Techservices Sdn Bhd
- BHIC Marine Technology Academy Sdn Bhd
- BHIC MSM Sdn Bhd
- BHIC Allied Defence Technology Sdn Bhd
- BHIC Trading Sdn Bhd
- BHIC Bofors Asia Sdn Bhd
- MHS Aviation Berhad
- Dominion Defence & Industries Sdn Bhd
- Pyrotechnical Ordnance (Malaysia) Sdn Bhd

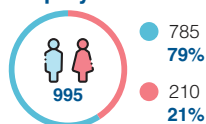
DIVISIONAL HIGHLIGHTS



TRADING & INDUSTRIAL

Highlights 2019

Employees



0.32
million
GJ



0.04
million
tCO₂e



2.21
Lost Time Injury
cases per million working hours



0.39
million
m³



R&D
RM0.35
million

The Group's Trading & Industrial Division is the owner and operator of Malaysia's only other home-grown retail petroleum network. This Division also engages in manufacturing and distribution of building materials including our Industrialised Building System (IBS) walls and panels in addition to providing project management expertise for the construction sector.

Main Companies

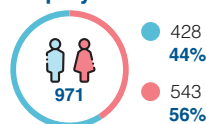
- Boustead Petroleum Marketing Sdn Bhd
- Boustead Global Risk Solution Sdn Bhd
- Boustead Building Materials Sdn Bhd
- UAC Berhad



FINANCE & INVESTMENT

Highlights 2019

Employees



0.05
million
GJ



0.01
million
tCO₂e



1.06
Lost Time Injury
cases per million working hours



0.33
million
m³



R&D
RM2.79
million

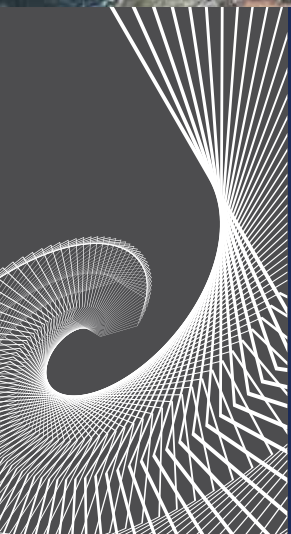
The Finance & Investment Division is driven by our investments in a range of sectors, including education, travel and tourism.

Main Companies

- Boustead Travel Services Sdn Bhd
- Boustead Credit Sdn Bhd
- Boustead Cruise Centre Sdn Bhd
- Boustead Shipping Agencies Sdn Bhd
- The University of Nottingham in Malaysia Sdn Bhd



Well-preserved natural waterfall at Sungai Jernih Estate, Pahang



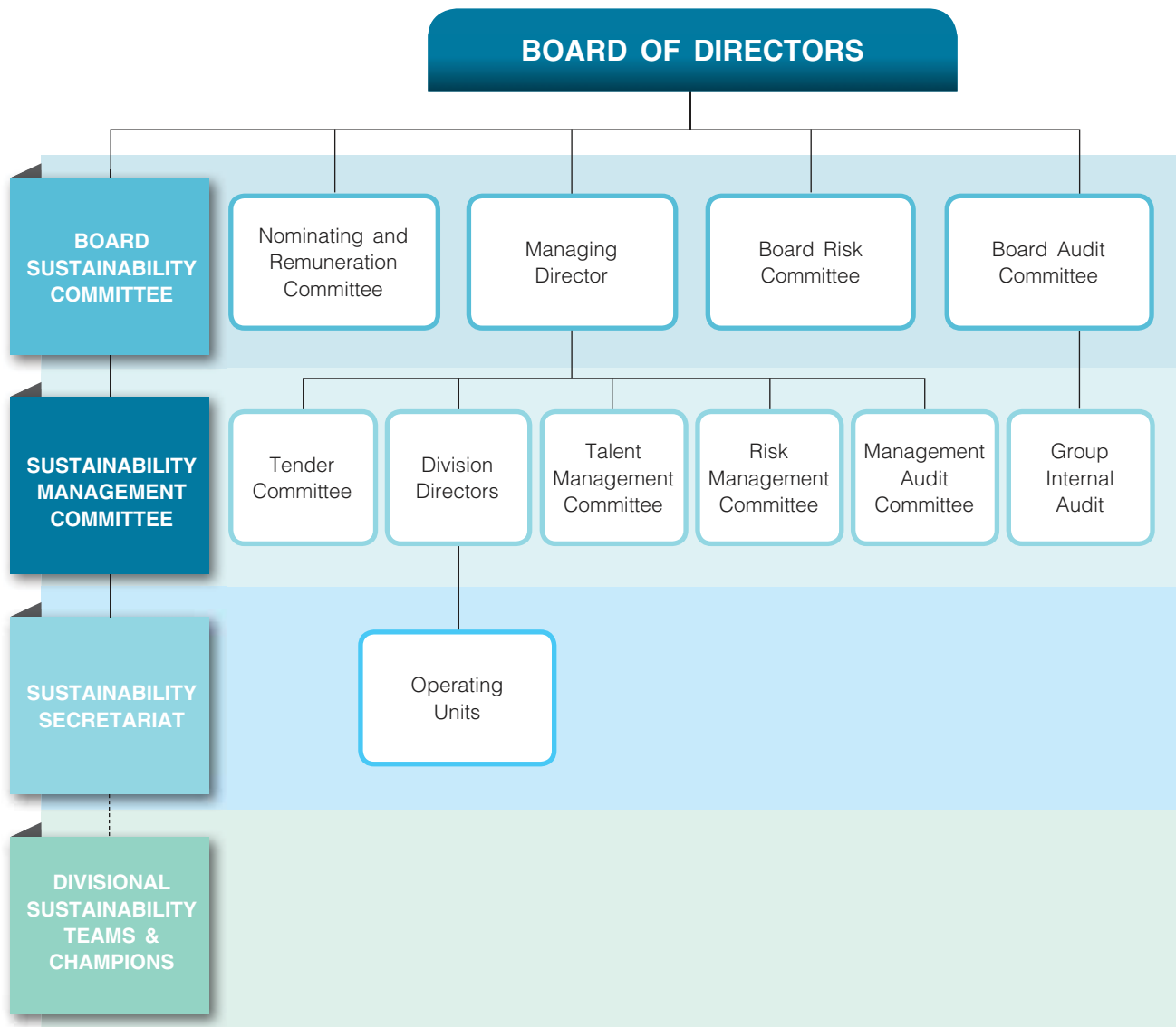
OUR SUSTAINABILITY APPROACH

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OUR SUSTAINABILITY APPROACH

SUSTAINABILITY GOVERNANCE

A clear governance and management structure enables us to deliver on our sustainability mandate.



Roles & Responsibilities

Boustead Holdings Berhad Board of Directors

- The Board holds the highest authority and is held responsible for Boustead Holdings Berhad's sustainability strategy and the overall performance of the Group in sustainability matters.

Board Sustainability Committee

- The Board Sustainability Committee, which was established to aid the Board in discharging its oversight duties pertaining to the Group's sustainability objectives, policies and practices, meets on a half yearly basis at minimum.
- The Group's Board Sustainability Committee underwent a membership change during the year and currently comprises the following members:



Chairman:

- ▶ Datuk Zainun Aishah Ahmad



Members:

- ▶ Pn Nik Amlizan Mohamed (*until 25 February 2020*)
- ▶ Lt Gen Dato' Fadzil Mokhtar (R)
- ▶ Dato' Nonee Ashirin Dato' Mohd Radzi

- During the year, the Board Sustainability Committee discussed the following key matters:
 - ◆ Sustainability performance updates
 - ◆ Sustainability reporting direction
 - ◆ Linking of sustainability performance to executive remuneration

Sustainability Management Committee

- The Sustainability Management Committee which meets every quarter, is responsible for supervising the Group's implementation of its sustainability objectives, policies and practices.
- The Committee comprises cross-functional representatives from across the Group, including:



Chairman:

- ▶ Chief Operating Officer (COO) of Boustead Holdings Berhad



Members:

- ▶ Boustead Plantations Berhad
- ▶ Boustead Heavy Industries Corporation Berhad
- ▶ Boustead Properties Berhad
- ▶ Pharmaniaga Berhad
- ▶ UAC Berhad
- ▶ Boustead Petroleum Marketing Sdn Bhd
- ▶ Boustead Holdings Berhad
 - ◆ Group Internal Audit, Risk Management, and Integrity
 - ◆ Group Human Capital Management
 - ◆ Corporate Planning

- In 2019, the role of Sustainability Secretariat was held by the Corporate Planning department, which works closely with divisional sustainability champions and teams in monitoring and tracking sustainability performance.
- A similar governance structure can be observed in the Group's listed subsidiaries: Pharmaniaga Berhad, Boustead Plantations Berhad and Boustead Heavy Industries Corporation Berhad.

OUR SUSTAINABILITY APPROACH

Sustainability Policy


















BOUSTEAD GROUP'S SUSTAINABILITY POLICY ACTS AS A GUIDE TO OUR SUSTAINABILITY PRACTICES AND AFFIRMS OUR COMMITMENT AND DEDICATION TO SUSTAINABLE DECISION MAKING.

THIS OVERARCHING SUSTAINABILITY POLICY IS FURTHER SUPPORTED BY VARIOUS POLICIES AND INTERNAL GUIDELINES DEVELOPED WITHIN OUR DIVISIONS TO GOVERN THE DAY-TO-DAY MANAGEMENT OF ECONOMIC, SOCIAL AND ENVIRONMENTAL MATTERS.

ENGAGING OUR STAKEHOLDERS

We engage in ongoing dialogue with our stakeholders to understand their concerns and respond transparently to issues raised. In doing so, we establish relationships based on trust, while improving the effectiveness of our strategies by incorporating their feedback where appropriate.

Stakeholder Groups	Engagement Channels	Issues of Interest and Concerns	How We Respond
 Shareholders & Investors	<ul style="list-style-type: none"> Annual General Meetings Quarterly reporting Annual reports Announcements Analyst briefings 	Return on investment, market presence, succession planning, sustainable earnings, and Company reputation	BHB Annual Report 2019 p.44-79 
 Employees	<ul style="list-style-type: none"> Employee engagement surveys Internal communications Employee engagement initiatives Sports and recreational activities 	Work-life balance, workforce development, rewards and remunerations, healthy and safe work environment, Company vision, objectives and profitability	Advocating Safe Workplaces and Healthy Employees p.28-34 
 Workers Union	<ul style="list-style-type: none"> Periodic meetings 	Equal career development opportunities, fair remuneration practices, healthy and safe work environment	Caring for Our People p.35-42 
 Regulatory Bodies	<ul style="list-style-type: none"> Dialogue sessions Formal meetings Periodic reports On-site inspections and audits 	Legal and regulatory compliance, environmental stewardship, ethical business practices, supporting local businesses, healthy and safe work environment	Operating with Ethics and Integrity p. 43-44 and BHB Annual Report p.102-106 
 Customers	<ul style="list-style-type: none"> Dialogue sessions Customer satisfaction surveys Customer feedback platforms e.g. hotline 	Products and services quality, safety and sustainability, ethical business practices	Spearheading Innovation For Better Products and Services p.45-50 
 Suppliers & Business Partners	<ul style="list-style-type: none"> Periodic meetings Dialogue sessions Workshops and training sessions 	Licensing and certification, ethical practices, supplier development, occupational safety and health, products and services quality, profitability of the Company	Protecting Our Environment p.51-60 
 Local Communities	<ul style="list-style-type: none"> Periodic meetings Dialogue sessions CSR activities 	Community investment and partnerships, pollution prevention and preservation of biodiversity and natural resources, employment opportunities, safety and security, and support for local businesses	Encouraging Mutual Growth p.61-64 
			Reaching Out to Communities p.65-71 

OUR SUSTAINABILITY APPROACH

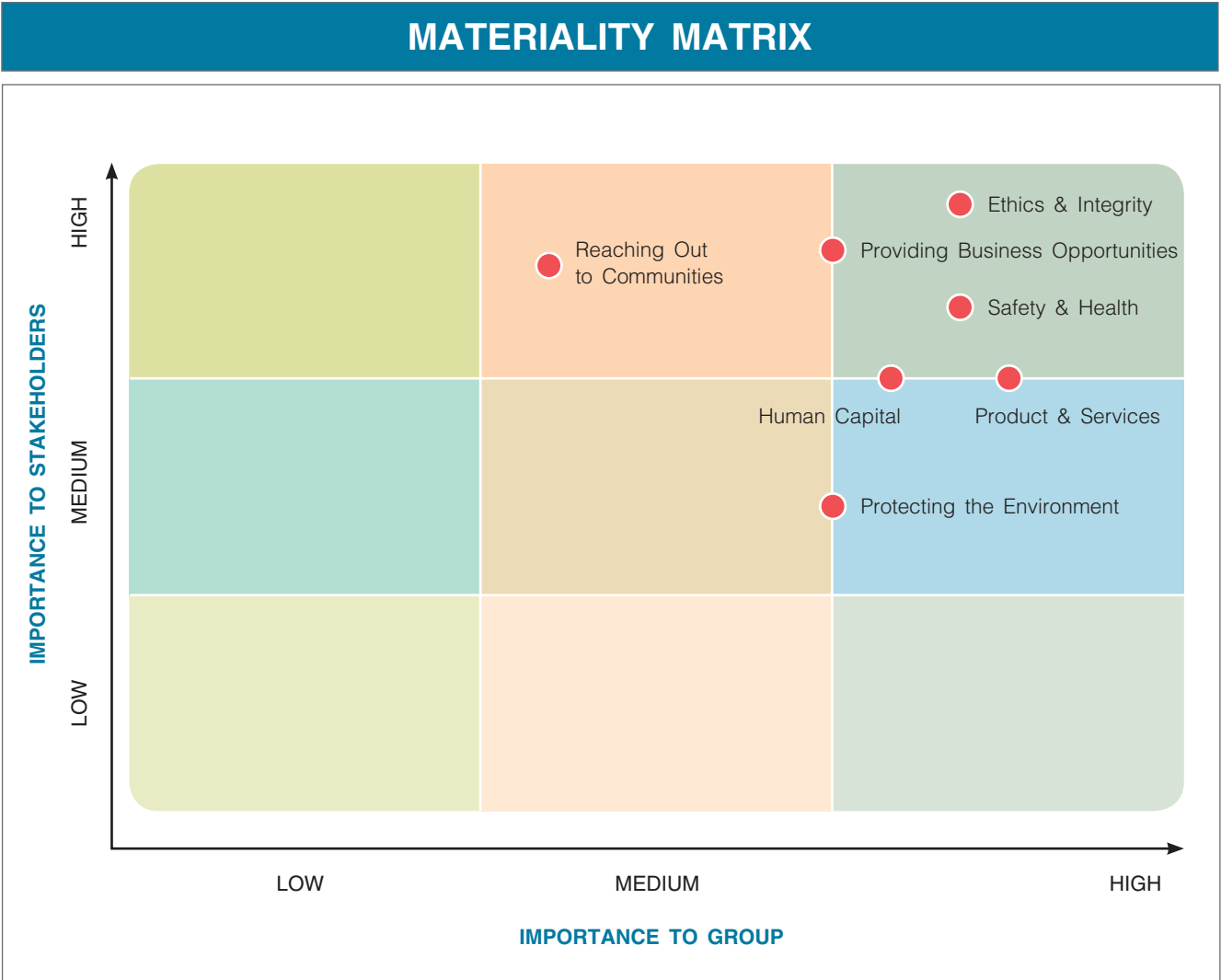
DETERMINING OUR KEY ISSUES

The Group's materiality assessment was undertaken in compliance with Bursa Malaysia's Sustainability Reporting Guide. Our materiality assessment provides us with a structured method to determine sustainability issues that matter most to our Group, which in turn informs our strategy and reporting.

Key Steps	Description
Identification of issues	<ul style="list-style-type: none"> Engagement of business units to identify matters pertaining to sustainability that are relevant to the Group Review of internal and external documents including peer and rating agency reports, risk registers and annual reports
Identification of stakeholders and prioritisation	<ul style="list-style-type: none"> Identification of key stakeholder groups relevant to the operations of the Group and prioritisation of said stakeholder groups
Assessment of priorities assigned by stakeholders	<ul style="list-style-type: none"> Engagement sessions to gauge the insight of key stakeholder groups on the cruciality of matters pertaining to sustainability: <ul style="list-style-type: none"> Direct engagement with shareholders and employees Indirect engagement with regulatory bodies, local communities, customers and suppliers The outcome of our multiple stakeholder engagements forms the input for the y-axis of the Materiality Matrix
Assessment of impact of issues to businesses	<ul style="list-style-type: none"> Assessment of sustainability matters in relation to its importance to the Group The outcome of the assessment exercise forms the input for the x-axis of the Materiality Matrix
Validation of Materiality Matrix	<ul style="list-style-type: none"> Validation of Materiality Matrix undertaken by the Senior Management and Board Sustainability Committee
Review of Materiality Matrix	<ul style="list-style-type: none"> Periodical review of Materiality Matrix in order to determine, emerging issues and trends as well as concerns and feedback raised by stakeholders to be included

Boustead Group is currently undertaking an extensive review of our Materiality Matrix, an exercise last conducted in 2017. The review is expected to be completed by the 2020 financial year and will see us reporting an updated Materiality Matrix.

Our Materiality Matrix

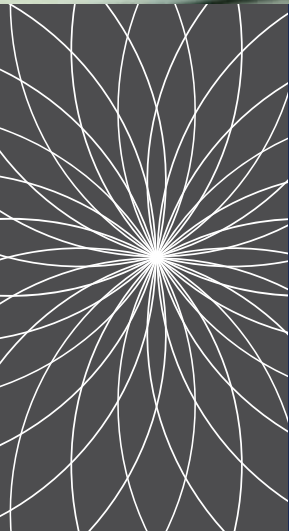


OUR SUSTAINABILITY APPROACH

OUR KEY ISSUES

We are committed to addressing the full spectrum of material issues relevant to the Group. During the year, we revised our Materiality Matrix to include Ethics & Integrity, considering latest developments. The key issues are also mapped against the Sustainable Development Goals (SDGs) they have impact on.

