As a diversified conglomerate, PPB Group Berhad ("PPB") aspires to achieve excellence in sustainability by integrating sustainable practices into every one of its business activities in line with the Group’s vision and core values.

The PPB Board ("the Board") has oversight responsibility to deliver sustainable value to stakeholders through the principles, policies, objectives and strategies of PPB and all its subsidiaries in Malaysia ("the Group"). To assist the Board in fulfilling its responsibilities, a Sustainability Steering Committee ("SSC") was established in August 2017. The SSC is chaired by PPB’s Managing Director and comprises PPB’s Head of Corporate Affairs as Group Chief Sustainability Officer, PPB’s Department Heads and the Sustainability Officers of the various subsidiaries.

In 2015, Bursa Malaysia introduced a requirement for listed companies to publish a statement of their material economic, environmental and social performance in their annual reports. Accordingly, we initiated a process whereby our Malaysian operations in our main segments collected data on sustainability parameters defined by international reporting guidelines and frameworks, such as the Global Reporting Initiative (GRI). In 2016, we released our first Sustainability Statement. This described our performance on key non-financial metrics, highlighted areas where our sustainability management and processes can be strengthened and provided a basis on which we can continually improve our reporting to better meet the expectations of our stakeholders.

During our first reporting process, we drafted a materiality matrix of issues for validation by our various divisions. This was combined into a consolidated matrix of 16 prioritised issues relating to the activities of the Group, which was subsequently approved by the Board. Thereafter, the prioritised issues formed the basis of an agreed set of key performance indicators ("KPIs") which are used to report on our sustainability performance.

Our sustainability reporting covers only the operations of our Malaysian subsidiaries. Subject to there being no significant changes, a materiality assessment will be conducted once every three years to ensure that any change in our businesses, as well as socio-economic and environmental trends, are taken into consideration.
Based on what we learned from our first reporting process – including the identification of material issues, mapping of performance levels and feedback from stakeholders – specific targets were set for 2017/2018. An overview of our achievements and progress in 2017 is presented below.

### Targets 2017/2018

- **Zero fatalities for all business divisions.**
  - Ongoing
  - Established in August 2017.

- **Establish a senior-level formal sustainability steering committee reporting to the Board to drive policy implementation and strategy.**
  - 2017

- **PPB Group and its divisions to establish a joint CSR task force to develop a community investment strategy.**
  - 2017
  - Status: 31.6% reduction in accidents (from 19 in 2016 to 13 in 2017).

- **10% reduction in accidents for livestock farming.**
  - 2018
  - Status: A carbon footprint assessment was carried out for flour and animal feed division and GSC in 2017. The key findings have been incorporated into this report.

- **Flour and animal feed division and GSC to commission a carbon footprint assessment plan.**
  - 2018
  - Status: Energy reduction plan to commence in 2018.

- **Flour and animal feed division and GSC to commission an energy reduction plan.**
  - 2018
  - Status: Group Sustainability Policy approved in March 2018.

- **Develop a sustainability policy that sets out priorities for the Group and expected actions from each business segment.**
  - Due to start in 2018.

- **GSC and Property divisions to commission a water footprint assessment and/or a water reduction plan.**
  - 2018
  - Status: Due to start in 2018.
Sustainability Statement

In 2017, we focused on our set targets and the most material challenges, while making greater efforts to improve our sustainability reporting and documentation. In the following sections we report on our performance in greater detail based on the four pillars of our approach to sustainability: environmental impact, working environment, marketplace engagement and community investment as below:

- Environmental Impact
- Working Environment
- Marketplace Engagement
- Community Investment

For further information, please refer to:
- Page 57
- Page 67
- Page 73
- Page 75
Environmental Impact

We recognise the importance of environmental protection for the sustainability of all businesses. Our materiality identification exercise showed that the most immediate issues within our own operations relate to resource use and the impact of this use – particularly water and energy, and the waste generated. We mainly operate in industrialised zones and urban areas, primarily in the Klang Valley, Malaysia, and have relatively little direct impact on biodiversity. Our most significant action points therefore targeted the reduction of our climate impacts through minimising our carbon footprint and energy consumption, reducing our water impact and improving waste management.

CARBON FOOTPRINT AND ENERGY CONSUMPTION

In 2016, electricity consumption was identified to be by far the largest direct source of carbon emissions by the Group. As a result, we set a target to commission a carbon footprint assessment of our top energy consuming divisions – flour and animal feed milling and cinemas and this was completed in 2017. We continued to map our energy use across all business divisions in 2017 and based on the outcome of the carbon footprint report, we will explore opportunities to conserve energy and reduce the carbon footprints of these same divisions in 2018.