<div><div>SAFETY & HEALTH</div><div>Prevention of harm at the workplace and promoting the good health of our employees as well as our onsite contractors.</div><div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div></div><div><div>Advocating Safe Workplaces and Healthy Employees p.28</div><div></div></div></div>	<div><div>HUMAN CAPITAL</div><div>Ensuring our human capital strategy fulfils the goal of talent development, attraction and retention, while ensuring good labour practices are adhered to in line with our commitment to respecting human rights.</div><div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div></div><div><div>Caring for Our People p.35</div><div></div></div></div>	<div><div>ETHICS & INTEGRITY</div><div>Ingraining ethics, integrity and transparency in our corporate culture so that the Group and its employees abide by high ethical standards and compliance in all undertakings.</div><div><div><div>15</div><div>LIFE ON LAND</div></div></div><div><div>Operating with Ethics and Integrity p.43</div><div></div></div></div>	<div><div>PRODUCTS & SERVICES</div><div>Continuous provision of novel high-quality products and services that provide value to customers, allowing the Group to strengthen our relevance, through research, development and innovation activities.</div><div><div><div>2</div><div>ZERO HUNGER</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div></div><div><div>Spearheading Innovation for Better Products and Services p.45</div><div></div></div></div>
<div><div>PROTECTING THE ENVIRONMENT</div><div>Minimising our environmental footprint by managing our GHG emissions and energy use, responsible use of resources including water and other natural resources as well as conscientious waste management.</div><div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div></div><div><div>Protecting the Environment p.51</div><div></div></div></div>	<div><div>ENCOURAGING MUTUAL GROWTH</div><div>Provision of business prospects as a result of our operations across diverse sectors of the economy.</div><div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div></div><div><div>Encouraging Mutual Growth p.61</div><div></div></div></div>	<div><div>REACHING OUT TO COMMUNITIES</div><div>Empowering communities through our corporate social responsibility efforts in education, health and welfare.</div><div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>1</div><div>NO POVERTY</div></div></div><div><div>Reaching Out to Communities p.65</div><div></div></div></div>	



THE VALUE WE CREATED

- 22 How We Create Value
- 24 Our Contribution to Sustainable Development Goals

HOW WE CREATE VALUE

Our Resources and Assets

Financial Capital



Debt and equity financing, as well as cash generated from operations and investments.

Human Capital



The motivation, skills, continuous training, safety and diversity of our employees, contractors and suppliers.

Manufactured Capital



Our palm oil mills, shipyards, manufacturing facilities, warehouses, fleets, properties, hotels and resorts.

Intellectual Capital



Our culture, collective know-how, licensed technologies, processes and procedures.

Natural Capital



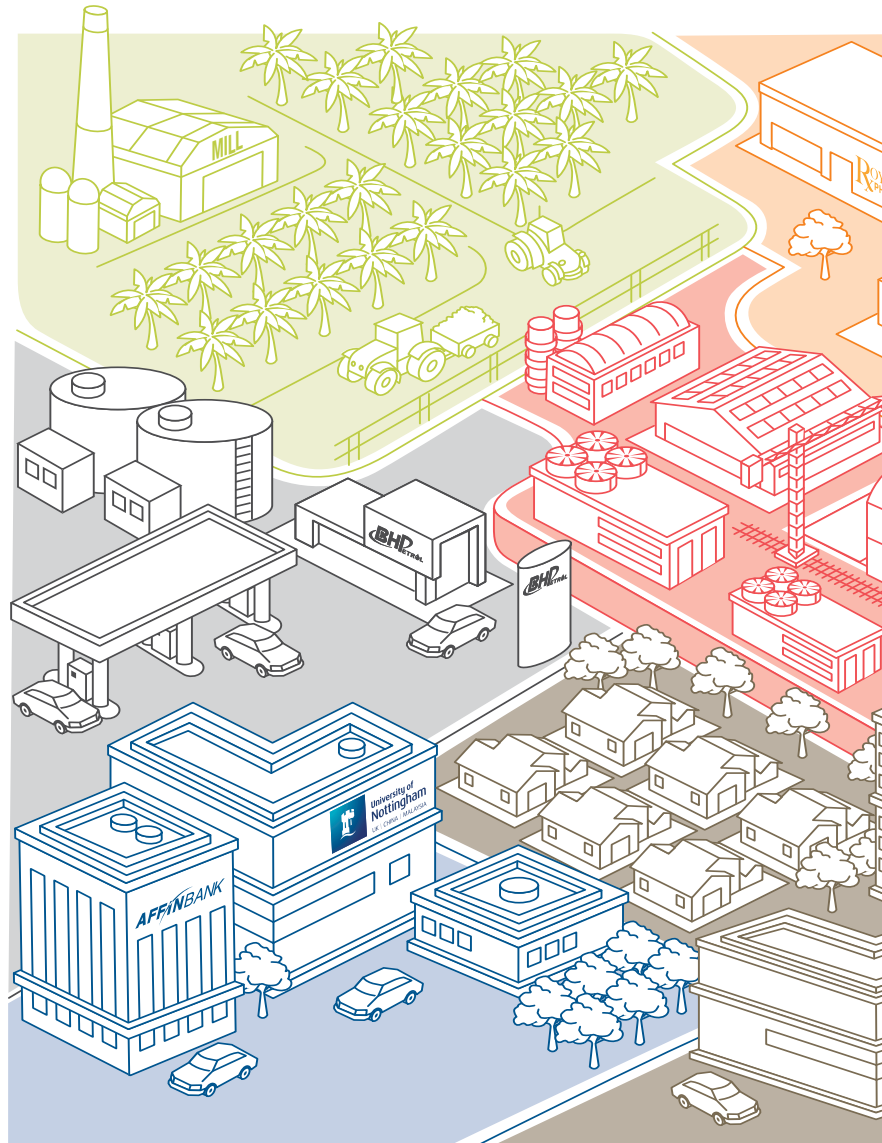
Landbank, energy, water and natural raw materials.

Social Capital



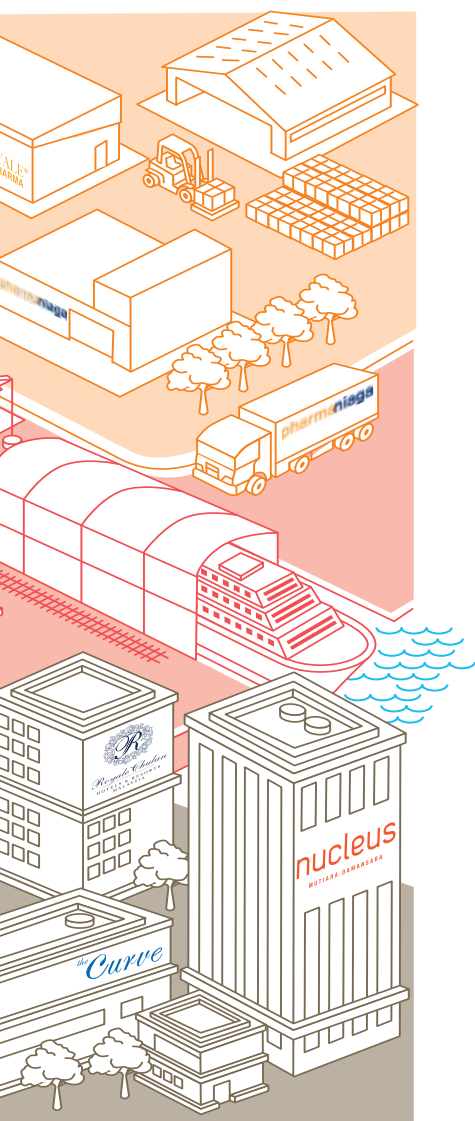
Trusted relationships with customers, communities, governments and regulators, suppliers, unions, industry bodies and civil rights groups.

Value Creation Process



Key Products & Services

The Value We Created



- Fresh Fruit Bunches (FFB)
- Crude Palm Oil (CPO)



- Development and sale of residential properties/offices
- Rental of shop lots/retail properties
- Selling of hotel rooms



- Formulation and analysis of new products
- Pharmaceutical R&D
- Production of general pharmaceuticals and medical devices
- Logistics and distribution
- Community pharmacies



- Maintenance, repair and overhaul (MRO) of military and commercial vessels
- Shipbuilding and fabrication
- In-service support (ISS) for submarines



- Manufacturing of cellulose fibre cement boards
- Distribution of building materials
- Distribution of liquefied petroleum gas (LPG) to households and commercial premises
- Distribution of lubricants
- BHPetrol service stations



- Travel management services
- Cruise terminal for international cruise lines
- Shipping, logistics, sea and air freight services
- Tertiary education
- Financial products and services

Through our business activities, we create shared value and contribute to the advancement of United Nations' Sustainable Development Goals, both directly and indirectly.

Priority SDGs



Supporting SDGs



OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

OUR ROLE IN THE ADVANCEMENT OF THE UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS (SDGs) WAS DETERMINED THROUGH THE ASSESSMENT OF OUR IMPACT ON SDGs AND OUR POTENTIAL TO CONTRIBUTE TO THE ATTAINMENT OF THESE GOALS.


Of the 17 SDGs, we have identified our Priority SDGs which comprise five goals where we believe our impact can be felt most substantially:

- Goal 2: Zero Hunger
- Goal 3: Good Health and Well-Being
- Goal 11: Sustainable Cities and Communities
- Goal 16: Peace, Justice and Strong Institutions
- Goal 8: Decent Work and Economic Growth

These SDGs are goals that are directly linked to our core business undertakings as well as our role as a member of Lembaga Tabung Angkatan Tentera (LTAT) Group.

The remaining 12 SDGs are classified as supporting goals, as our contribution to and impact on these goals are less direct. We have mapped our contribution towards these goals in our GRI Content Index on pages 74 through 77.

Our progress in relation to the five Priority SDGs are as follows:

<div>2 ZERO HUNGER</div>  <div>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</div>	How We Contribute To SDGs	Progress in 2019
	<p>Our greatest impact and contribution to this goal comes from our Plantation Division. We are committed to good and sustainable agriculture practices which ensure sustainable food production systems, improved land and soil quality as well as increased productivity.</p> <p>We continue to contribute to agricultural research to improve agricultural production capacity. We are cognisant that our operations may still exert direct or indirect negative impact on the natural ecosystem and aim to minimise this.</p>	<p>108,317 MT of certified and/or audited sustainable CPO processed.</p> <p>98,212 ha of planted areas certified and/or audited with MSPO.</p> <p>34,278 ha of planted areas certified and/or audited with RSPO.</p> <p>RM14 million spent on R&D at Plantation Division.</p>

3 GOOD HEALTH AND WELL-BEING



Ensure healthy lives and promote well-being for all at all ages

How We Contribute To SDGs

Our Pharmaceutical arm, Pharmaniaga actively contributes towards this Goal through its core activities: logistics and manufacturing of pharmaceutical products.

We contribute to a healthier world through our focus on the development and manufacturing of affordable generic and Halal-certified pharmaceutical products and other medicines for various therapeutic segments.

Our logistics network supplies to medical institutions across Malaysia and Indonesia, while our community pharmacies enable access to essential medicines.

Progress in 2019

Order fulfilment rate of more than 97% in 2019.

Over 300 independent pharmacies empowered as part of RoyalePharma Alliance Programme.

RM23.52 million spent for R&D by Pharmaceutical Division.

23 new products registered in 2019.

11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities and human settlements inclusive, safe, resilient and sustainable

How We Contribute To SDGs

Our Property Division and our Industrial Division contribute towards this Goal.

We promote inclusive, safe and sustainable lifestyles in townships that we develop and the properties we manage and invest in.

We increasingly incorporate sustainable features in our properties.

UAC Berhad, which is part of our Industrial Division manufactures sustainability-certified fibre cement boards, a highly versatile building material utilised in various applications.

Progress in 2019



Nucleus Tower in Mutiara Damansara obtained Green Building Index (GBI) Gold Rating.

Implementation of various measures at our malls and office buildings to promote inclusivity e.g. wheelchair access, dedicated parking for lone female visitors and baby care rooms.

Promoting the use of public transport by providing easy access at our properties.

Continued to actively encourage and promote sustainability to our customers/visitors e.g. providing electric vehicle charging stations and hosting various events that promote sustainable lifestyles.

OUR CONTRIBUTION TO SDGs

<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>  <p>Promote peaceful and inclusive sustainable development, provide access to justice for all and build effective, accountable and inclusive</p>	<p>How We Contribute To SDGs</p> <p>The Heavy Industries Division's shipbuilding, ship repair, maintenance and overhaul activities primarily serve Royal Malaysian Navy's (RMN) fleet. The solutions we provide contribute to RMN's efforts to uphold the rule of law at national and international levels.</p> <p>Internally, we have implemented an active policy to combat corruption and bribery in all forms, while continuing to strengthen the effectiveness, accountability and transparency of our governance bodies.</p>	<p>Progress in 2019</p> <p>Seven ship repair projects for RMN completed in 2019.</p> <p>Zero incidents of corruption in 2019.</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>Promote inclusive and sustainable economic growth, employment and decent work for all</p>	<p>How We Contribute To SDGs</p> <p>As a member of LTAT Group, we strive to deliver value to our shareholders, while concurrently creating value for other stakeholders.</p> <p>As an organisation with more than 18,000 employees and operations in multiple industries, we are committed to supporting inclusive and sustainable business practices and creating opportunities for good and decent jobs and secure livelihoods.</p> <p>We also promote higher economic productivity through R&D and innovation, while improving our resource efficiency.</p>	<p>Progress in 2019</p> <p>RM10.3 billion in economic value generated, comprising:</p> <ul style="list-style-type: none"> ◆ RM9.5 billion operating costs ◆ RM757.7 million economic value distributed to employees ◆ RM399.7 million payment to capital providers ◆ RM50.5 million payment to Government ◆ RM24.1 million investment in community <p>More than RM70 million investment in R&D.</p> <p>Zero child labour and forced labour incidents.</p> <p>Lost Time Injury Frequency Rate of 7.48.</p> <p>40% of total energy consumed is sourced from renewable fuel.</p>



Our newly launched chalets in Royale Chulan Cherating

OUR KEY ISSUES

- 28** Advocating Safe Workplaces and Healthy Employees
- 35** Caring for Our People
- 43** Operating with Ethics and Integrity
- 45** Spearheading Innovation for Better Products and Services
- 51** Protecting the Environment
- 61** Encouraging Mutual Growth
- 65** Reaching Out to Communities



KEY ISSUE

01

ADVOCATING SAFE WORKPLACES AND HEALTHY EMPLOYEES



The International Labour Organization's (ILO) constitution sets forth the provision of safe and healthy work conditions as a basic human right. Safeguarding the safety and health of our employees, contractors and relevant stakeholders at our premises is of paramount importance to the Group. We are mindful that a poor safety and health performance affects the morale of our valued employees.

We enforce proactive measures to prevent harm resulting from our operations, and promote the good health of our employees, in compliance with applicable laws.

SAFETY AND HEALTH RISKS IN OUR OPERATIONS

Our diverse business operations entail wide-ranging safety and health risks to our employees and contractors.



PLANTATION

Examples of Activities & Risks

- Exposure to sharp tools during harvesting of oil palms, pruning of fronds and weeding.
- Exposure to hazardous chemicals due to chemical spraying activity.
- Accidents due to technical malfunction of machineries, trailers as well as during transportation of our workforce in tractors.



PROPERTY



Examples of Activities & Risks

- Fires and explosions due to maintenance work.
- Electrical shock or burns due to maintenance and handling of electrical equipment.
- Structural failure at our properties.
- Theft, robbery and assaults at our malls.
- Incidents involving general public in high traffic areas such as our malls.
- Exposure to hazardous cleaning chemicals.



PHARMACEUTICAL

Examples of Activities & Risks

- Accidents due to the use of heavy machinery such as forklifts at our facilities that involve stacked items, other vehicles and pedestrians.
- Exposure to chemicals during manufacturing activity.
- Road accidents due to the operation of fleets in our logistics business.



HEAVY INDUSTRIES

Examples of Activities & Risks

- Slips and falls at shipyards.
- Fire and explosion at shipyards.
- Accidents related to high pressure conditions and confined spaces.
- Handling of hazardous materials.
- Manual handling which could result in injury or other health issues.



TRADING & INDUSTRIAL

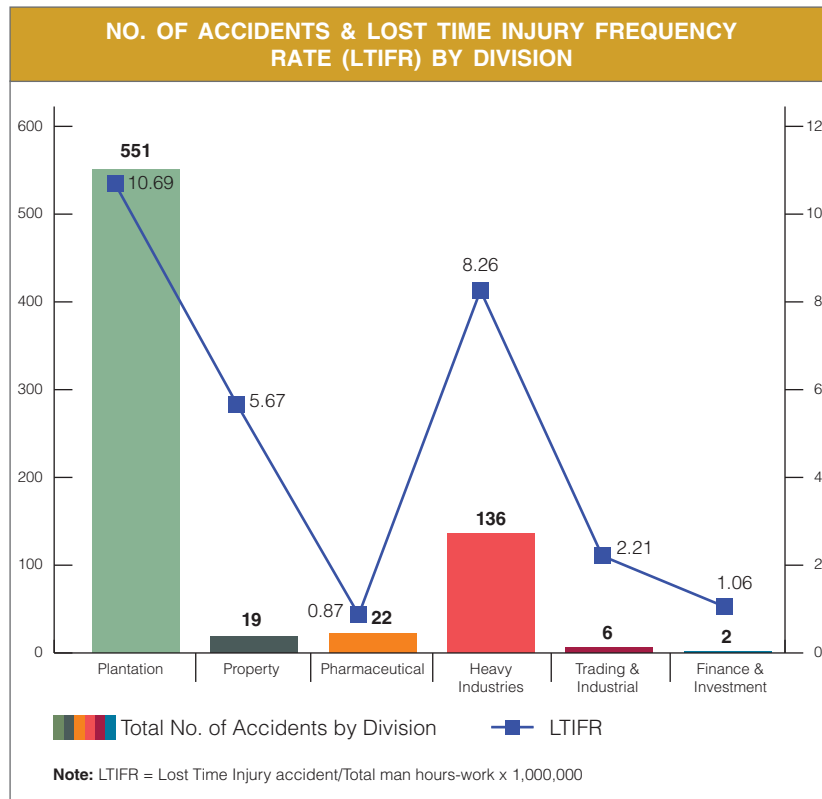


Examples of Activities & Risks

- Exposure to naked flame, chemical liquid or vapour exposure, oil spills and contamination.
- Fire and explosion due to storage and transportation of highly flammable hydrocarbon liquids.
- Confined space accidents during maintenance operations, involving storage tanks at terminals.
- Confined space accidents due to maintenance and inspection activities involving boilers, ball mills, and autoclave at manufacturing site.
- Exposure to high temperature steam.