Energy Usage In kWh by Business Unit (2015-2017)

<table>
<thead>
<tr>
<th>Business Units</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flour &amp; animal feed milling</td>
<td>8,648,317</td>
<td>8,959,781</td>
<td>8,555,782</td>
</tr>
<tr>
<td>Consumer products distribution</td>
<td>59,252,795</td>
<td>64,622,500</td>
<td>67,093,038</td>
</tr>
<tr>
<td>Environmental engineering &amp; utilities</td>
<td>37,144,317</td>
<td>38,457,686</td>
<td>38,551,223</td>
</tr>
<tr>
<td>Contract manufacturing</td>
<td>10,772,430</td>
<td>11,312,161</td>
<td>10,576,687</td>
</tr>
<tr>
<td>Livestock farming</td>
<td>13,941,540</td>
<td>14,676,285</td>
<td>14,145,918</td>
</tr>
<tr>
<td>Bakery</td>
<td>354,846</td>
<td>385,742</td>
<td>341,385</td>
</tr>
<tr>
<td>Cinemas</td>
<td>413,928</td>
<td>590,515</td>
<td>789,519</td>
</tr>
<tr>
<td>Property</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total 132,712,710
Total 141,286,417
Total 142,445,476

Note: Energy usage does not include PPB Head Office or operations outside Malaysia. Figures for 2015/2016 have been adjusted to reflect updates in energy consumption by our cinema division for 2015/2016 and flour and animal feed division for 2016.
Sustainability Statement

The Group’s energy usage saw a slight overall increase of 0.8% in 2017. This is mainly due to the addition of a new flour mill at our Pasir Gudang, Johor Bahru operation and increased production capacity at our flour and animal feed division. The new mill has yet to reach optimal consumption capacity.
FLOUR AND ANIMAL FEED MILLING

Milling is an energy-intensive activity and our flour and animal feed division accounted for 47% of total Group energy usage in 2017. Energy consumption in this division is measured in kilowatt-hours per tonne of milled product (kWh/MT) and we strive to achieve optimum mill energy consumption. Our flour mills reduced its energy usage by 4% due to an increase in production leading to economies of scale, while our animal feed operations saw a slight increase of 0.9% due to product mix which requires higher energy usage. Overall, this resulted in our flour and animal feed division recording an overall 2.99% drop in energy usage in kWh/MT in the past year.

In our previous report, we set a target for our flour production operation in Pulau Indah, Selangor, to reduce consumption by 2 kWh/MT by the end of 2019. As at end 2017, the site has recorded a decrease of 0.92 kWh/MT.

To further conserve energy and mitigate the impact of our energy use, the division has established initiatives including preventive maintenance, upgrading to energy saving LED lights, installing solar panels for street lighting, an energy-efficient start-up procedure for main motors and the replacement of old roller mills.
Sustainability Statement

Carbon footprint analysis – flour and animal feed milling

As part of our materiality assessment and sustainability roadmap, we identified carbon emissions from our flour and animal feed milling as a priority area for the Group, and completed a carbon assessment of our Malaysian operations in 2017.

The carbon calculations were undertaken on a gate-to-gate basis. This means they exclude emissions from all external sources attributed to the production and transport of raw materials into the division’s operational sites, the transport of products out of the sites, as well as emissions from downstream processing and consumption.

Direct emissions under Scope 1 were derived from diesel, petrol, fuel oil and natural gas used at mills. Together these constitute approximately 10% – 11% of the total emissions. Indirect emissions under Scope 2 (i.e. grid electricity) made up the remaining 90%. The data presents a relatively consistent pattern of emissions from year-to-year.

Breaking down the data by site shows that Pulau Indah had the highest emissions at about 20,000 MT CO₂e, followed by Pasir Gudang at about 18,000 MT CO₂e.
Sustainability Statement

Product carbon footprint

To quantify emissions per unit of production, the product carbon footprint of the mills’ output (i.e. flour and animal feed) is also calculated. This metric is important in situations where external buyers and end-users need to incorporate it into their own product footprint calculations.

Overall, the yearly product carbon footprint per tonne is similar for 2016 and 2017 despite an increase of 3.85% in total emissions due to slightly higher production.

The site with the highest footprint is Pulau Indah. Only Pasir Gudang and Sarawak show slight reduction in carbon footprint while all other sites show an increase from 2016 to 2017.
Reducing carbon emissions – flour and animal feed milling

The carbon assessment was a first step in addressing our impact on climate change, and has helped us to establish a baseline. In 2018, we will be looking to conduct energy audits at mills with the highest emissions output to help us identify opportunities for emissions reduction.