KEY ISSUE

ADVOCATING SAFE WORKPLACES AND HEALTHY EMPLOYEES



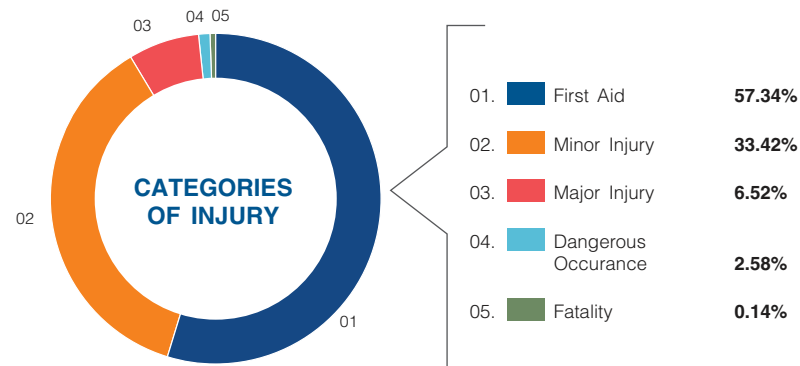
Regrettably, we lost one team member at Boustead Naval Shipyard, who sustained an injury due to a fall from blasting chamber. Thorough investigations have been carried out to identify the cause. We have taken immediate action to prevent recurrence, including reassessing the Job Safety Analysis and ensuring declaration of health is executed prior to blasting work.

We further intensified our effort to inculcate a culture of safety at our Heavy Industries Division, through a partnership between BHIC Marine Technology Academy (MTA) and the National Institute of Occupational Safety & Health (NIOSH). The collaboration saw MTA working together with NIOSH to develop and deliver a comprehensive Occupational Safety and Health training programme related to BHIC's high risk activities.

MANAGEMENT OF SAFETY & HEALTH RISKS

We prescribe to exacting standards of safety and health as asserted in our Group-wide Safety & Health Policy which acts as a guide and is replicated across our varied business units.

We have established a Group-wide target in 2019, to further drive our safety performance and improve accountability.

**Note:**

Minor Injury: Injury which resulted in fewer than five lost workdays

Major Injury: Injury which resulted in five or more lost workdays

TARGET FOR 2020

to lower LTIFR by

10%

against 2019 level

Our business units have implemented structured Occupational Safety & Health management systems. Our subsidiaries in Pharmaniaga and BHIC have migrated from OSHAS 18001:2007 certification to the latest and more stringent standard of ISO 45001:2018.

Safety Training and Engagement

Safety and health initiatives encourage the participation of employees and management in order to raise safety awareness. The types of training undertaken covers a range of subject matters including basic safety training, toolbox talks, basic first aid training and fire prevention drills. We also organised training on the specific work hazards that have been identified by internal and external audits, including the following:



PLANTATION



- Briefing on Lock Out, Tag Out (LOTO) system
- Briefing on HIRARC, safe work procedure and Safety Data Sheet (SDS) for mills
- Transport safety for lorry drivers
- Machinery safety for mill operators
- Working in confined space for mill operators



PHARMACEUTICAL

- Safe and defensive driving
- Road safety
- Forklift safety and competency
- Chemical compatibility programme
- Handling of hazardous chemicals
- Emergency response team



HEAVY INDUSTRIES

- Forklift safety training programme for warehouse staff
- Authorised entrant and standby person for confined space and working safely at height – refresher course for new construction and relevant staff
- Overhead crane safety training for yard services staff



PROPERTY

- Escalator safety awareness for security staff
- Suicide tent training for security staff
- Search and Rescue for maintenance staff
- Construction Industry Development Board (CIDB) induction for operations staff
- Machinery safety for building services staff
- Chemical handling for hotel staff



TRADING & INDUSTRIAL

- HIRARC, safe work procedure and SDS, given monthly to the employees and relevant contractors
- Excessive noise, mineral dust and chrysotile training, for employees exposed to these hazards
- Handling of hazardous chemicals
- Competency training for Occupational Safety and Health (OSH) competent persons, including for authorised gas tester and entry supervisor, authorised entrant and standby person, scaffolder, first aiders and forklift drivers

KEY ISSUE

ADVOCATING SAFE WORKPLACES AND HEALTHY EMPLOYEES

The Group's dedication to safety extends to our contractors and business partners on site who are obligated to comply with our Safety & Health Policy. We assist them to develop their safety competency through various platforms including safety forums and workshops.

We instil a culture of safety via several safety campaigns across our business units. Pharmaniaga Manufacturing Berhad, held its Quality, Environment, Safety & Health (QESH) Week in September 2019 to promote strong safety culture while continuing our 'Do It Right Always' campaign. Our industrial arm, UAC Berhad held its Safety Day for employees and contractors and implemented the DOSH Workplace Accident Free Week (WAFEW). Boustead Curve also participated in the Safety and Health Week by BOMBA and NIOSH.

Safety Risk Assessment and Implementation of Controls

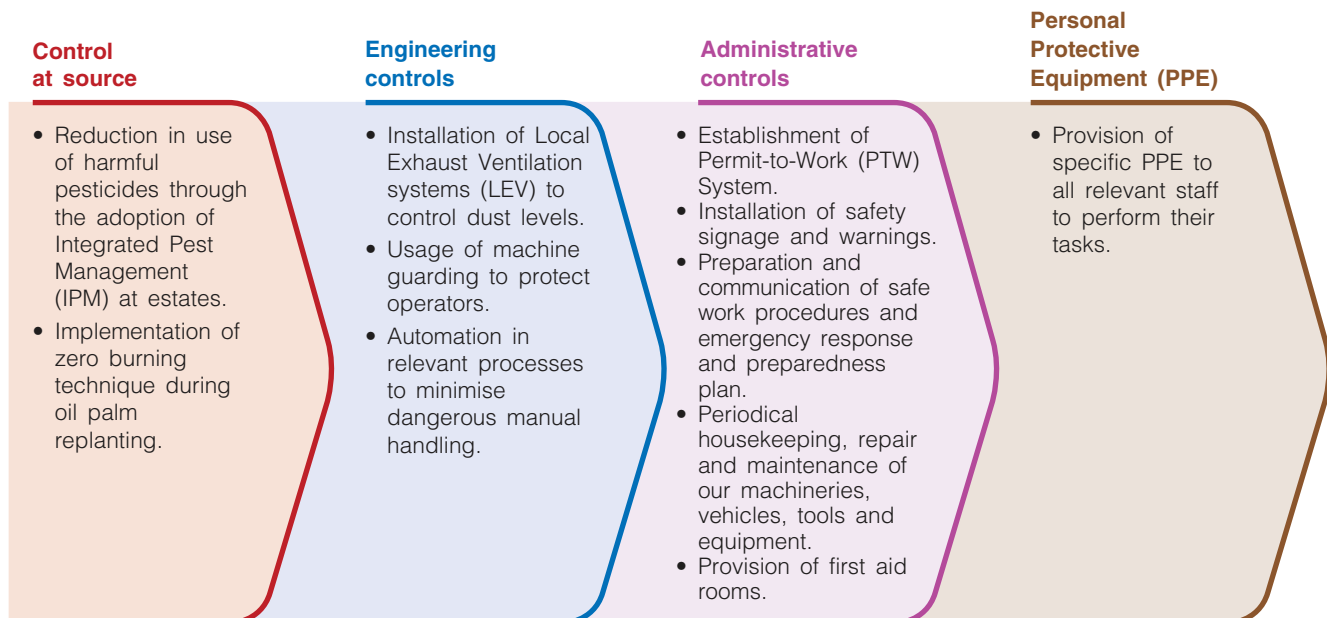
We employ the Hazard Identification Risk Assessment Risk Control (HIRARC) methodology as a safety management diagnostic method, through which hazards are identified, analysed and assessed in terms of their associated risks. Through this method, we are able to increase comprehension of risks and reduce hazards in the work environment as well as prevent accidents.

The assessment is undertaken for both routine and non-routine tasks, which includes installation of new equipment and new work processes. We look at the level of exposure to hazardous chemicals and substances through personal exposure monitoring equipment.

Upon evaluation of the outcome, we determine feasible effective controls to reduce the risks identified, through the use of the hierarchy of hazard controls under HIRARC.

We have implemented various controls across our business operations, including:

TYPE OF CONTROLS AND EXAMPLES



Safety Inspections and Audits

We also undertake several audits on a periodic basis to evaluate compliance levels against applicable legal requirements and set procedures. Our internal and external audits comprise the following:

- Monthly workplace inspections
- Daily safety walkabouts
- Systematic Occupational Health Enhancement Level Programme (SoHELP)
- Periodic machinery, lifts and firefighting systems inspection
- Site audits for contractors
- Periodic audits by DOSH

Safety & Health Committee Meetings

The safety and health committees established across our business units assemble a minimum of every quarter. The committees review and discuss safety and health matters including the results of safety audits and incident investigations. Safety issues raised by stakeholders are also reviewed.

CHAMPIONING HEALTH

Investment in employee health enhances both individual vitality and overall productivity. In line with SDG 3 Good Health and Well-being, we organised a variety of voluntary health promotion services and programmes aimed at encouraging healthy lifestyle choices alongside improved physical and mental health.

To supplement medical and insurance benefits, we also coordinated:



KEY ISSUE

ADVOCATING SAFE WORKPLACES AND HEALTHY EMPLOYEES

CASE STUDY: ADVANCING ROAD SAFETY PRACTICES



Our listed subsidiary Pharmaniaga undertook a Road Safety Programme to generate awareness on the need for improved road safety behaviours, as well as to provide practical knowledge to help our drivers inculcate safe, responsible and lawful driving behaviour.

In 2019, 33 participants took part in the programme. Since its inception in 2015, a total of 116 participants took part in the programme. Many of them provided positive feedback, with reports of improved knowledge on safety and defensive driving, as well as increased awareness and alertness. Based on these positive indicators, a structured development programme is being developed.

The programme covers the following key topics:



Involved



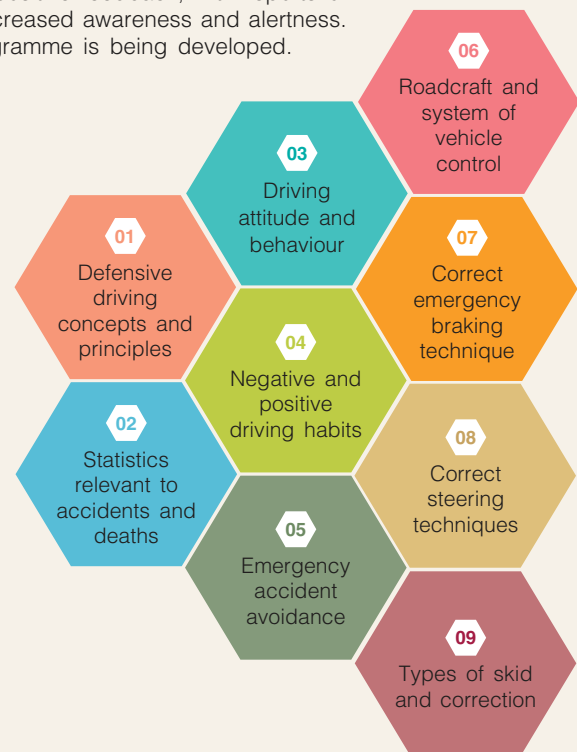
33

participants
in 2019

Total of



116

participants
since its inception in 2015

MOVING FORWARD



The Group aims to reduce LTIFR by 10% compared to the previous years. This target is linked to executive remuneration, to strengthen accountability in safety and health matters.

We will also intensify our efforts to ensure zero harm and instil a stronger safety culture at our workplaces.



KEY ISSUE

02

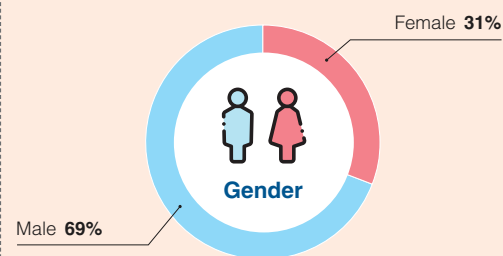
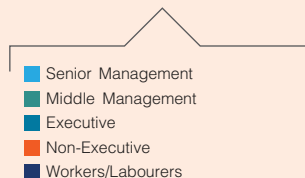
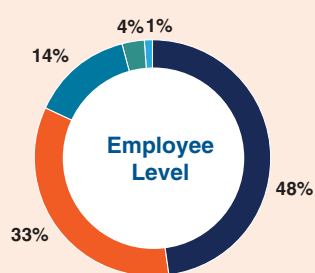
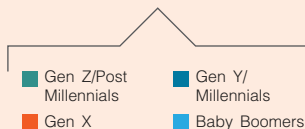
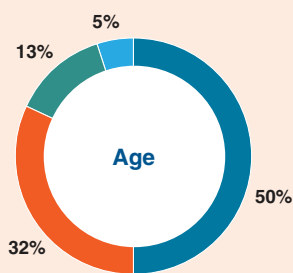
CARING FOR OUR PEOPLE



The welfare of our employees is a high priority for the Group. We also work to ensure their personal and professional growth.

Boustead Group provides equal employment opportunities to all employees regardless of age, gender, ethnicity, religions and marital status throughout all process of recruitment and employment.

WORKFORCE PROFILE



TOTAL NO. OF EMPLOYEES AT
BOUSTEAD GROUP IN 2019

18,089

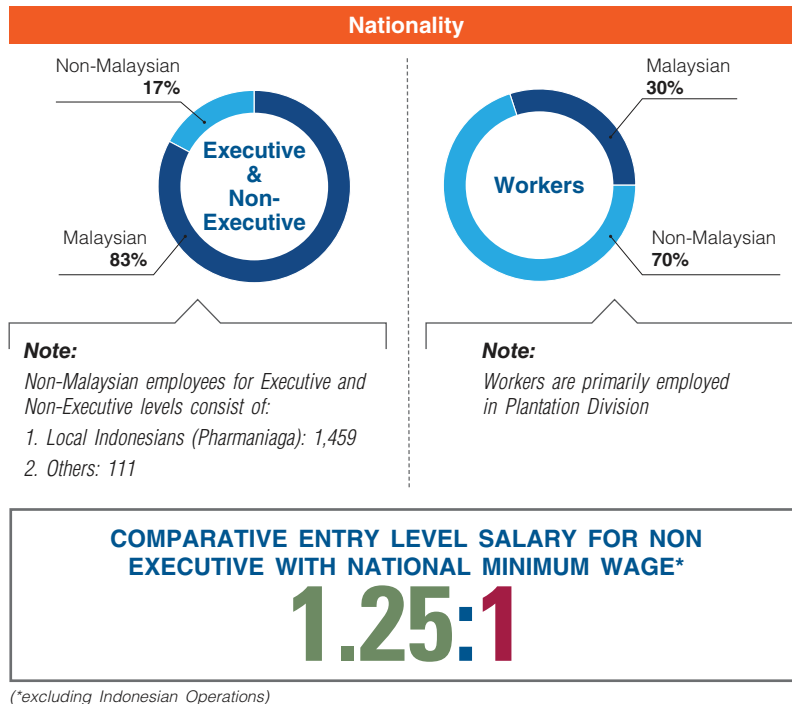
Note:

Gen Z/Post Millennials: Born between 1995-present
Gen Y/Millennials: Born between 1981-1994

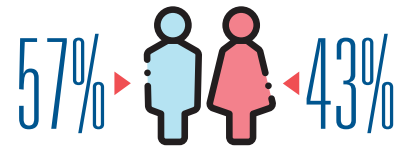
Gen X: Born between 1965-1984
Baby Boomers: Born between 1946-1964

KEY ISSUE

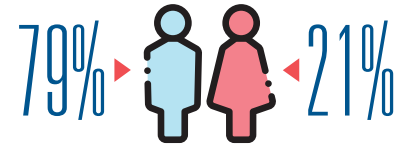
CARING FOR OUR PEOPLE



GENDER COMPOSITION OF BOARD OF DIRECTORS OF BOUSTEAD HOLDINGS BERHAD IN 2019



GENDER COMPOSITION OF SENIOR MANAGEMENT TEAM OF BOUSTEAD GROUP IN 2019



GROWING OUR TALENT

We empower employees to unlock their potential through the provision of solid prospects for development.

At Boustead Holdings Berhad, a Talent Management Committee has been established as a platform to discuss human capital issues and to promote greater ownership and accountability in managing talent. The Committee, which is chaired by the Managing Director looks into matters of succession planning, leadership and talent development programmes, talent mobility and promotion, as well as employee performance management, amongst others.

We have also developed succession plans for identified critical positions within our organisation to ensure seamless transition and uninterrupted operations.

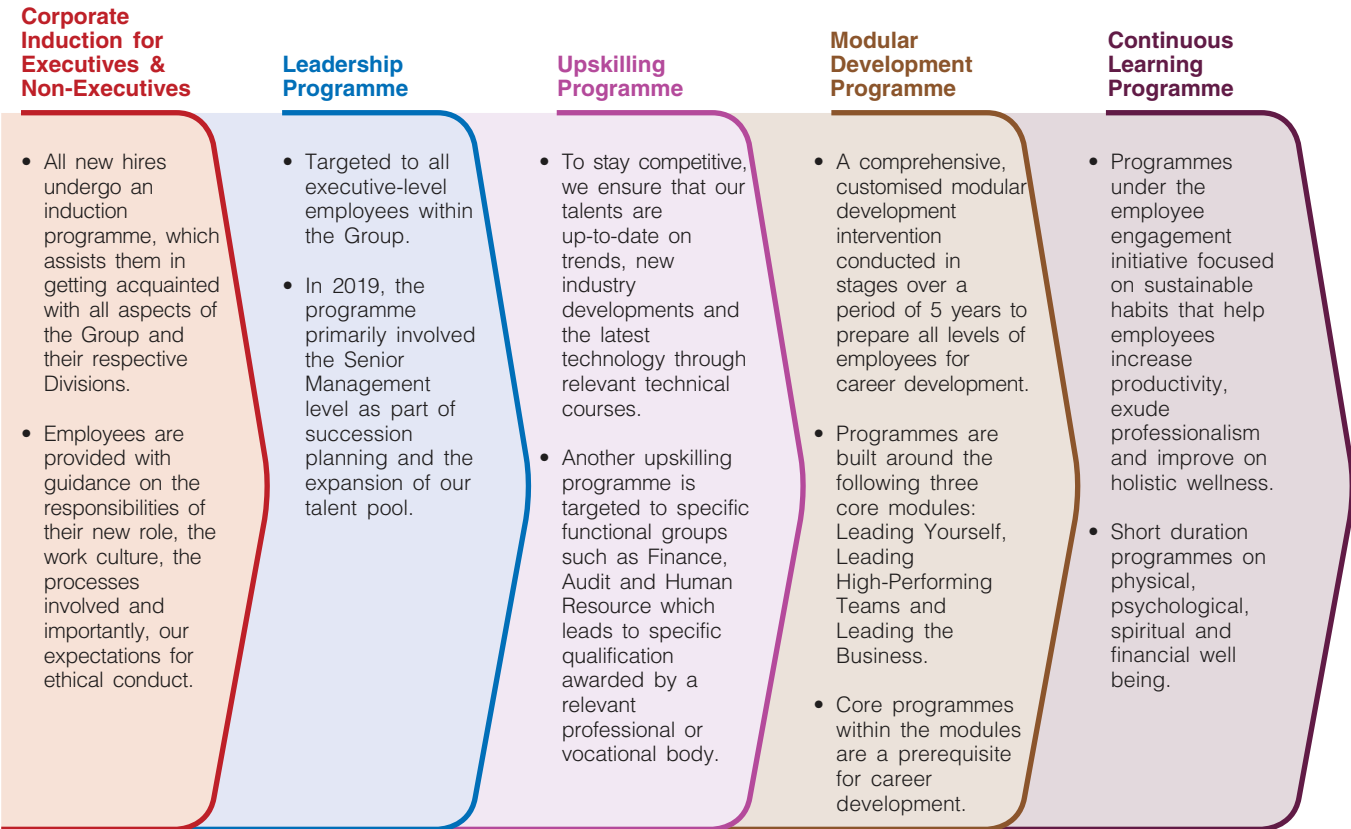
Our Learning and Development Policy inculcates a high-performance work culture by offering relevant and sought-after learning and development opportunities to employees.