CINEMA DIVISION

Energy consumption is a key material sustainability issue for our cinema division, as electricity is used most of the day for the operation of air-conditioning and ventilation, projectors, sound systems, and food and beverage equipment. The division operates a total of 344 digital screens in Malaysia (as at 31 December 2017) and accounts for 27% of the Group’s total energy footprint. The division strives to reduce consumption where possible and recorded a reduction of 4.62% kWh/screen in 2017 as compared to 2016. This reduction was achieved by establishing a number of energy saving best practices, including the adoption of energy-saving laser projectors, energy-saving LED lights and VSD (Variable Speed Drive) for air-conditioning, and by improving the programming of shows. The average energy use per show was maintained at 60 kWh throughout 2016 and 2017.

Sustainability Statement

| Cinema Energy Usage in kWh Per Screen and Per Show - Malaysian Operations Only - |
|---|---|---|
| kWh/Screen | Shows/Screen | kWh/Show |
| 2015 | 2016 | 2017 |
| 122,994 | 125,679 | 119,874 |
| 61 | 60 | 60 |
| 2,013 | 2,095 | 1,998 |

Note: Excludes GSC multiplex at Paradigm Johor Bahru, which opened on 22 Dec 2017. Figures for 2015/2016 have been adjusted to reflect energy consumption updates for the cinema division.
Carbon emissions – cinemas

The carbon assessment undertaken covers all cinemas, as well as GSC’s head office in Damansara Jaya, Selangor.

The main sources of emissions for our cinema division are electricity and chilled water purchased for cinema operations and GSC head office (Scope 2).

The slight increase in total emissions of 0.50% between 2016 and 2017 indicates that energy consumption, and hence emissions appear to be stable across the division.

Emissions intensity - cinemas

Emissions relative to cinema space (measured in kilogrammes of CO₂e per square foot) reduced by 1.3% between 2016 and 2017. The assessment did however find great variations in emissions across sites. More than half of the cinema sites have emissions per square foot lower than the national average for Malaysian buildings of 17.21 kgCO₂e per square foot, while 10 of the sites fall within the range of 15-20 kgCO₂e per square foot. Another ten sites have relatively high emissions per square foot and GSC will explore ways to reduce the emissions for these sites.
Sustainability Statement

Reduction in carbon emissions – cinemas

The carbon assessment will serve as a baseline from which the cinema division will seek to identify opportunities for emissions reduction. In 2018, GSC will explore cinemas with high emissions, identify opportunities and take the necessary measures to reduce energy usage. GSC will continue to track its emissions intensity and will look into setting site specific and/or group-wide emissions reduction targets.

In the medium-to-long term, GSC will develop a blueprint for a more energy-efficient cinema design.

LIVESTOCK FARMING DIVISION

Our livestock farming division accounts for 10% of the Group’s total annual energy usage and has recorded consistent levels of energy use over the past three years. Electricity is mainly used for ventilation, water chillers, incubators, feeding and manure removal in chicken houses, and heating and air-conditioning at hatcheries. Almost all of these equipment run 24 hours on a daily basis. While we believe our energy consumption is on par with our peers in the industry, the division continues striving to reduce usage where possible. Old equipment are being replaced with energy-efficient models, and fluorescent lights are being replaced with energy-saving LEDs.

WATER USAGE

Water is a crucial and increasingly scarce resource. All Group operations, but particularly divisions with high water consumption, take a serious view of water management and conservation.

As a Group we consumed more than 961,500 m³ of water in 2017. Of this, 78% was used by our property, cinema and livestock farming divisions. The Group’s overall usage increased by 10.84% in 2017. This increase was mainly due to the addition of a new flour mill at our Pasir Gudang, Johor operation, an increase in production capacity within our flour and animal feed milling, a change in data collection to actual basis for livestock farming in 2017, and the opening of three new multiplexes by GSC.

Our property division accounted for more than a third of our total combined water footprint. Its consumption figures include usage by tenants (often food and beverage outlets) and lavatory use. Constantly seeking new opportunities to reduce water usage in all its properties, the division managed a 4.42% reduction in 2017 by reducing water usage for gardening works and increasing the frequency of leakage inspections.

Our cinema operations, which consumed more than 164,000 m³ of water in 2017, exhibit a similar consumption pattern to our property division, with soft drinks and lavatory use making up the major portion of our cinemas’ water footprint. The division strives to reduce its water consumption in new cinemas by installing water-efficient auto-flush facilities.

Livestock farming accounted for 26% of the Group’s total water consumption. Almost half of this water was consumed by poultry, while the other half was mainly used for cleaning hatcheries. To reduce water consumption, the division uses high-pressure pumps to wash the chicken housing. Water is also recycled for the cooling pad and washing hatchery baskets. Supply line checks and maintenance are carried out regularly to prevent leaks.

We are scheduled to commission water audits and reduction plans for our property and cinema divisions in 2018. These will explore opportunities to further reduce our footprint.
### Sustainability Statement

#### Total Water Consumption m³

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>813,832</td>
<td>867,502</td>
<td>961,512</td>
</tr>
</tbody>
</table>

Note: Water usage figures do not include PPB Head Office or operations outside Malaysia. Water consumption for 2015/2016 has been adjusted to reflect updates for the cinema division.

#### Water Consumption m³ Per Employee and m³ Per Million MYR Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>m³/revenue</th>
<th>m³/employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>229</td>
<td>144</td>
</tr>
<tr>
<td>2016</td>
<td>240</td>
<td>154</td>
</tr>
<tr>
<td>2017</td>
<td>266</td>
<td>161</td>
</tr>
</tbody>
</table>

Note: Figures for 2015/2016 have been adjusted to reflect revenue updates for cinema and environmental engineering and utilities divisions for 2016, as well as water consumption by cinema division for 2015/2016.
Sustainability Statement

Water Usage in m³ by Business Unit (2017)

WASTE MANAGEMENT
Proper waste management is vital for the protection of the environment and the health of the local population. Packaging waste has become an increasingly important material issue as consumers and business-to-business customers seek to minimise their environmental impact. Many of our business units are implementing strategies to reduce, reuse and recycle packaging.

Our environmental engineering and utilities division identified waste handling and disposal, as well as the prevention of soil and water pollution, as being of high importance in the water, sewage, solid waste and flood mitigation segments. The division uses appropriate technologies in handling and treating various wastes and pollutants in achieving environmental sustainability.

Our livestock farming division produces only biological waste, layer raw and dry manure, and breeder raw manure – which are classified as non-hazardous. A large percentage of the layer raw manure is repurposed into organic and semi-composted fertiliser for use in vegetable farms.

Cinemas are associated with high-volume waste, from discarded ticket stubs to dumped plastic bottles. To make the film-going experience more sustainable, our GSC chain has introduced a mobile app that enables moviegoers to go ticketless. Having purchased tickets online, customers at selected cinema checkpoints simply scan the QR code sent to their smartphones.

In December 2017, GSC commenced a trial programme to recycle plastic bottles at two of its Klang Valley cinemas. The full programme will be rolled out in stages to all 18 of its cinemas in the Klang Valley by the end of 2018. GSC discourages the use of plastic bags and provides biodegradable alternatives at its cinemas upon request.
Working Environment

A major sustainability issue faced by all industry sectors in Malaysia today is the recruitment and retention of employees – from unskilled workers to highly skilled professionals. Our approach to this challenge is to focus on creating and maintaining safe workplaces and an engaging and supportive work culture that empowers talented individuals to succeed.

Employees by Contract Type

- **2015**: Total 5,711
  - Permanent: 3,595
  - Contract: 2,116

- **2016**: Total 5,671
  - Permanent: 3,678
  - Contract: 2,004

- **2017**: Total 6,037
  - Permanent: 3,899
  - Contract: 2,138

All Employees by Business Unit (2017)

- **Flour & animal feed milling**: 2,382 (39%)
- **Consumer products distribution**: 1,054 (18%)
- **Livestock farming**: 168 (3%)
- **Bakery**: 59 (1%)
- **Contract Manufacturing**: 423 (7%)
- **Consumer products distribution**: 431 (7%)
- **Environmental engineering & utilities**: 213 (4%)
- **Property**: 82 (1%)
- **Cinemas**: 122 (2%)
The Group has a workforce of more than 6,000 employees, of whom about two thirds are permanent full-time employees. Our cinema division accounts for the highest proportion of workers (39% of the Group’s total workforce), most of them on a part-time basis. Approximately one third of our permanent workers are employed in the consumer products division, where only a handful of individuals are hired on a temporary basis.

Most businesses are stronger when their workforce reflects the communities in which they operate, and we want to be recognised as a diverse and attractive employer by all sections of the community, regardless of race or gender.

The majority of our employees are in Selangor, where Bumiputera (Malays and indigenous populations) constitute half the population, Malaysian-Chinese make up about 18%, and Malaysian-Indians a further 12%. Our workforce roughly reflects this breakdown. Around 31% of our employees are women – slightly below the Malaysian workforce at large, where women make up around 38%.
HEALTH AND WELL-BEING

We recognise that employees are the driving force of a strong business. We believe a motivated workforce delivers value to our stakeholders. The majority of our employees undergo an annual performance review and we seek to provide a healthy, engaging and supportive culture that empowers individuals to reach their full potential.