By presenting a work environment where continuous learning and development is celebrated, we are able to assist employees better undertake their specific roles while enhancing motivation at work. Moreover, it helps in enhancing employee retention.

Beyond professional growth, our Learning and Development Policy facilitates the personal advancement of our employees through the provision of tools that strengthen their existing skills base.

Our training and development suite is designed based on our needs, business goals and direction, as well as specific job requirements.

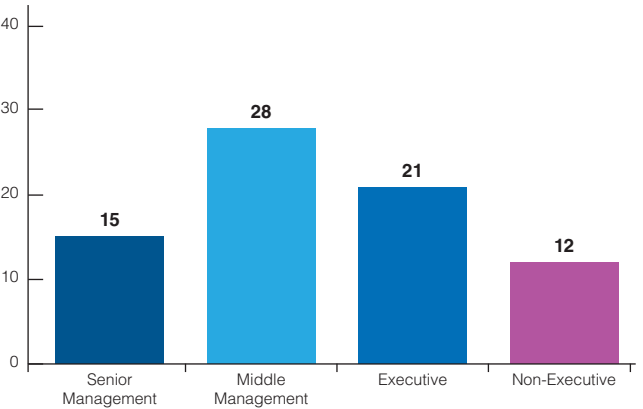
Examples of internal training and development opportunities offered include the following:



We invested over RM5.2 million in our staff for the purpose of learning and development. Moreover, we allocated 40 hours of training for Executive-level employees, and 20 hours for Non-executives annually.

All training initiatives are reviewed and appraised to determine relevance to job requirements as well as competency development.

Average Hours Spent on Training & Development by Employee Category in 2019 (Per Employee)



TOTAL AMOUNT SPENT FOR TRAINING & DEVELOPMENT IN 2019

RM5.2 Million

TOTAL NO. OF HOURS SPENT ON TRAINING & DEVELOPMENT IN 2019

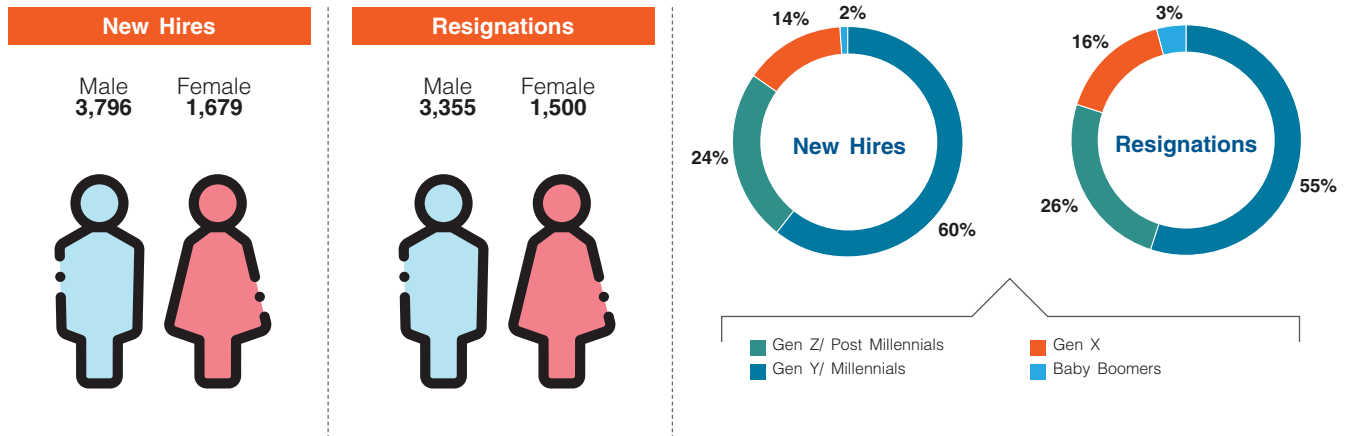
172,959 Hours

KEY ISSUE

CARING FOR OUR PEOPLE

ATTRACTING AND RETAINING TALENT

As the backbone of the Group, our employees are our top priority. Retaining our employees and attracting new hires is an important facet of our continuous growth. It enables us to maintain our competitive advantage and effectively execute our business strategies.



The Group is committed to fair and competitive compensation. We are conscious of the need to boost this with attractive benefits and allowances to strengthen employee well-being and enhance work-life balance. The Group offers comprehensive and competitive benefits, including:

Leave Benefits

- Annual leave
- Study leave
- Marriage leave
- Paternity leave
- Maternity leave
- Compassionate leave
- Calamities leave
- Hajj leave

Medical Benefits

- Medical coverage
- Insurance coverage
- Health screening
- Dental coverage

Other Benefits

- Meal allowance
- Child education subsidy
- Private Retirement Scheme (PRS)
- Housing Loan Interest Subsidy Scheme
- Flexible working hours

Performance and career development reviews allow us to strengthen relations as well as share ideas. It also provides us with an avenue to identify areas for improvement and recognise individual training and development needs.

The reviews which are premised on set key performance indicators allow us to evaluate the performance of our staff and consequently reward them for their contributions through increments, bonuses and promotions.

We further improved employee engagement initiatives to strengthen employee relations, keep employees updated as well as respond to concerns and feedback. The following are some of the engagement programmes and activities undertaken by the Group in 2019:

Programmes and Activities

1. Mini townhall sessions with the Managing Director
2. Improving camaraderie through teambuilding programmes
3. Long Service Award
4. Sports and recreational activities through *Kelab Sukan Boustead*
5. Employee Wellness Programmes



KEY ISSUE

CARING FOR OUR PEOPLE

CASE STUDY: NURTURING OUR YOUTH



More than

450

graduates
were trained
since 2011



During the year, the Group implemented a training programme initiated by the Government, PROTÉGÉ, to enhance the marketability and employability of Malaysian graduates.

Through this programme, unemployed youth are provided with on-the-job training and soft skills development. Since its inception in 2011, Boustead Holdings Berhad has coached more than 450 trainees placed in various business units and departments.

One of the beneficiaries of the programme who is currently employed with the Group is Muhamad Khairul Faiz bin Mohd Shafri, a Universiti Putra Malaysia Bachelor of Engineering (Civil) graduate. Upon completion of his eight-month training with the Group under the Property Division, Khairul was offered the position of Project Executive at Mutiara Rini Sdn Bhd.

In the course of his training, Khairul was exposed to several modules, including communication skills, team building, project management, organisational skills as well as analytical and critical thinking, amongst various others. Khairul felt his biggest challenge was adapting to a work environment given his lack of work experience as well as minimal knowledge of the industry. However, being part of the programme allowed Khairul to gain confidence and build a strong foundation for a successful future.

UPHOLDING THE RIGHTS OF OUR EMPLOYEES

We rely on our workforce to propel the Group's growth and it is imperative for us to ensure employees are protected from any kind of workplace exploitation or abuse.

By upholding good labour practices, we ensure that our workers are able to perform to the best of their ability in a safe and conducive workplace.

The Group respects and defends the rights of all personnel, including our migrant workers, in accordance with the Universal Declaration of Human Rights, the International Labour Organisation's core conventions and all applicable national laws.

As a reflection of our commitment to fair labour practices, the Group's Code of Ethics and Conduct bears upon workplace bullying, sexual harassment and whistleblowing, amongst others.

01

Foreign workers rights

- We strictly adhere to our Foreign Workers Policy and Human Rights Policy in our interactions with foreign workers, who are primarily hired by our Plantation Division as field workers.
- To protect the rights of foreign workers, we comply with the Worker's Minimum Standards of Housing and Amenities (Amendment) Act 2019 where all estates workers, regardless of their position, are eligible for housing, known as Ordinary Workers Accommodation (OWA).
- We are committed to improve our standard housing by upgrading them progressively with priority given to newly acquired properties.
- All OWAs are furnished with Auxiliary Police, free electricity, free, clean and safe water alongside a proper waste and sewerage management system.
- We provide access to public amenities, recreational facilities, clinics, places of worship and retail stores that offer basic necessities at a lower price.
- We monitor the state of the housing on a weekly basis, to ensure living conditions remain comfortable.
- Apart from that, we arrange for mosquito fogging to prevent dengue outbreaks.
- Annual sports carnivals and *gotong-royong* activities are organised to improve camaraderie.
- We employ ethical recruitment practices to prevent human trafficking and guarantee that the rights of foreign employees are not violated even in the first stage of hiring. To further strengthen our practice, we have introduced a one-stop centre under the Foreign Workers Unit specifically for workers' recruitment-related matters.
- Ahead of recruitment, our recruitment agents are required to ensure that foreign workers are informed of costs matters including living costs, transportation costs, accommodation and minimum wage offered. All information is to be provided in a transparent manner including a description of the work expected apart from the contents of the employment contract. Moreover, all our foreign workers received a copy of their signed employment contract.
- With a written consent from our foreign workers, the management team at our respective mills hold their passports for safekeeping.

02

Child labour and forced labour

- The Group is in full compliance with Malaysia's Children and Young Person (Employment) Act 1966 – Amendment 2019.
- Our Plantation Division employs a Child Protection Policy to prevent child labour.
- To further protect the children of foreign workers living on site, especially at our estates, we ensure that all children of schooling age attend schools provided in the estates, while children below 7 years of age are able to stay at the day-care facilities provided.

KEY ISSUE

CARING FOR OUR PEOPLE

03

Fair wages

- All Boustead employees receive a wage that is equal to or above the minimum wage set by the Government. Employees receive a range of allowances, incentives, bonuses, overtime rates and other additional benefits.
- Every foreign worker is provided with a detailed payslip and is allowed to accept or reject overtime work. They are also afforded at least one rest day per week.
- All our employees are registered and covered by Social Security Organisation (SOCSO) and Employees' Provident Funds (EPF). This requirement is also extended to the vendors and contractors who work with us.

04

Union and collective bargaining

- We respect the rights of all employees to form and join trade unions and bargain collectively.
- We engage with unions who are our key stakeholders to ensure we understand and appropriately address the concerns and grievances of our employees.
- Workers can also utilise the unions as a grievance channel or for collective bargaining purposes.
- The Group adheres to Malaysia's Trade Unions Act 1959 and Industrial Relations Act 1967, which provide a mechanism for collective bargaining.
- The following are examples of the unions present in the Group's operations:
 - ✓ Non-Metallic Mineral Products Manufacturing Employees' Union (NMMPMEU)
 - ✓ National Union of Petroleum and Chemical Industry Workers (NUPCIW).
 - ✓ National Union Commercial Workers (NUCW)
 - ✓ National Union Plantation Workers (NUPW)
 - ✓ All Malayan Estates Staffs Union (AMESU).
- We conduct Collective Agreement (CA) reviews once every three years to discuss matters such as wages and fair treatment.
 - ✓ UAC Berhad held their 17th CA negotiation with NMMPMEU with a total of 43 articles under the CA negotiated. The enforcement of the CA spans from 1 February 2018 until 31 January 2021.
 - ✓ Boustead Naval Shipyard conducts at least four monthly meetings with the Unions Committee from Boustead Naval Shipyard (BNS) and Boustead Penang Shipyard (BPS). The Heads of Unions are invited for weekly meetings.

MOVING FORWARD



We look to further strengthen the implementation of our policies to protect the rights of all employees.

The Group will implement a talent management and succession planning framework to ensure the sustainability of our business, by attracting, developing and retaining the best talent.

We will continue to embrace the culture of diversity and inclusion amongst our employees in the spirit of respect, aligned with our core value: Respect. Integrity. Teamwork. Excellence (R.I.T.E)



KEY ISSUE

03

OPERATING WITH ETHICS AND INTEGRITY



Corruption has no place in business. The Group does not tolerate corruption in any form and acknowledges corruption's negative impact beyond just the Group's reputation, our staff morale or business relationships. It is a corrosive element that threatens democracy, causes damage to the environment, leads to the abuse of human rights and undermines the rule of law.

To overcome this risk, the Group commits to high level of ethics, integrity and transparency. Given our core value of integrity, we must ensure that the Group and its employees adhere to high ethical standards and compliance in all our relationships.

GOVERNANCE

The Board of Directors signifies the highest governance body in the Group and oversees governance matters through its various committees. The Board ensures that the highest level of integrity is practised throughout the Group, through the Audit Committee, in full compliance with all applicable laws and regulations. It also ensures that corruption risks are managed successfully.

At the management level, the Group established an independent **Integrity and Governance Department** with the Head of Integrity and Governance reporting to the **Audit Committee of the Board**. The Integrity and Governance Department ensures the adoption and institutionalisation of integrity and sees to it that good governance is embedded and observed at Boustead.

To further enhance the effectiveness of our governance model, in 2019, we have set up **Board Risk Committee** at Boustead Holdings Berhad and all our listed subsidiaries. The Risk Committee are tasked to oversee the risk management frameworks and policies within their respective organisation.

A **Tender Committee** has been established at the Group-level, comprising members of Senior Management. The committee ensures transparency in the award of contracts.

In 2019, we undertook a review of the **Board Policy**, whereby the board tenure is now limited to nine years, and the mandatory retirement age for directors is set at 75 years old. The composition of the Board was also reviewed in alignment with Malaysia Code of Corporate Governance (MCCG).

MANAGEMENT AND POLICY

We are conscious that our reputation is shaped by the personal decisions of every employee. **The Group's Code of Ethics & Conduct (CoEC)** clearly defines the ethical principles, values and behaviours that are expected of all employees including the prohibition of corruption and bribery, money laundering and insider trading. The Code delineates guidelines on confidentiality of information, conflicts of interest, and environment, safety and health.

Employees are required to read and sign the CoEC upon employment. Employees are also provided with CoEC training during their induction while continuous guidance is provided to ensure that the CoEC is adhered to. This exercise is revisited every two years.

In alignment with the Whistleblower Protection Act 2010 and to promote the reporting of noncompliance from a cross-Group perspective, our **Whistleblowing Policy** affords a secure and confidential avenue for employees to report any improper conduct that they have witnessed being committed within the Group. The implementation of the Whistleblowing policy is overseen by the Senior Independent Director.

During the year, we introduced a **No Gift Policy** which details specific guidelines in relation to the receipt and provision of gifts, entertainment and hospitality, both directly and indirectly.

KEY ISSUE

OPERATING WITH ETHICS AND INTEGRITY

We are pleased to note that our pharmaceutical arm, Pharmaniaga Logistics Sdn Bhd obtained the ISO 37001:2016 **Anti-Bribery Management System (ABMS) certification** in 2019. The certification is designed to facilitate our journey to establish, implement, maintain and improve an anti-bribery compliance programme. With this certification, we will be able to detect, prevent and respond to any form of bribery consistent with global anti-bribery good practices. During the year, we organised awareness sessions on ABMS requirements including sessions for relevant senior executives both at the Group and divisional level.

In line with our role as signatories of the **Malaysian Anti-Corruption Commission (MACC) Corruption-free pledge**, continuous awareness sessions on anti-corruption were held for employees across our various business units.

As an ongoing measure, we have improved the transparency of our governance procedures throughout our operations, while carefully reviewing **Limits of Authority (LOA)** established. Having a revised LOA allows us to clearly define the level of authority and responsibility afforded to our Board and Management in making business decisions.

The Group is pleased to note that there were no incidents of corruption reported in 2019.

CASE STUDY: BUILDING A CULTURE OF INTEGRITY - FROM THE TOP DOWN



A Group-wide training programme was organised on 29 October 2019, aimed at imparting the importance of best practices in corporate governance, anti-corruption and integrity across our business units.

The half-day programme brought together Board members and Senior Management of Boustead Holdings, Boustead Plantations, BHIC, Pharmaniaga as well as LTAT and AFFIN Bank, comprising a total of 70 participants.

The training session featured a series of talks by experts from the Minority Shareholder Watchdog Group (MSWG), the MACC and the Malaysian Institute of Integrity. Key topics discussed included fiduciary duties of directors, fraud prevention and anti-bribery management, anti-corruption and the role of the private sector as well as the implications of Section 17A of the Malaysian Anti-Corruption Commission Act. Participants had the opportunity to deliberate on the topics and share their experiences and perspectives.

Malaysian Anti-Corruption Commission Act Section 17A

Under this provision, directors and senior management are liable for the action of the company if it is involved in bribery unless it can prove that it has successfully implemented adequate procedures to prevent bribery from happening.



MOVING FORWARD



Boustead Holdings Berhad aims to be certified under ISO 37001:2016 ABMS, in 2020.

The Group is working to implement an Organisational Anti Corruption Plan (OACP) for Boustead Holdings Berhad, which would entail corruption risk assessment exercises as the Group's defence mechanism against bribery and corruption.

SPEARHEADING INNOVATION FOR BETTER PRODUCTS AND SERVICES



Given the importance of sustaining our business growth and ensuring that the products and services we offer continue to be relevant, it is imperative for the Group to invest in research and development (R&D) as well as to pursue avenues to maximise customer satisfaction.