Fitness activities have been proven to improve health and well-being and foster teamwork and a stronger work culture. Employees at FFM Berhad’s head office are encouraged to maintain their fitness at a fully equipped onsite gym. PPB promotes a healthy lifestyle and encourages its employees to participate in organised runs and regular exercise. PPB has been sponsoring the registration fees for employees to participate in the Standard Chartered KL Marathon (SCKLM) since 2014. For SCKLM2017, PPB’s team of 11 employees participated in the fund-raising Corporate Challenge category and finished in fifth place.

Divisions within the Group also create opportunities for workers and their families to gather in the spirit of community by organising Family Days.

TRAINING

Employees in all divisions receive training in areas relevant to their function. For the food-related and manufacturing segments, extensive training is provided on hygiene, food safety and handling (including HACCP), occupational health standard enhancement and workplace safety. Practical on-the-job learning is supplemented with segment-specific training, such as chemical handling and biosecurity for the livestock farming division, and effluent treatment and food allergen awareness training for the bakery division. Relevant employees receive ongoing training on the latest legal and regulatory requirements, such as updates to the Employment Act, the Competition Act, the Malaysian Code on Corporate Governance and the tax law. Some divisions have also developed specific leadership and coaching programmes to strengthen management skills.
UPHOLDING LABOUR PRACTICES AND EMPLOYEE RIGHTS
The Group is committed to treating its employees fairly and with dignity and respect. Our Group-wide human rights policy, adopted in March 2018, is guided by the principles expressed in the Universal Declaration of Human Rights. The Group complies with all applicable labour laws, rules and regulations in the countries the Group operates in, including the Malaysian Employment Act 1955, Industrial Relations Act and regulations governing key issues such as child labour and forced labour. The Group has a zero-tolerance policy against discrimination in any form and all employees have access to a grievance mechanism to raise concerns related to workplace practices.

FOREIGN WORKERS AND ILLEGAL LABOUR
The Group employs relatively few foreign workers – about 10% of our total workforce is non-Malaysian. Most of these workers are employed in the bakery and livestock farming divisions due to severe labour shortages in both sectors. All foreign workers directly employed by the Group have legal contracts and are accorded similar working conditions as local workers. Benefits vary across divisions, but generally exceed legal requirements and include access to incentive schemes, medical care and participation in company social and recreational events. In addition, foreign workers are provided with housing and transportation. No instances of child labour were reported during the current period. The Group does not employ any person below the age of 16.

ENSURING SAFER WORKING ENVIRONMENTS
We are committed to conducting our businesses in a way that protects the health and safety of our employees. We aim to foster a risk-averse working environment, eliminate safety hazards and target zero fatalities across all our divisions. The successful management of health and safety requires commitment, consultation and cooperation. We ensure our employees understand that they share in this responsibility, and that we are all accountable for our own health and safety, and that of our colleagues.

The Group recorded a total of 22 Lost Time Accidents (LTA) in 2017, down from 32 in 2016. Given the size of the Group and the diverse range of its activities, we consider this to be very low. No accidents were recorded at PPB Head Office or in five of our divisions, and there have been no workplace fatalities in the Group over the past three years.


<table>
<thead>
<tr>
<th>Year</th>
<th>Flour &amp; animal feed milling</th>
<th>Livestock farming</th>
<th>Consumer products distribution</th>
<th>Bakery</th>
<th>Contract manufacturing</th>
<th>Cinemas</th>
<th>Environmental engineering &amp; utilities</th>
<th>Property</th>
<th>PPB Head Office</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>2016</td>
<td>7</td>
<td>19</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>32</td>
</tr>
<tr>
<td>2017</td>
<td>6</td>
<td>13</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>22</td>
</tr>
</tbody>
</table>

Our livestock farming division had the highest LTA rate in the Group. This is due to the highly manual nature of the work, as well as the physical environment of the farms. The most common accidents are slips, sprains and injuries resulting from the incorrect use of personal protective equipment. In 2016, we set a target to reduce the number of accidents by 10% by the end of 2017. By the end of the reporting period, the division had successfully reduced its accidents by 31.6% and its LTA rate by 26.6%.
### Average no. of lost days per accident by Business Unit (2015-2017)

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flour &amp; animal feed milling</td>
<td>47</td>
<td>11.86</td>
<td>33.2</td>
</tr>
<tr>
<td>Livestock farming</td>
<td>32</td>
<td>17.95</td>
<td>16.77</td>
</tr>
<tr>
<td>Consumer products distribution</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Bakery</td>
<td>0</td>
<td>14.67</td>
<td>8.7</td>
</tr>
<tr>
<td>Contract manufacturing</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cinemas</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Environmental engineering &amp; utilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Property</td>
<td>0</td>
<td>75</td>
<td>0</td>
</tr>
<tr>
<td>PPB Head Office</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Lost time accident (LTA) rate measures the productivity loss due to accidents and is calculated as follows: Total number of accidents x 200,000 man hours divided by total working hours.