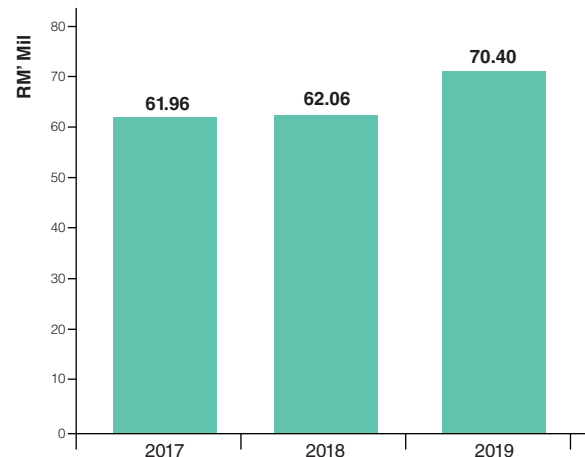
DRIVING RESEARCH & DEVELOPMENT

Plantation: Producing More with Less

Efficiency and yield improvement are core focus areas for our Plantation Division. During the year, the Division in partnership with our associate R&D company, Applied Agricultural Resources Sdn Bhd developed high-quality planting materials and applied best agronomic practices to generate higher yields despite minimal resources. We proceeded to cover more plantation areas with high oil content and FFB yielding clonal oil palms. In 2019, 31% of all areas under cultivation were planted with these superior clonal oil palms. We are currently in the process of re-cloning, with the first batch expected to be planted in 2021.

We also widened our mechanisation efforts to cover more portions of our estates for cost efficiency and to reduce safety health risks. Global positioning systems (GPS)/geographical information systems (GIS) and Unmanned Aerial Vehicles (UAVs) are utilised for field mapping and assessment of our estates. Information and maps generated through UAVs or drones allow us to undertake a more precise planning of roads, terraces and drainage schemes. At the same time, it provides us with an avenue to monitor the progress and quality of our replanting programmes. The high-quality aerial images captured by our internally operated drones are utilised for palm counting and identifying palms that require special attention, amongst others.

Total Amount Spent on R&D By Year



KEY ISSUE

SPEARHEADING INNOVATION FOR BETTER PRODUCTS AND SERVICES

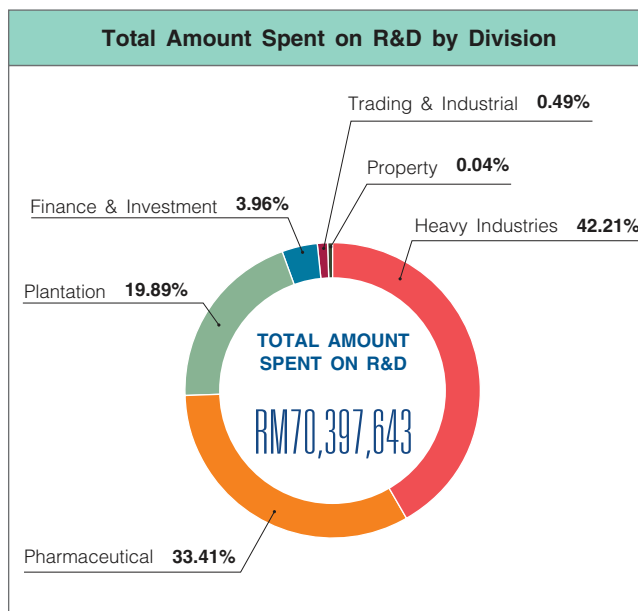
Heavy Industries: Driving Technological Excellence

Our Heavy Industries Division employs R&D to improve design and engineering capabilities and to boost processes that lead to improvements in productivity and cost savings.

In 2019, BNS spent RM29 million on design and production which manifested in design improvements for the second batch of New Generation Patrol Vessels (NGPV) for RMN.

We saved a total RM6.28 million in supply chain management and back office improvement through our Continuous Improvement (CI) initiatives, where we review processes and procedures to improve performance and save cost.

We undertook several collaborations with local universities including University Malaysia Terengganu, International Islamic University Malaysia and Universiti Teknologi Malaysia, to develop design and engineering capabilities that can be utilised for future naval shipbuilding projects. We initiated a partnership with National Defence University of Malaysia in 2019 for the study of maritime technology and with Istanbul Shipyard for the development of the design, concept, technology and construction of a Fast Interceptor Craft.



PROPORTION OF R&D SPENDING OVER REVENUE



Note: The Group's total amount spent on R&D constitutes 0.7% of our total revenue in 2019

Pharmaceutical: Patient-focused R&D

R&D is a critical component of our Pharmaceutical Division's operations. The Pharmaceutical Division's 10-Year Development Programme sees us committing to undertake the formulation of 248 new off patent, generic pharmaceutical products of various dosage forms. Generic pharmaceutical products are created to be equivalent to existing approved brand-name drugs in dosage form, safety, strength, route of administration, quality and performance characteristics.

The reduction of manufacturing costs is also under review in order for us to supply high-quality cost-competitive pharmaceutical products to our customers, as per our focus on production of affordable medicine.

The key therapeutic segments for affordable medicine are listed below:

- Cardiovascular System (CVS)
- Gastro Intestinal (GI)
- Central Nervous System (CNS)
- Respiratory
- Systemic Anti-Infectives
- Genitourinary
- Analgesics and Musculoskeletal
- Supplements
- Anti-Diabetic
- Natural Sweetener

We have established a Halal Committee responsible for developing strategy to pursue Halal certification at our manufacturing plants. We have also developed Halal policies and procedures according to the Halal Assurance Management System and Manual Procedure for Malaysia Halal Certification. In total, 154 of our products have been Halal-certified, of which 33 were new products submitted for certification. For 2020, we are planning to obtain Halal certification for approximately 30 products.

Through our dedicated research facility, the Pharmaniaga Research Centre Sdn Bhd, we launched two new products in 2019:

1. **Lidocaine Spray 10mg**
2. **Lignoral Spray 20mg**



We have obtained approval for 23 new registered products in 2019.

CASE STUDY: RAMPING UP DIGITAL CAPABILITIES IN THE PHARMACEUTICAL SECTOR



Leading the digital revolution in healthcare is important for our Pharmaceutical Division. This is to improve operational efficiencies, keep pace with the changes warranted by the fourth industrial revolution (IR4.0) as well as to provide customers with superior products and services that are relevant to their needs.

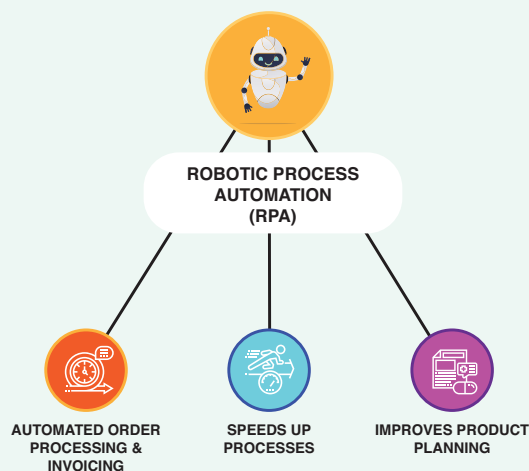
The Division's Robotic Process Automation (RPA) system, which combines artificial intelligence and machine learning capabilities aimed at accelerating and improving processes is applied at our four main warehouses strategically located in Selangor, Penang, Sabah and Sarawak. From these main warehouses, we manage logistics and distribution for hospitals under Ministry of Health (MOH), other Government-related entities and the private sector, across more than 2,000 locations.

The automation of our order and invoicing processes, which interface with the Government's e-procurement system, ePerolehan, allows us to provide round-the-clock service to our customer.

We are also equipped with business intelligence (BI) tools to analyse trends and patterns that facilitate us in determining demands. This allows us to retain optimum level of stock to ensure timely order fulfilment and compliance with buffer stock requirements, while avoiding overstock.

The BI tool adopted also provides us with an in-depth view of our customer behaviour, which allows us to reinvent our business processes and discover new revenue streams. This responsiveness in accommodating future needs and changes is essential to ensure the sustainability of our business.

Our high order fulfilment rate of more than 97% and compliance rate of 99.6% for 700,000 order lines is testament to the efficacy of our Robotic Process Automation system and our commitment to high standards of service.



KEY ISSUE

SPEARHEADING INNOVATION FOR BETTER PRODUCTS AND SERVICES

Trading & Industrial: Innovating for Sustainability

For UAC Berhad, a building materials manufacturer within our Trading & Industrial Division, R&D is primarily utilised to develop new products, improve cost efficiencies, and reduce the environmental impact of our products. R&D also allows us to improve our existing products in terms of quality, durability, functionality and ease of installation.

We have formulated our third-generation wall system and are in the process of production. This new wall system is environmentally friendly and can be utilised as a party wall which is a wall common to two adjoining buildings or rooms.

During the year, we also undertook the development of a total solution for wood-like decking which acts as a substitute for timber and is easier to install. We also developed cost competitive mix designs for both fibre cement boards and pre-cast wall panels.

Moving forward, we are looking into lightweight fibre cement boards for drywall and ceiling application, cellulose that can improve the mechanical properties of fibre cement products, alternative raw materials for production, and ways to recycle or reuse industrial waste in pre-cast wall panels.

CASE STUDY: EXPLORING NEW SUSTAINABLE MATERIALS



UAC Berhad has undertaken an experimental study on nano-cellulose in fibre cement products. As part of the study, we looked at the issues synonymous with the inclusion of cellulose fibres in cementitious materials from the perspective long-term durability, mineralisation of fibres and poor dispersion.

Our study analysed how nano-cellulose, which is biodegradable, renewable and sustainable due to its inherent cellulose properties, can overcome these challenges. There is limited existing research on the usage of nano-cellulose in fibre cement board production. Our study was initiated to uncover the viability of nano-cellulose in fibre cement products, in terms of product properties, process and cost viability.

Based on the initial preliminary analysis, we have determined that nano-cellulose together with cellulose fibres indeed enhances the mechanical properties of fibre cement products such as flexural strength, stiffness and durability. This study is still in its initial stage and represents our commitment to innovate to improve the sustainability of our products.

Moving forward, we will continue to utilise R&D to develop new products as well as to enhance existing products to fulfil market needs, keep costs low and adhere to sustainable practices.



Autoclaved cellulose fibre cement plank (UCO Plank) was used in constructing our Royale Chulan Cherating Villas

Special Highlight: R&D for Sustainability at University of Nottingham Malaysia



R&D is a major undertaking at University of Nottingham Malaysia (UNM). During the year, the University's total active research portfolio was valued at RM3.9 million.

The strength of our University's research expertise lies in the topics of environment as well as food and health. The aim of UNM is to spearhead research that can transform lives and shape a better future.

Our research is conducted in partnership with Government agencies, non-governmental organisation and commercial enterprises.

In 2019, the following were amongst noteworthy research partnerships that aimed to address current sustainability challenges.

1. Hydrogeomorphic status of the Baleh River, Sarawak

- Funded by Sarawak Energy, the project aimed to establish an understanding of downstream flow in the Baleh River where the 1,285 MW hydro Baleh hydroelectric plant is being erected.

2. Sustainable management of the River Trusan catchment

- The World Wildlife Federation funded this research to resolve the issues related to river erosion and flooding in a remote catchment in Sarawak.



3. Management and Ecology of Malaysian Elephants (MEME)

- This study involves the observation of elephants, their movement, diet, impact to ecosystems and interaction with the community. The main purpose of MEME is to establish an evidence-based approach to wildlife conservation.

4. Developing new and resilient food for the future

- We accelerate the scientific potential of unknown and unfamiliar crops, foods and techniques to formulate nutritious products that people can and want to consume, in an effort to address global food security issues. Our experts are harnessing the specific characteristics of the drought-tolerant and nutritious Bambara groundnut and are applying them to the breeding process to grow more resilient and nutritious crops.

Staff of UNM's School of Environmental and Geographical Sciences is conducting research on Baleh River

KEY ISSUE

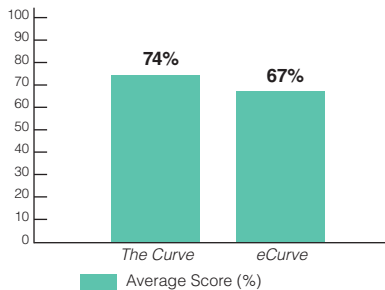
SPEARHEADING INNOVATION FOR BETTER PRODUCTS AND SERVICES

PRIORITISING CUSTOMER SATISFACTION

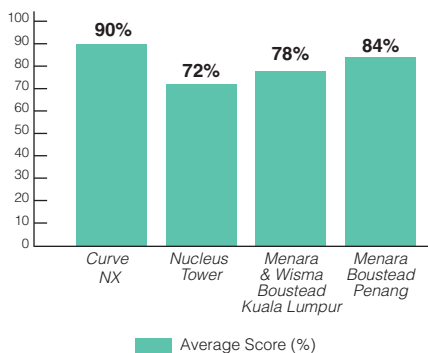
In 2019, our Property Division launched a total of 163 units of double-storey terrace houses and 24 units of single-storey shops in Taman Mutiara Rini, Johor.

To ensure our services are on par with the needs and requirements of our customers, we undertook a customer satisfaction survey for our properties.

Mall Tenant Satisfaction Survey Results 2019



Office Tenant Satisfaction Survey Results 2019



Visitors' convenience was a core consideration at our malls as we continued to improve our parking systems, connectivity levels and facilities offered. We introduced new campaigns to improve customer experience at our malls.

In our hotels segment, customer reviews and ratings are reviewed to keep ourselves abreast of customer preferences. Testament to our efforts in improving customer satisfaction, we were conferred the following awards:



1. **TripAdvisor 2019 Traveller's Choice Award**
– Royale Chulan Penang
2. **TripAdvisor 2019 Certificate of Excellence**
– Royale Chulan Penang and Royale Chulan Cherating
3. **Penang Convention & Exhibition Bureau (PCEB)**
– GMID19 Team Penang Award for Best Social Media (Team Spirit) – Royale Chulan Penang
4. **Traveloka Hotel Award 2019**
– Royale Chulan Bukit Bintang
5. **Booking.com Guest Review Award**
– Royale Chulan Penang

In July 2019, we launched 80 new units of chalets within Royale Chulan Cherating.

Boustead Travels which is part of the Finance & Investment Division adopted a Swift corporate travel booking tool to enhance customer experience via enhanced flexibility. During the year, the business unit garnered the following awards:



1. **Singapore Airlines Top Agency Awards Year 2018/2019**
2. **Firefly's Top 12 Travel Agents Award 2018**
3. **Korean Air Million Dollar Agent 2018**

MOVING FORWARD



Going forward, we aim to drive improvement and innovation in our products and services as well as processes through digitalisation and automation, in our bid to remain competitive amidst the Industrial Revolution 4.0.

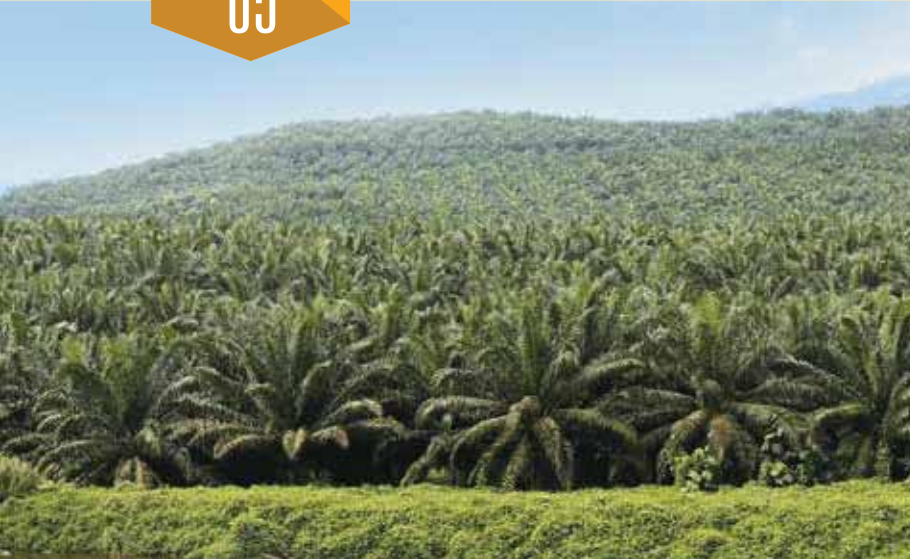
Moreover, we see the clear advantages of enhancing our internal capacity for R&D and will pursue this through relevant training for our human capital.



KEY ISSUE

05

PROTECTING THE ENVIRONMENT



Boustead Group aims to make our operation as eco-efficient as possible. We are progressively looking into ways to use fewer resources and minimise our environmental footprint, being fully aware of the risk of natural resources depletion and the need to preserve the natural ecosystem.

Our goal is to leave behind a better world for future generations.

MANAGING OUR GREENHOUSE GAS (GHG) EMISSIONS AND ENERGY CONSUMPTION

GHG emissions are a key contributor to climate change. Through our daily operations, we emit GHG from processes and transportation. We also consume energy from various sources including electricity and fuel, be it self-generated or purchased from external sources.

Our journey to lower our overall carbon footprint and combat climate change, first begins with understanding our emissions and energy consumption through tracking and monitoring, minimising our emissions, expending energy efficiently and replacing non-renewable sources with renewable ones, wherever possible.