### Lost Time Accident (LTA) Rate by Business Unit (Number of Accidents Per 200,000 Working Hours)

#### Note:
Lost time accident (LTA) rate measures the productivity loss due to accidents and is calculated as follows: Total number of accidents x 200,000 man hours divided by total working hours.
Sustainability Statement

DUST EXPLOSIONS
Dust explosions can be a major hazard in mills and bakeries and typically occur where high concentrations of suspended combustible material ignite due to friction, electrical discharge or surface heat. When occurring in confined spaces, dust explosions can cause injury to personnel, and major damage to structures and equipment.

Our food production operations have a division-specific statement of compliance with Standard C stipulated under the Environment Quality (Clean Air) Regulations 2014, which sets a standard dust concentration limit of 0.4 g/Nm³. The Group’s flour and animal feed division is covered by their respective Occupational Health and Safety Policies, and report on LTA rates and fatalities. The division has a target of zero industrial accidents.

HAZARDOUS CHEMICALS
The handling of hazardous chemicals is a prominent workplace issue identified in our food production and contract manufacturing divisions. These divisions have specific statements of compliance and detailed standard operating procedures. Specific training on chemical handling is provided to relevant personnel across the Group’s business divisions on an annual basis.

SAFETY INITIATIVES

Our food production operations have a division-specific statement of compliance with Standard C stipulated under the Environment Quality (Clean Air) Regulations 2014, which sets a standard dust concentration limit of 0.4 g/Nm³.

A KPI based on the total area (m²) exposed to noise levels above 85 dB has been established at our flour and animal feed milling plant in Pulau Indah, and we continually work to reduce this space.

NOISE POLLUTION
Occupational noise is linked to long-term hearing loss, especially where employees are exposed to a variety of continuous and intermittent noise from processes and machinery. This makes noise a significant material issue for our property, food and manufacturing divisions where specific policies are in place to protect workers from damaging noise levels. We have also implemented a system to mitigate noise pollution as far as possible at facilities in these divisions. A KPI based on the total area (m²) exposed to noise levels above 85 dB has been established at our flour and animal feed milling plant in Pulau Indah, and we continually work to reduce this space.

At our other flour and animal feed milling operations, we provide employees with PPE (personal protective equipment) and hearing protection, and appropriate signage is placed in high noise level areas. The division has also organised “Chemical, Noise and Ergonomic” awareness programmes to enhance occupational health standards in the workplace. Respiratory and hearing protection training have also been carried out.
CODE OF CONDUCT AND ETHICS
The Group is committed to conducting its businesses in compliance with local laws and regulations and with integrity, transparency and accountability. A code of conduct and ethics, which is included in our respective Group employee handbooks and can be found on our website – www.ppbgroup.com - sets out the standards of conduct and personal behaviour all our directors and employees are required to observe to ensure that the Group’s commitment is upheld.

ANTI-CORRUPTION
The Group firmly believes in operating its businesses based on high standards of integrity, transparency, ethics and accountability and is against corruption in all its forms. Our code of conduct and ethics sets out the Group’s business values and practices by which all our directors and employees are required to abide. We also have in place a Group-wide whistle-blowing policy with mechanisms to enable employees and external parties to confidentially report any breach, or suspected breach, of any law or of our policies and practices. All complaints are investigated and such breaches can lead to disciplinary measures, including dismissal.

REPORTING
Accuracy, timeliness and transparency in financial reporting is of paramount importance for the Group and its stakeholders. PPB reports its Group's financial performance on a consolidated basis and engages stakeholders regularly through quarterly results announcements and e-Investor Updates. We conduct two press and analyst briefings every year to keep our shareholders and the investment community updated. PPB’s financial and operational information can be found on our website – www.ppbgroup.com – where stakeholders may also direct enquiries and provide feedback.

QUALITY AND SAFETY FIRST
Product and/or service quality and safety are without exception of the highest importance to the Group’s operations. In the food production division, companies must adhere to specific quality policies and are covered by division-specific statements on food safety and halal compliance.

All relevant business operations comply with applicable food regulations and standards, including HACCP Certification (MS1480:2007), HACCP Codex Alimentarius Certification, GMP Certification (MS1514:2009), ISO 22000 Food Safety Management System and halal certification.

Specific measures have been implemented to enforce our standards in sector-specific contexts. Our livestock farming division collects data on the mortality rate, body weight, uniformity and egg production rate of parent stocks and commercial layers. The number of antibiotic treatments administered is also monitored.

Performance on quality and safety parameters is recognised by awards and acknowledgements received by our divisions. For example, our flour mill in Kota Kinabalu was awarded the National Occupational Safety & Health Excellence Award 2017 under the SME category by the Department of Occupational Safety & Health (DOSH).
Sustainability Statement

GROUP SUSTAINABILITY POLICY
We developed our first Group Sustainability Policy ("Policy") which was approved by the Board in March 2018 and communicated progressively to the Group subsidiaries. The Policy covers three aspects – Environment, People/Human Rights and Ethics & Marketplace – and provides a framework within which the Group strives to achieve excellence in sustainability. The Policy will be continually improved upon and reviewed from time to time by the SSC for approval by the Board. The Policy can be viewed at www.ppbgroup.com.

CUSTOMER SATISFACTION AND ENGAGEMENT
Customer focus is vital to the continuing growth and success of the Group’s businesses. The Group understands that customer satisfaction and engagement are important material issues that have an impact on its reputation and brands. We enhance our customers’ experience in their dealings with our divisions through various digital and non-digital media. We also incorporate customer feedback in our businesses to enable us to better identify and serve our customers’ needs and concerns.

Regular customer satisfaction surveys are conducted in our flour and animal feed, livestock farming and environmental engineering & utilities divisions, covering areas such as product quality, timeliness, service levels and staff competence. In addition, our flour milling division engages extensively with customers on sustainability-related topics through participation in the Supplier Ethical Data Exchange (Sedex), and provides updated details on labour standards, as well as ethical and environmental practices.

In our cinema division, customer feedback per hundred thousand admissions grew from 73 in 2016 to 141 in 2017. This increase was mainly due to the introduction of Facebook Private Message as an additional and convenient channel for our customers to provide feedback, particularly concerning matters such as screening time enquiries, pricing, subtitles, classifications, promotions, hall bookings and birthday redemptions. Complaints received by the division per hundred thousand admissions, which mainly concern e-payment transactions, cinema services and facilities issues, fell from 39 in 2016 to 20 in 2017. This follows the division’s implementation of auto sms and email to customers on e-payment failures in October 2017, and a further reduction in complaints is expected in 2018. The division also used mystery customers on a regular basis to assess the quality of its services and products to ensure that customers’ expectations are met.

Our contract manufacturing division has an annual target of eight or fewer complaints, and uses this as a KPI to measure its performance.

INCLUSIVITY AND DIVERSITY
GSC provides accessible facilities including lifts and wheelchair spaces in all its new, and majority of existing cinemas to enhance the cinema-going experience for people living with disabilities. GSC also hosts themed festivals to help drive cultural awareness in our communities.

RECOGNITION
In 2017, GSC won the Gold Award in the Entertainment Category at the Putra Brand Awards for the fourth year in a row. As a result, GSC has been inducted as a Putra Brand Icon, an additional accolade that recognises brands for achieving four consecutive Gold Awards. The Putra Brand Awards reflect the people’s choice of Malaysia’s favourite brands and are based on consumer feedback and satisfaction.

PRIVACY AND PERSONAL DATA PROTECTION
We take our responsibility to protect the individual privacy and personal data of our customers and our employees seriously. All PPB business divisions are compliant with the Personal Data Protection Act 2010 and the relevant divisions have formal customer privacy policies.
Community Investment

CSR TASK FORCE
We see ourselves as a force for good in the communities where we operate. Local wealth creation is identified as an important material issue for the Group and we are committed to balancing our business needs with the need to support community growth and well-being. In this we have taken a more strategic approach to planning and delivering community investment programmes that are closely linked to our businesses and areas of operation.

The SSC is responsible for overseeing the Group’s community investments. A CSR Taskforce comprising representatives from our PPB’s head office and the various subsidiaries was set up in September 2017 to assist the SSC in devising strategies and reviewing, managing, implementing and tracking our community investment programmes. Our Group community investment strategy has three pillars – Social, Environmental, and Arts and Culture – that support programmes including youth education and development, living skills and standards enhancement, environmental awareness and health activities. PPB does not support causes that may have negative environmental impacts.

PPB-KF WELFARE FUND FOR PERLIS
In 2010, PPB established a RM10 million endowment fund to benefit the poor and underprivileged in Perlis and appointed Kuok Foundation Berhad (“KF”) to manage the fund. In 2017, the fund disbursed RM226,060 to provide vouchers for school items to 1,048 needy students, study grants for 12 students and a donation to a retirement home. The fund has so far spent a total of RM1.45 million on school uniforms and shoes for more than 6,000 primary and secondary school children under the annual Educare Project, as well as 69 study grants, 199 one-off scholarships and cash donations to welfare homes.