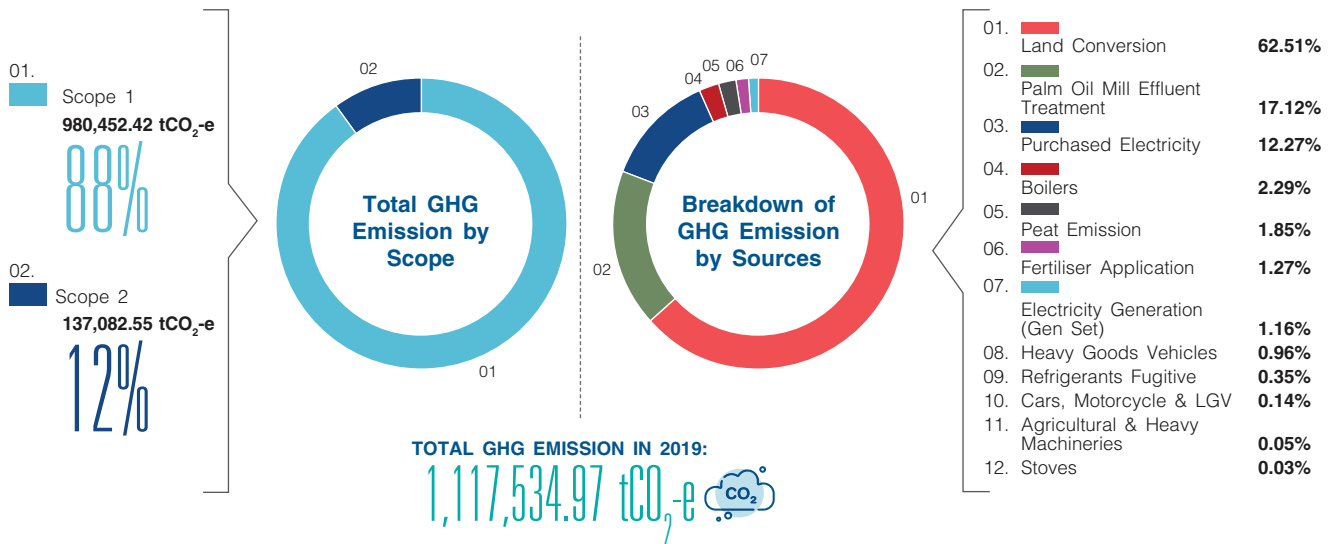
We have formed a more extensive GHG inventory. To do this, we tracked and monitored additional emission sources within our Scope 1 and Scope 2 emissions. Scope 1 is direct emissions due to our activities, including land conversion from replanting activities, effluent treatment, fuel combustion on-site, fleet vehicles and refrigerant leaks. Scope 2 represents indirect emissions related to the production of energy including electricity purchased for our operations.

KEY ISSUE

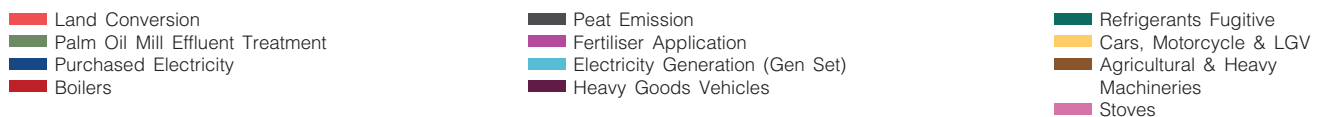
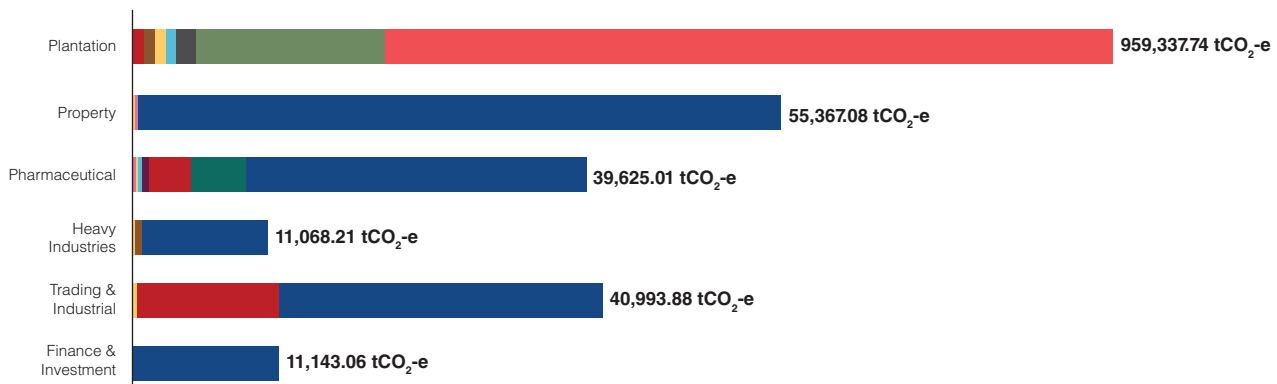
PROTECTING THE ENVIRONMENT

In 2019, Scope 1 emissions stood at 88% while Scope 2 was 12%. Land conversion during replanting was the leading source of emissions, followed by emissions from palm oil mill effluent (POME) treatment and purchased electricity.






In terms of the Divisional make up, the Plantation Division contributed to 86% of our total emissions.



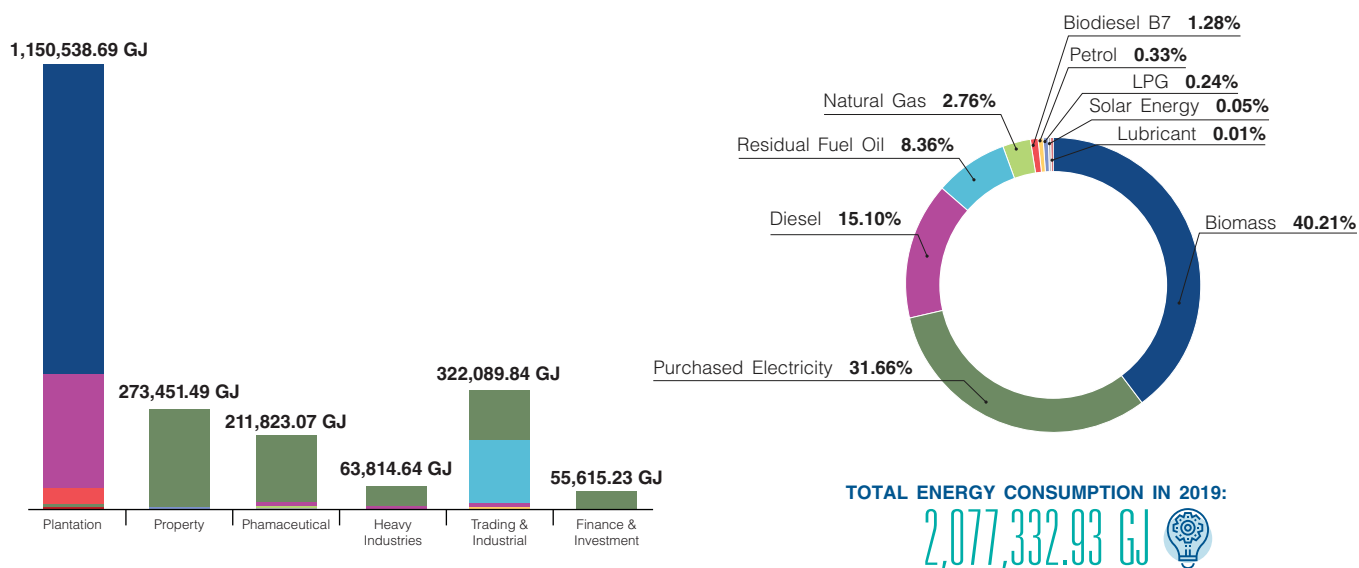
Total GHG Emission by Division



GHG Emission Intensity by Division/Business Units

Division	Business Unit		GHG Intensity	Unit
	Estates		0.762	tCO ₂ -e/MT FFB Produced
	Mills	CPO	0.655	tCO ₂ -e/MT CPO Produced
		Palm Kernel	0.662	tCO ₂ -e/MT Palm Kernel Produced
	Hotels and Resorts		0.064	tCO ₂ -e/Rooms Sold
	Property Management		0.014	tCO ₂ -e/Sqft Built Up Area
	Pharmaniaga		14.05	tCO ₂ -e/RM Million Revenue
	Heavy Industries		10.43	tCO ₂ -e/RM Million Revenue
	UAC Berhad		0.00138	tCO ₂ -e/Standard Metre
	Boustead Petroleum Marketing Sdn Bhd (BPM)		0.00137	tCO ₂ -e/Metric Tonne

Total Energy Consumption by Division and Sources (GJ)



 Biomass
  Diesel
  Natural Gas
  Petrol
  Solar Energy




 Purchased Electricity
  Residual Fuel Oil
  Biodiesel B7
  LPG
  Lubricant



In terms of energy consumption, our Plantation Division is the leading energy user for the Group at 55% of total 2,077,332.93 GJ. However, the Division primarily consumes renewable energy, originating from the biomass it produces which is then fed into the boilers at its mills. Biomass represents the main source of energy for the Group, contributing around 40% of our total energy consumption. Other divisions primarily use purchased electricity as their main source of energy.

KEY ISSUE

PROTECTING THE ENVIRONMENT

The Group has embarked on various initiatives to reduce GHG emission and energy consumption. Amongst the initiatives undertaken include:

Division	GHG Emission and/or Energy Reduction Initiatives
	<ul style="list-style-type: none"> Conservation areas with high biodiversity value are set aside based on biodiversity assessment prior to planting. The Division adopted a No Deforestation, No Peat, No Exploitation (NDPE) Policy which entails no new planting on peat and undisturbed forests. Applied best management practises on peat soil to reduce peat subsidence and oxidation, while exploring options for peat restoration. Continuously enhanced fertiliser management aimed at delivering the right amount of fertiliser required based on soil and leaf sampling, thus minimising the amount of GHG emitted from the application. Implemented methane capture and utilisation at our palm oil mill in Teluk Sengat, Johor. The methane captured is converted by our biogas plant into electricity, up to 1,200 MWh/year, and fed into the mill. This initiative further reduced our reliance on fossil fuel.
	<ul style="list-style-type: none"> Boustead DCP, our district cooling plant implements Operation Energy Saving Programme by which saw: <ul style="list-style-type: none"> Daily monitoring and control of the condenser and chilled water temperature Proper arrangement of chillers based on load demand Control of the generation of Intelligent Cooling Energy (ICE), based on reserve cooling capacity of ice tanks Half-yearly energy audit by energy manager, to identify new opportunities for energy saving At our Hotels and Resorts, we progressively replaced conventional lighting with LED or energy saving bulbs, to conserve electricity.
	<ul style="list-style-type: none"> Solar PV panels with 209 kWp capacity were installed at our manufacturing site in Sungai Petani, Kedah. 155,949 kWh of electricity generated by the panels were sold to the grid. To reduce electricity consumption, our sites embarked on various energy efficiency initiatives. Pharmaniaga Manufacturing Berhad has begun retrofitting its buildings and warehouses with LED lights, with a yearly cost saving of approximately RM27,000.

Division	GHG Emission and/or Energy Reduction Initiatives
	<ul style="list-style-type: none"> Enforced a strict measure to reduce electricity usage during non-operating hours. Replaced diesel usage for mobile cogeneration unit (MCU) generator with electricity usage, producing less GHG emissions per unit energy, avoiding approximately 20,000 tCO₂-e/year and saving nearly RM140,000 in cost.
	<p>UAC Berhad established its Masterplan for CO₂ Reduction, which amongst others, outlined the following initiatives:</p> <ul style="list-style-type: none"> Purchase of more efficient boilers Continuous process and facilities optimisation Power factor improvement on all high consumption motors Energy audits by energy manager, to identify new opportunities for energy saving



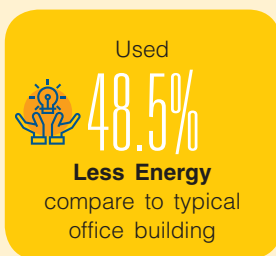
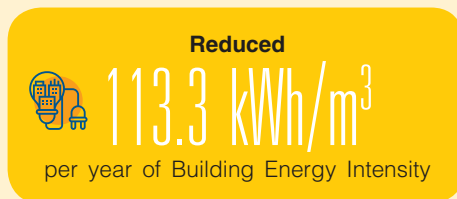
CASE STUDY: BUILDING A SUSTAINABLE TOMORROW



We are mindful that buildings contribute to global GHG emissions, due to the construction materials used, construction activities and emissions produced when the building is in use. By constructing a green building, we minimise the use of natural resources at the time of construction as well as once the building is in operation.

Our 25-storey Nucleus Tower within our Mutiara Damansara township was accorded Green Building Index Gold Rating and Multimedia Super Corridor Status due to its environmental features in the building design coupled with sustainable policies. This includes the following:

- The use of high-performance glazing to reduce heat gain while maintaining high levels of visible light transmission.



- Installation of underfloor air distribution system with a thermal energy storage chilled water system, which allows for lower fan power requirement and cooling load by reducing the amount of air that needs to be cooled.
- Installation of energy efficient light fittings.
- Installation of a Solar Photovoltaic system, which allows the building to generate renewable energy for its own consumption, contributing 87 MWh/year of electricity.
- Usage of occupancy and photo sensors to automatically control lighting fixtures.
- Installation of variable-speed drive-controlled air handling unit with plug fans, used to regulate and ventilate air.
- Utilisation of insulated roofing.
- Installation of a Skywalk Link-bridge to MRT station to encourage the use of public transportation.
- Provision of pedestrian walkway and cycling track.
- Installation of rainwater harvesting, water efficient fittings and wastewater recycling features.

As a result of these efforts, Nucleus Tower's Building Energy Intensity reduced to 113.3 kWh/m² per year, which is 48.5% lower than a typical office building. This generates savings of RM1.5 million every year, with a reduction of approximately 79 kgCO₂-e for every m² of floor area per year.

KEY ISSUE

PROTECTING THE ENVIRONMENT

STRIVING TOWARDS ENVIRONMENTALLY-SOUND WASTE MANAGEMENT

The extensive impact caused by waste leads to widespread harm in the form of air, water and soil pollution. This can damage the ecosystem and the organisms that rely on nature for survival. The impact cascades to human health and wellbeing.

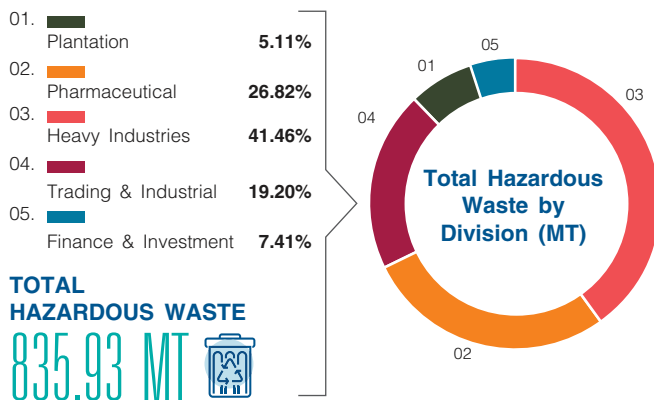
The Group is committed to utilise earth's limited resources in a sustainable manner while minimising our impact on the environment.

Hazardous Waste

We are committed to the stringent management of our hazardous waste, with multiple measures in place to ensure we abide by

applicable regulatory requirements particularly the Environmental Quality (Scheduled Waste) Regulations 2007 in Malaysia and the Government Regulation No. 101/2014 on Hazardous Waste Management in Indonesia.

We allocate space for safe and secure storage of hazardous waste on site. Licenced third party vendors were engaged to dispose our hazardous waste in line with relevant regulations, including secured landfill, incineration, reuse, and recovery. We are proactively looking into ways to minimise the use and generation of hazardous waste. Meanwhile, we will continue exploring avenues to safely reuse and recycle hazardous waste in our operations.



Hazardous waste is handled properly by a staff of Pharmaniaga Manufacturing Berhad, Bangi

General Waste

In terms of non-hazardous or general refuse, the primary source of waste for the Plantation Division are our biomass by-products, comprising fronds, empty fruit bunches (EFB), decanter cakes, boiler ash and dewatered sludge cakes.

Guided by the Division's Zero Waste Strategy, we reuse waste generated by our operations by various means. Palm fronds pruned off during the harvesting of fruit bunches are stacked

between palm rows to enhance soil fertility, reduce the loss of nutrients and prevent fertiliser leakage. We also repurposed mesocarp fibres and palm kernel shells as renewable, solid fuel feedstock for the operation of steam boilers at our mills. Approximately 220,000 tonnes of EFB were utilised for mulching resulting in savings and a reduction in our dependence on synthetic fertilisers. We also transformed decanter cakes which are the solid sludge separated from palm oil mill effluent (POME) into organic fertiliser.

As for our Pharmaceutical Division, most of the waste generated is made up of wooden and plastic pallets, packaging materials, and empty drums. The Division runs an active Reuse, Reduce and Recycle (3R) programme. In total, more than 226,000 kg of waste was recycled by our third party waste managers in 2019. We utilise recycled packaging materials for our products. To date, 75 of our products are packaged with recycled materials. Wooden pallets are also reused in our operations. We have started to utilise biodegradable plastic bags at all RoyalePharma outlets.

Our hotels and resorts segregated waste and third-party waste managers were engaged to dispose of the waste in a responsible manner. Employees and guests were encouraged to go paperless to cut down on paper waste. We reused decorative items from our festive campaigns, to avoid unnecessary waste.

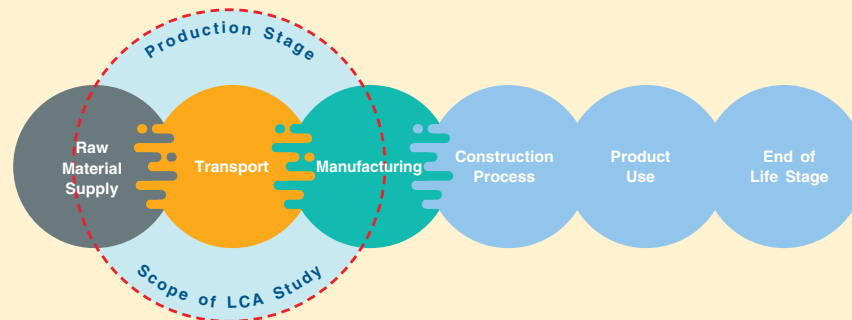
Our education arm, University of Nottingham Malaysia conducts periodic waste management audits to identify reduction opportunities. The campus was equipped with a composting station that allowed the conversion of food and green waste into organic compost. Apart from this, the University's ongoing 3R initiative saw waste segregation implemented across the campus.

CASE STUDY: MANUFACTURING GREENER PRODUCTS



UAC Berhad conducted a Life Cycle Assessment (LCA) study in 2019 to assess the environmental impact of our Fibre Cement Board product in line with ISO 14025 Environmental Labels and Declaration and EN 15804 Sustainability of construction works – Environmental Product Declaration.

The Cradle-to-Gate assessment covered the entire production stage from the supply of raw material to the transportation and manufacturing process.



We investigated the following processes as part of the LCA study:

- Manufacturing of preliminary products including cement, sand, pulp, alumina, silica fumes and red pigment.
- Transportation of raw materials and preliminary products to the plant.
- Manufacturing process employed at the plant in terms of energy utilised, emissions incurred, manufacture of auxiliaries and disposal of residual materials.
- Manufacturing of packaging materials.

We undertook an assessment of the following parameters as part of our study:

- Environmental impact of our fibre cement board products, comprising its contribution to global warming, impact on the depletion of the stratospheric ozone layer, eutrophication potential as well as acidification potential, amongst others.
- Resource utilised in terms of total renewable and non-renewable sources.
- Output flows and waste categories, be it hazardous, non-hazardous or radioactive waste.

KEY ISSUE

PROTECTING THE ENVIRONMENT

CASE STUDY: MANUFACTURING GREENER PRODUCTS



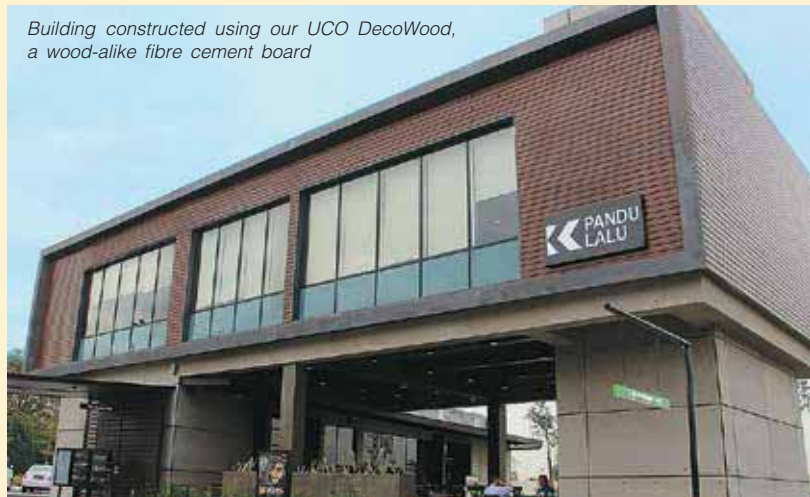
As a result of this study, we established that the upstream cement production process was the key contributor in terms of environmental impact, due to the energy- and resource intensive nature of the processes involved.

Manufacturing activities within the UAC Berhad plant itself recorded a relatively lower environmental impact.

This study was an important undertaking for the Group as it allowed us to identify our environmental footprint. Consequently, we undertook the following initiatives to reduce our environmental impact:

- Continuous monitoring of the effectiveness of our waste management system.
- Sourcing of greener raw materials such as pulp from suppliers that have a solid reforestation programme in place.
- Conception of low carbon footprint products by substituting the materials originally utilised with that of greener raw materials that fulfil the expected product standards.
- Minimisation of wastage.
- Utilisation of recyclable green materials to further reduce waste headed for landfills.

Building constructed using our UCO DecoWood, a wood-alike fibre cement board



Through this study, we found that for every 1 tonne of UAC Fibre Cement Board:



0.733 tCO₂-e
emitted



4,505 MJ
of renewable energy
sources used



3 m³
Freshwater
used



3.15 x 10⁻⁵ kg
of hazardous
waste disposed



2.228 kg
of general waste
disposed

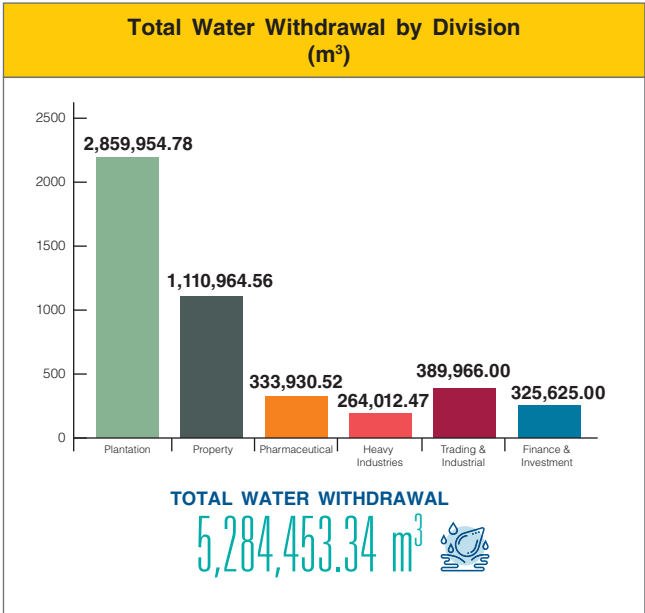
MANAGING A PRECIOUS RESOURCE – WATER

Our act of consuming water and the quality of the water discharged has a far-reaching impact on the ecosystem and our surrounding communities. There are tangible social and economic repercussions for local communities that share resources with us. To this end, judicious water and effluent management is of high importance to the Group.

Water Withdrawal

As a Group, we withdrew around 5 million m³ of freshwater, of which 59% was purchased water. A total of 41% was derived from surface water i.e. nearby rivers or harvested rainwater, while our pharmaceutical operations in Indonesia utilised groundwater.

Our mills in Plantation Division are the heaviest water user, followed by our chain of hotels and resorts in Property Division.



Reducing our water consumption is a key area of focus for the Group. We implemented the following water consumption reduction initiatives, amongst others:

Division	Initiatives
	<p>Estates</p> <ul style="list-style-type: none">• Rainwater was harvested and treated to supply the homes of our staff living within the estates as well as for our conservation terraces. <p>Mills</p> <ul style="list-style-type: none">• By allocating water catchment areas and reservoirs within our sites, we were able to capture rainwater for use in our mill operations and maintenance activities.
	<ul style="list-style-type: none">• Rain water was harvested at our properties which was then utilised for non-potable uses.• We took the initiative to educate staff and guests at our hotels, resorts and malls on resource conservation, particularly water.

KEY ISSUE

PROTECTING THE ENVIRONMENT



- Water recycling project was implemented at manufacturing site, where rejected water from manufacturing processes were reused, saving approximately 3,500 m³.
- Recycled water was subsequently utilised for toilet water flushing and as cooling water for our cooling towers.



Boustead Naval Shipyard

- A strong enforcement and monitoring campaign was implemented to prevent leaks in the water distribution system within our shipyards.

Wastewater Discharge

In line with our commitment to comply with all local regulations pertaining to wastewater discharge including the Department of Environment's (DOE) Environmental Quality (Sewage and Industrial Effluents) Regulations 1979, we have undertaken the following steps to ensure our wastewater discharge quality is within the permissible limit:

- Stringent monitoring of on-site industrial effluent treatment system, which processes wastewater before it is expelled.
- Personnel managing the effluent treatment system attending in-depth training course by DOE, including the Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems (CePIETSO) programme.
- Conducting scheduled maintenance of treatment system, sewerage main pipeline as well as drainage, to preserve the effectiveness of the system.
- Installing additional oil and grease traps to enhance the effectiveness of our in-house treatment systems.

- Performing scheduled review of compliance obligations pertaining to environmental laws and regulations.
- Monitoring of wastewater discharge quality by skilled laboratories.

Our jetty at Boustead Cruise Centre, which is frequently utilised by international cruise liners, enforces a strict policy against ballast treatment by ships during their port stay as it poses severe ecological complications, including bio-invasion and spread of marine bacteria and viruses.



Achieved

zero

non-compliance

with wastewater discharge regulations in 2019



MOVING FORWARD

We will establish a Group-wide GHG emission reduction target to drive operational eco-efficiency while continuing to monitor, track and implement initiatives that will facilitate the reduction of our environmental footprint.

The Group will continue to identify innovative means to prevent and minimise waste generation at source, before we resort to reusing, recycling or disposing of waste.

Moreover, we aim to remain fully compliant with local regulations pertaining to management of hazardous waste and wastewater discharge.



KEY ISSUE

06

ENCOURAGING MUTUAL GROWTH



The spill over effect from our varied business operations can have a strong positive impact on the local economy, particularly through business opportunities offered to local vendors and suppliers.

We look to introduce up-and-coming businesses to sectors that require unique competencies including maritime, shipbuilding, ship repair, and pharmaceutical amongst others, to further enhance our local vendor ecosystem.

The Group partners with many upstream and downstream vendors and suppliers as a result of our diverse operations, including:



81

Smallholders supplying Fresh Fruit Bunches (FFB) to mills



2,584

Suppliers and vendors for:

- Building materials
- Construction and maintenance
- Festive campaigns, pop-up stores and pushcarts



3,125

Suppliers and vendors for:

- Parts and machineries
- Repair and maintenance service provider
- Specialised services
- Alliance pharmacies



3,175

Suppliers and vendors for:

- Ship spare parts and raw materials
- In-service support



395

BHPetrol Service Station operators

KEY ISSUE

ENCOURAGING MUTUAL GROWTH

DEVELOPING OUR VENDORS

Both our Heavy Industries and Pharmaceutical Divisions undertake a Vendor Development Programme (VDP). The capacity building programme is premised on the principle of inclusiveness, given the needs and limitations of less developed suppliers. Through VDP, we provide training, guidance and resources to empower vendors and increase their capacity to face the high-pressure supply chain environment, while improving operational efficiencies. The goal is for our vendors to be able to supply parts, components, and services, be it to government-linked companies, multinational corporations or large corporations in Malaysia.



PHARMANIAGA VENDOR DEVELOPMENT PROGRAMME

PHARMACEUTICAL

In 2019

27

Vendors participated in
Pharmaniaga VDP scheme

More than

300

Members in RoyalePharma Alliance
Programme

The Pharmaceutical Division's VDP helped 10 pharmaceutical companies and 17 medical device companies in 2019. The programme aims to increase vendor competency in delivering Approved Product Purchased List (APPL) products for the Ministry of Health (MOH). As part of the programme, we undertake annual site visits to vendor plants, to monitor progress and organise discussions on new developments and how the Group can facilitate vendors.

The Division organised its annual VDP capacity building training session themed Quality Management System for Good Manufacturing Practice (GMP), aimed at increasing manufacturing efficiency. The Division nominates vendors to participate in *Program Pembangunan Kapasiti Vendor (PPKV)* by the Ministry of Entrepreneur Development and Cooperative (MEDAC), which allows vendors to improve their soft skills and technical skills. We also play the role of mediator between MEDAC, MOH and our vendors.

In facilitating and encouraging market expansion, we sponsor the participation of vendors in local medical and marketing exhibitions to explore opportunities for cost sharing amongst Small and Medium Enterprises (SMEs). Our Quarterly Vendor Excellence Monitoring Programme (QVEMP) allows us to periodically monitor the performance of our vendors, while tracking complaints.

Our Pharmaceutical Division's RoyalePharma Alliance Programme sees us work in partnership with independent pharmacies. We empowered more than 300 members throughout Malaysia with the provision of extended credit terms as well as bulk purchase prices at a lower minimum order.





BHIC VENDOR DEVELOPMENT PROGRAMME

HEAVY INDUSTRIES

36

Vendors participated in BHIC VDP scheme

The VDP by our Heavy Industries Division is focused on capacity enhancement for vendors in shipbuilding and ship repair, from project management and technical expertise to process integration. The programme also assists in determining value-added services that could be offered by these vendors.

We have over 3,000 registered vendors, which underpins the Group's commitment to source and groom competent local

vendors for the future growth of the defence, shipbuilding and ship repair industries.

In 2019, we engaged five new vendors through this programme. The total procurement value for the year under review amounted to RM210 million.



BHPETROL VENDOR PROGRAMME



In 2019, our subsidiary, Boustead Petroleum Marketing added three new entrepreneurs to its stable of more than 400 business partners that operate BHPetrol Service Stations throughout Malaysia.



BOUSTEAD PROPERTIES VENDOR PROGRAMME

Our subsidiaries, Boustead Curve and Damansara Entertainment Centre have partnered with more than 790 local entrepreneurs through the hosting of various festive campaigns, floor allocation for push carts and pop-up stores, as well as through flea markets at our malls.



KEY ISSUE

ENCOURAGING MUTUAL GROWTH

CASE STUDY: STRENGTHENING THE CAPABILITIES OF LOCAL VENDORS



Over the years, 27 vendors have directly benefitted from our Pharmaceutical Division's VDP. One of our beneficiaries that has been assisted by Pharmaniaga since 2011 is Muzamal Industries Sdn Bhd (MISB). MISB participated in Pharmaniaga's VDP with the confidence that the support and insights gained through this programme would allow the company to grow and enhance its competitiveness.

MISB was established in 1998 and specialises in the production of its own-brand hypodermic syringes with or without needle, hypodermic needles, specimen containers, as well as absorbable and non-absorbable surgical sutures.

With its present production facility spanning over 5,000 sqm, MISB is one of very few manufacturers in Malaysia to have an ISO 14644 Class 8 certified cleanroom. Today, MISB is accredited with ISO 13485 certification and their products comply with multiple local and international guidelines including United States Pharmacopeia (USP), European Pharmacopeia (EP) and the European Standards

of Medical Device Directive (MDD) requirements. Most of MISB's products carry the CE marking in compliance with the relevant applicable EU legislations.

As a result of the VDP, MISB was able to expand its manufacturing capabilities and by 2019, its annual sales stood at RM43 million.

The programme also aided MISB in growing into an established manufacturer of medical devices while building its capabilities to include the production of sutures, dressing sets and dialysis bloodlines.



MOVING FORWARD



We intend to continue our contribution towards the national Shared Prosperity Vision 2030 by crafting new business opportunities for Malaysian businesses, particularly SMEs while at the same time enhancing the quality of our vendor development initiatives to better assist our local partners.

REACHING OUT TO COMMUNITIES



Addressing the needs of the underprivileged is essential to ensure that they receive the required opportunities to develop themselves and their communities.

At Boustead, we believe in positively impacting society particularly local communities as well as Armed Forces personnel and veterans through our contributions in the fields of education, health and welfare. We actively encourage our employees to volunteer and do their part to enrich the lives of the communities in which we operate.

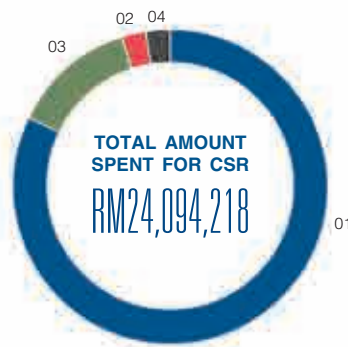


Boustead Petroleum Marketing Sdn Bhd won the Gold medal in Oil and Gas Category for CSR Malaysia Awards 2019



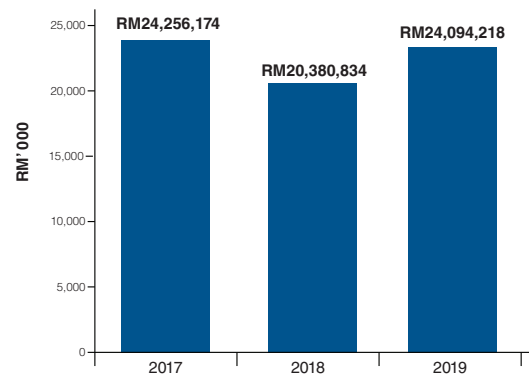
Pharmaniaga Berhad won Company of the Year Award – Integrated Pharmaceutical Group Category for CSR Malaysia Awards 2019

Breakdown of Corporate Social Responsibility (CSR) spending by Pillars for 2019



01. Education	RM20,095,798
02. Health	RM563,108
03. Welfare	RM2,841,144
04. Others	RM594,168

Amount Spent for CSR by Year



Note:

The figures for 2017 and 2018 have been restated to include the total value of scholarship awarded as part of the education pillar

KEY ISSUE

REACHING OUT TO COMMUNITIES

EDUCATION



Children represent our future. The Group is highly committed to ensure that the lives of children, particularly those of Armed Forces personnel, are enriched through initiatives that strengthen their academic performance.

With an annual allocation of RM50,000, **Boustead Holdings Berhad** fund various academic and motivational programmes that benefit students and their parents through our PINTAR Programme. The Group has contributed more than RM250,000 in total for the academic betterment of bright young minds.

During the year under review, we adopted five new schools as follows:

Schools	Location
SK Kem Terendak 1	Kem Terendak, Melaka
Sk Kem Terendak 2	Kem Terendak, Melaka
SK Kem Gerakhas	Kem Sungai Udang, Melaka
SK Raja Chulan	Kem Syed Putra, Perak
SK Seri Bayu	Baling, Kedah

Of these schools, one in particular, SK Seri Bayu was taken under our wing specifically to support 'Program Desa Harapan' that was organised by the Ministry of Rural Development.

Our very own institution of higher learning, **University of Nottingham Malaysia** taps on its expertise in education and skill development to benefit children in the surrounding areas of Semenyih, Kajang and Beranang in Selangor. Various programmes were undertaken during the year as follows:

CSR Programmes	Faculty Involved	Description
Unleash the Better You	School of English	30 to 50 underprivileged children from the ages of 13 to 17 were provided guidance to enhance their confidence level, leadership skills as well as communications skills.
Primary School Child-Friendly Environment	School of Education	Two classrooms at SJKT Ladang Semenyih were converted into top-quality child-friendly classrooms through the contribution of educational charts, bookshelves, books as well as the creation of a reading corner.
STEM Coding Workshop	School of Computer Science	A series of four STEM coding workshops were conducted to introduce game design and development as well as computational and coding skills to youths aged between 12 to 15 years at the Desa Amal Jireh Orphanage.
Blue Sky Refugee Tutoring Programme	Multiple faculties	For the fourth year running, a weekly tutoring programme was conducted for refugee children on the three critical subjects of Mathematics, Science and English.



Motivational session with students and parents of Sekolah SK Kem Terendak 2



Amongst school-going children of foreign workers at our CLC Resort Estate, Sabah

Operating in mostly rural areas, our Plantation Division ensures that every child especially those of our foreign workers are able to enjoy their right to education. Through our collaboration with the Ministry of Education Malaysia, Borneo Child Aid Society and the Indonesian Consulate, **Boustead Plantations** established two HUMANA Schools and seven Community Learning Centres (CLCs) across our estates in Sabah.

HUMANA Schools

Located at:

- 1) Ladang Tabung Tentera Sabah
- 2) Ladang G&G

Community Learning Centres

Located at:

- 1) Nak Estates
- 2) Segaria Estate
- 3) Bukit Segamaha Estate
- 4) Resort Estate
- 5) Sutura Estate
- 6) Sapa Payau Estate
- 7) Sungai Segamaha Estate

Amenities Provided

All schools within Boustead Plantations were provided with:

- Furniture and other basic amenities
- Teaching materials, stationery and other required materials
- Audio-visual equipment
- Accommodation and salary for teachers
- Free school uniform and schoolbooks
- Free transportation for students

The establishment of HUMANA schools and CLCs are essential in improving access to education for children of foreign workers who may not be able to access other forms of education due to a number of reasons, including high cost of private education as well restrictive distance from schools. During the year under review, there were over 800 students enrolled in these schools.

KEY ISSUE

REACHING OUT TO COMMUNITIES

CASE STUDY: YAYASAN LEMBAGA
TABUNG ANGKATAN TENTERA (LTAT)

For almost two decades, Boustead Holdings Berhad and other companies within the LTAT Group have been contributing consistently to Yayasan LTAT.

Objectives

To facilitate the education of children of Armed Forces personnel and veterans

Mechanism

Provided monetary assistance to children who were successful in UPSR, PT3 and those who managed to score a place in local public universities

Examination	Benefits
UPSR	RM200 – RM450 per year for duration of 3 years
PT3	RM400 – RM800 per year for duration of 2 years
IPTA	RM1,000 for university admission
UPSR Role Model	RM320 per year for duration of 3 years

Inception Year

Since 2000

Partners

LTAT Group of Companies

Injected more than
RM72.4 mil
since inception

Benefitting over
67,500
children

Contributed
RM2 mil
in 2019



HEALTH

Understanding the importance of cultivating healthcare awareness, our various business units have undertaken initiatives that promote good health.

Boustead Properties partnered with several parties to host health awareness campaigns in their malls, targeting the general public. Some of the programmes organised in 2019 are as follows:

Health Programmes	Description
World Food Safety Day by Ministry of Health	Organised to educate shoppers on fundamental food safety awareness.
Burpees Your Heart by MAA Medicare Heart Charity Fund	Raised RM28,888 for 27 needy cardiac patients.
Rhythmic Gymnastics and Dance Competition by Gymdays Studio	Organised to encourage the adoption of healthier lifestyle choices and boost confidence levels through sports such as rhythmic gymnastics.

During the 2019 Open Day at **University of Nottingham Malaysia**, the UNMC PharmNotts, an academic society at the university, conducted a 'FIGHT CANCER Awareness Campaign'. The campaign was organised in conjunction with its annual 'Checkmate Cancer' event to heighten cognisance on the importance of prevention and early screening particularly for the most prevalent cancer types in Malaysia. The campaign engaged visitors, students and local community members.



CASE STUDY: SKUAD OPERASI SIHAT



Skuad Operasi Sihat Programme by our pharmaceutical arm, Pharmaniaga Berhad encourages healthy communities.

Objectives	<ul style="list-style-type: none"> To promote healthy communities To raise awareness on contagious and non-contagious diseases as well as prevention through medication
Mechanism	Provided free basic health checks and counselling sessions to local communities throughout Malaysia
Inception Year	Since 2007
Partners	Ministry of Health Malaysia, various universities, communities from residential areas and mosques

Positively reached


3,220
participants
 from local communities


154
volunteers
 from the Group



Over

RM28,000
invested
 in 2019

More than

30
sessions
 undertaken in 2019

KEY ISSUE

REACHING OUT TO COMMUNITIES

WELFARE



Several of the 5,000 participants at BHPetrol Orange Run 2019



Guiding school children on road crossing at "Cerah Ceria Bersama BHPetrol" programme 2019

The welfare initiatives undertaken during the year reflect the Group's commitment to support the growth of our local communities and improving their quality of life.

For the 14th year running, **Boustead Petroleum Marketing Sdn Bhd (BPM)** organised the BHPetrol Orange Run, aimed at promoting healthier lifestyles while contributing to those in need. A total of RM30,000 was donated to three charitable homes – Teratak Nur Barakah, House of Love and Rumah Shalom. Each home received RM10,000. The 11-km Orange Run attracted around 5,000 participants from all walks of life who participated under eight categories, namely, Men's Open & Veteran, Women's Open & Veteran, Boys & Girls, and Men's & Women's International Open. The winners took home a total of RM50,000 worth of cash prizes along with BHPetrol vouchers.

BPM also conducted their "Cerah Ceria Bersama BHPetrol" programme with school children at SK Kementah, Kuala Lumpur in 2019. This programme aims to enhance awareness on the importance of road safety amongst primary school children. All activities carried out during the programme were in line with the Road Safety Education Programme under the Malaysian Primary School Curriculum. In its 10 years, the programme has engaged with 10 schools and reached more than 6,000 school children.

Our subsidiary, **UAC Berhad**, collaborated with the Construction Industry Development Board (CIDB) on two projects in Jitra and Bukit Kayu Hitam in Kedah. Both projects saw UAC Berhad participating in rebuilding homes for unfortunate families that lost their houses due to catastrophic events. As the main sponsor, UAC Berhad donated over RM14,000 worth of UCO IBS System and UCO Solid Panel products. A single mother in Bukit Kayu Hitam whose home was destroyed by typhoon Lekima was able to move into her new residence only two weeks after the project commenced, while a retired Armed Forces personnel whose home was totally destroyed due to a fire in Jitra enjoyed his new home after 35 days.



The mock-up key to the house is presented to a single mother who was affected by Typhoon Lekima

CASE STUDY: DI CELAH-CELAH KEHIDUPAN (DCCK)



Boustead Petroleum Marketing Sdn Bhd (BPM), a subsidiary under our Trading Division enhanced the lives of deserving Malaysians through the DCCK Programme.

Objectives	<ul style="list-style-type: none"> To improve the living conditions of underprivileged families, particularly Armed Forces veterans. To depict real life stories of unfortunate souls to promote a caring society.
Mechanism	<ul style="list-style-type: none"> A total of 20 shortlisted respondents were evaluated based on set criteria determined by the Management. All shortlisted respondents were featured on a television programme on RTM where members of the public were able to donate to the respondents. BPM and partners also aided in repairing and improving the homes of the selected families.
Inception Year	Since 2009
Partners	Jabatan Hal Ehwal Veteran ATM (JHEV), UAC Berhad, RTM



Contributed

RM700,000
 to DCCK in 2019



MOVING FORWARD



Our focus will revolve around strategising our CSR programmes to better utilise the Group's collective expertise and resources to generate bigger and more concentrated impact for the benefit of local communities including our veterans and Armed Forces personnel.

THE PATH FORWARD

Sustainability remains essential as Boustead Group charts a new course for transformation. We recognise that the value we deliver to our stakeholders must be sustainable. As such we will continue the integration of sustainability into business strategy and operations.

In 2019, we have put in place processes to determine our sustainability targets. To support the attainment of these targets, we have begun equipping our personnel with relevant skills. The Group has also enhanced the completeness of our sustainability disclosure.

However, we are aware that there is more to be done in order to be a truly sustainable organisation.

In the immediate future, we will establish and implement more refined plans to ensure business resilience and continuity, inclusive of an Information Technology (IT) Disaster Recovery Plan and a Business Continuity Plan. We are also finalising our sustainability targets, which will further drive sustainability efforts.

Our end goal is to ensure that the Group operates in an economically, socially and environmentally sustainable manner.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG	Description	Representation in GRI Content Index	SDG	Description	Representation in GRI Content Index
	End poverty in all its forms everywhere	1		Reduce inequality within and amongst countries	10
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2		Make cities and human settlements inclusive, safe, resilient and sustainable	11
	Ensure healthy lives and promote well-being for all at all ages	3		Ensure sustainable consumption and production patterns	12
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4		Take urgent action to combat climate change and its impacts	13
	Achieve gender equality and empower all women and girls	5		Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14
	Ensure availability and sustainable management of water and sanitation for all	6		Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15
	Ensure access to affordable, reliable, sustainable and modern energy for all	7		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8		Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	17
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	9			

GRI CONTENT INDEX

GRI Standard	Disclosure		Response	Related SDG (if relevant)
General Disclosures				
GRI 102: General Disclosures 2016	Organisational Profile			
	102-1	Name of the organisation	About This Report	–
	102-2	Activities, brands, products, and services	The Value We Created – How We Create Value	
	102-3	Location of headquarters	About This Report – Feedback Channel	
	102-4	Location of operations	Overview – Our Corporate Profile: Our Key Operations	
	102-5	Ownership and legal form	BHB Annual Report 2019 – Corporate Information	
	102-6	Markets served	BHB Annual Report 2019 – Management Discussion and Analysis	
	102-7	Scale of the organisation	Overview – Corporate Profile: Financial Highlights, Divisional Highlights	
	102-8	Information on employees and other workers	Caring for Our People	
	102-9	Supply chain	Encouraging Mutual Growth	
	102-10	Significant changes to the organisation and its supply chain	BHB Annual Report 2019 – Management Discussion and Analysis	
	102-11	Precautionary Principle or approach	Our Sustainability Approach – Sustainability Policy	
	Strategy			
	102-14	Statement from senior decision-maker	Overview – Message from Chairman on Board Sustainability Committee and Message from the Managing Director	–
	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behaviour	Overview – Corporate Profile, Operating with Ethics and Integrity	16
	Governance			
	102-18	Governance structure	Our Sustainability Approach – Sustainability Governance	16

GRI Standard	Disclosure		Response	Related SDG (if relevant)
General Disclosures (continued)				
GRI 102: General Disclosures 2016 (continued)	Stakeholder engagement			
	102-40	List of stakeholder groups	Our Sustainability Approach – Engaging Our Stakeholders	17
	102-42	Identifying and selecting stakeholders		
	102-43	Approach to stakeholder engagement		
	102-44	Key topics and concerns raised		
	Reporting practice			
	102-45	Entities included in the consolidated financial statements	About This Report	–
	102-46	Defining report content and topic Boundaries	Our Key Issues	
	102-47	List of material topics		
	102-48	Restatements of information	About This Report	
	102-49	Changes in reporting		
	102-50	Reporting period		
	102-51	Date of most recent report		
	102-52	Reporting cycle		
	102-53	Contact point for questions regarding the report		
	102-54	Claims of reporting in accordance with the GRI Standards		
	102-55	GRI content index		
	102-56	External assurance		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Our Key Issues	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Economic Performance				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Our Contribution to SDGs	238 1116
	201-3	Defined benefit plan obligations and other retirement plans	Caring for Our People – Upholding the Rights of Our Employees	
Indirect Economic Impacts				
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	Encouraging Mutual Growth, Reaching Out to Communities	148 9

GRI CONTENT INDEX

GRI Standard	Disclosure		Response	Related SDG (if relevant)
Anti-corruption				
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Operating with Ethics and Integrity	16
	205-3	Confirmed incidents of corruption and actions taken		
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		
Energy				
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Protecting the Environment – GHG and Energy Management	7 12
	302-2	Energy consumption outside the organisation		
	302-3	Energy intensity		
	302-4	Reduction of energy consumption		
Water and Effluents				
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Protecting the Environment – Managing Our Precious Resource – Water	6 12 14
	303-2	Management of water discharge-related impacts		
GRI 303: Water and Effluents 2018	303-3	Water withdrawal		
Emissions				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Protecting the Environment – GHG and Energy Management	12 13
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-4	GHG emissions intensity		
	305-5	Reduction of GHG emissions		
Effluents and Waste				
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	Protecting the Environment – Striving towards Environmentally-Sound Waste Management	12 14 15
	306-3	Significant spills	No significant spills reported in 2019	
Employment				
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Caring for Our People – Attracting and Retaining Talent	8 10

GRI Standard	Disclosure		Response	Related SDG (if relevant)
Occupational Health and Safety				
GRI 403: Occupational Health And Safety 2018	403-1	Occupational health and safety management system	Advocating Safe Workplaces and Healthy Employees	38
	403-2	Hazard identification, risk assessment, and incident investigation		
	403-3	Occupational health services		
	403-4	Worker participation, consultation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-9	Work-related injuries		
Training and Education				
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Caring for Our People – Growing Our Talent	48
	404-2	Programmes for upgrading employee skills and transition assistance programmes		
Diversity and Equal Opportunity				
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Caring for Our People – Growing Our Talent	5
Freedom of Association and Collective Bargaining				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Caring for Our People – Upholding the Rights of Our Employees	8
Child Labor				
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Caring for Our People – Upholding the Rights of Our Employees	8
Forced or Compulsory Labor				
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Caring for Our People – Upholding the Rights of Our Employees	8
Local Communities				
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Reaching Out to Communities	134

GLOSSARY

No.	Term	Definition
1.	All Malayan Estates Staff Union (AMESU)	A union representing employees categorised as clerical, health, medical or technical staff in the plantation sector.
2.	Collective Agreement (CA)	A written contract between an employer and a trade union that outlines many of the terms and conditions of employment for employees in a bargaining unit.
3.	Crude Palm Oil (CPO)	Oil extracted from the pulp of oil palm fruits.
4.	Department of Occupational Safety and Health (DOSH)	A department under Malaysia's Ministry of Human Resources that governs issues relating to safety, health and welfare of people at work as well as the protection of other people from the safety and health hazards arising from the activities of various sectors.
5.	Employees Provident Fund (EPF)	A federal statutory body under the Ministry of Finance which manages the compulsory retirement savings plan for private sector employees in Malaysia.
6.	Empty fruit bunches (EFB)	Remains of fresh fruit bunches after the removal of the fruit for palm oil pressing.
7.	Fresh fruit bunches (FFB)	Bunches of fruits harvested from the oil palm tree that is utilised to produce palm oil.
8.	Global Reporting Initiative (GRI)	An international non-profit, independent standards organisation that assists businesses, governments and other organisations in sustainability reporting issues relating to climate change, human rights and corruption.
9.	Global Warming Potential (GWP)	A measure of how much greenhouse gases contribute to global warming relative to carbon dioxide.
10.	Good Manufacturing Practice (GMP)	A quality assurance system or concept that ensures food, cosmetics and health products are systematically produced and controlled to quality standards applicable to their intended use and as required by the product specification.
11.	Green Building Index (GBI)	A rating tool in Malaysia that rates buildings on how environmentally friendly they are and provides developers and building owners an opportunity to construct and design sustainable and green buildings.
12.	Greenhouse gases (GHG)	Any gases that can absorb infrared radiation emitted from the Earth's surface, and trap it in the atmosphere, contributing to the greenhouse effect.
13.	Hazard Identification Risk Assessment Risk Control (HIRARC)	A guideline that provides a systematic approach to assessing hazards and associated risks as well as methods to control the risks.
14.	In-service support (ISS)	Support services provided to naval clients including maintenance, repair and overhaul.
15.	Integrated Pest Management (IPM)	A sustainable approach to solving pest problems that minimises the risks to people and the environment.
16.	Intergovernmental Panel on Climate Change (IPCC)	A United Nations body that examines the science related to climate change.
17.	International Labour Organisation (ILO)	A United Nations specialised agency which sets labour standards, develops policies and devises programmes promoting decent work for males and females.
18.	Joint Venture (JV)	A business enterprise in which two or more companies enter a partnership to accomplish a specific task.

No.	Term	Definition
19.	Life Cycle Assessment (LCA)	A methodology used for assessing the environmental impact associated with a product throughout its lifecycle.
20.	Local Exhaust Ventilation (LEV)	An engineering control system to protect employees from airborne contaminants in the workplace that can potentially be hazardous.
21.	Maintenance, repair and overhaul (MRO)	Involves maintenance, overhaul, routine checks, inspection, repair, as well as the modification of vessels and its components.
22.	Malaysian Anti-Corruption Commission (MACC)	A Government agency that investigates and reports corruption in the public and private sector under the Malaysian Anti-Corruption Act 2009.
23.	Malaysian Sustainable Palm Oil (MSPO)	A national sustainability certification scheme that certifies oil palm plantations, smallholdings and palm oil processing facilities with reference to the requirements of the its standards.
24.	Minority Shareholder Watchdog Group (MSWG)	An independent research organisation that protects minority shareholders' interests through shareholder activism.
25.	National Institute of Occupational Safety and Health (NIOSH)	An organisation that provides solutions for issues concerning workplace safety and health.
26.	National Union of Petroleum and Chemical Industry Workers (NUPCIW)	A union representing the interests of petroleum and chemical industry employees.
27.	National Union Plantation Workers (NUPW)	A union representing the interests of plantation employees.
28.	No Deforestation, No Peat, No Exploitation Policy (NDPE)	An ethical approach to supply of palm oil products, which protects forests, peatlands, human and community rights.
29.	Non-Metallic Mineral Products Manufacturing Employees' Union (NMMPMEU)	A union representing the interests of workers involved in non-metallic mineral products manufacturing.
30.	Organisational Anti-Corruption Plan (OACP)	A mandatory initiative under the National Anti-Corruption Plan, aimed at assisting and helping organisations in developing their own corporate anti-corruption strategies.
31.	Palm oil mill effluent (POME)	Liquid waste from the sterilisation and clarification processes undertaken in milling oil palm.
32.	Permit-to-Work (PTW)	A management system that ensures the safe and efficient execution of work on site.
33.	Personal Protective Equipment (PPE)	Equipment worn to protect the wearer's body from health and safety risks that can cause workplace injuries and illnesses.
34.	Private Retirement Scheme (PRS)	A long-term savings and investment private pension scheme to help individuals save for retirement.
35.	Professional Training and Education for Growing Entrepreneurs (PROTÉGÉ)	An entrepreneurial and marketplace training programme in collaboration with industry experts to mentor Malaysian youths and mould them to meet the competitive needs of the industry.
36.	Roundtable on Sustainable Palm Oil (RSPO)	A non-profit organisation that unites stakeholders from the palm oil industry to promote the use of sustainable palm oil through the development and implementation of reliable global standards.

GLOSSARY

No.	Term	Definition
37.	Social Security Organisation (SOCSO)	An organisation under the Ministry of Human Resources that provides social security protection to employees and labourers in Malaysia.
38.	Sustainable Development Goals (SDGs)	A set of Global Goals which provide the blueprint to achieving a future that is sustainable for people and the planet, established as part of United Nation's 2030 Agenda for Sustainable Development.
39.	Systematic Occupational Health Enhancement Level Programme (soHELP)	A systematic intervention programme that helps industries enhance industrial hygiene in the workplace and meet regulatory requirements on industrial hygiene-related regulations.
40.	Task Force on Climate-related Financial Disclosures (TCFD)	An initiative set up by the United Nations Financial Sustainability Board to discover recommendations and solutions for climate-related financial risk disclosures.
41.	United Nations (UN)	An international non-profit organisation founded in 1945 to increase political and economic cooperation amongst its member countries.
42.	Vendor Development Programme (VDP)	A programme that aims to encourage SME entrepreneurs to become competitive suppliers and manufacturers of products and services at the domestic and global levels.
43.	World Business Council for Sustainable Development (WBCSD)	A global, CEO-led organisation of over 200 businesses, working together to achieve global sustainability.
44.	World Resources Institute (WRI)	A global research organisation that focuses on turning ideas on the environment, economic opportunity and human well-being into action.

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