BACK TO SCHOOL PROJECT
PPB has been contributing free school uniforms and shoes for needy children in various parts of Malaysia under its annual “Back to School” Project, which was launched in 2010. In 2017, 1,198 students from 17 primary schools in Muar, Johor, were the recipients under this Project. A total of RM530,400 has been invested since the project’s inception, benefiting 12,500 primary school pupils from various parts of Malaysia.
Sustainability Statement

IMPROVING THE LIVES OF ORANG ASLI COMMUNITIES
PPB has been engaging with Malaysia’s indigenous communities, the Orang Asli, since 2015 and we remain committed to helping address their need for basic amenities and improving their living conditions. We have identified their most pressing needs – the supply of clean water, sanitary facilities, electricity and proper shelter – and are focusing our efforts in these areas. We believe that communities benefiting from this programme should be fully involved, and we encourage them to take ownership of their own well-being and living conditions. To this end, and under the terms of our sponsorship, PPB purchases all materials whilst the communities supply the labour.

For the Jakun Orang Asli communities in Simpai and Tasik Cini in Pahang, we started by sponsoring the construction of wells for supply of clean water. As usage of the wells increased, and bathing in open areas had become inconvenient, we progressed to constructing bathrooms and toilets complete with septic tanks. In Gerik, Perak where clean water can be readily obtained from nearby streams, we have sponsored the building of higher dams and piping systems to provide more convenient access. We have also sponsored the installation of solar panels to ensure electricity supply. To-date, PPB has invested approximately RM120,000 to sponsor construction of the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sponsored</th>
<th>Serves</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10 wells</td>
<td>158 individuals in 49 families</td>
<td>Simpai, Pekan</td>
</tr>
<tr>
<td>2016</td>
<td>10 wells</td>
<td>244 individuals in 70 families</td>
<td>Tanjong Gong, Tasik Cini</td>
</tr>
<tr>
<td>2017</td>
<td>8 toilets &amp; bathrooms</td>
<td>158 individuals in 49 families</td>
<td>Simpai, Pekan</td>
</tr>
<tr>
<td></td>
<td>3 toilets &amp; bathrooms</td>
<td>244 individuals in 70 families</td>
<td>Tanjong Gong, Tasik Cini</td>
</tr>
<tr>
<td></td>
<td>Dam with piping system &amp; solar panels</td>
<td>3 villages</td>
<td>Gerik, Pekan</td>
</tr>
</tbody>
</table>

As part of our continuing commitment to improve the livelihoods of Orang Asli, we have in the pipeline, a project to contribute saplings and farming tools to assist them in their farming activities.

CULTURAL SHOWCASE
GSC plays a significant role in stimulating greater awareness of the arts and in bridging cultures through its GSC International Screens, which exclusively screen foreign language films and hosts international film festivals. GSC has partnered with foreign embassies since 2001 to bring the work of international filmmakers to Malaysians, and is the only local cinema chain to hold annual international film festivals in Malaysia. In 2017, GSC was the official venue for a total of eight film festivals (French, Japanese, European Union, Korean, Thai, Latin American, Czech Republic and Asean/China).
Sustainability Statement

SHOWCASING THE TALENT OF LOCAL ARTISTS
In addition to supporting local filmmakers, GSC also provides exposure for local talent in other artistic fields. In support of local street art, GSC engaged local graffiti artists, Mahathir Masri (aka THEY), Kenji, Eki and Arif Rafhan to decorate the exit hallways of some of its cinemas with movie related graffiti.

ENGLISH LITERACY PROGRAMME
PPB sponsored a half-year English Literacy Programme for 49 children from The Little Yellow Flower Foundation, an NGO that helps underprivileged children achieve a brighter future through its feeding, education and transformation programmes.

GIFT OF LIFE
Blood banks and hospitals need a constant supply of this precious, life-giving fluid. Our Cheras LeisureMall (CLM), a shopping mall owned and managed by PPB, hosts annual blood donation campaigns in support of this cause and to raise public awareness of the important role blood donation plays in saving lives. In 2017, CLM organised four blood donation drives with various parties.

ANIMAL TALES AND “PASS IT ON” PROGRAMMES
CLM organised an Animal Tales Charity Programme on 2 August 2017 in support of SPCA Selangor. More than 2,000 participants came together to stick 3 tonnes of recycled, environmentally and child-friendly Crayola crayon pieces to 2,270 mini mosaics to create a 10 metre by 7 metre giant mosaic depicting a harmonious group of animals living in the wild. A total of RM45,000 was raised from participants and donations by PPB. The giant mosaic was recognised by the Malaysia Book of Records as the “Biggest Mosaic Made of Crayons” in Malaysia. In December 2017, CLM launched a “Pass It On” programme with the Yue Shan Music Academy Charity Organisation. The programme aims to encourage people to donate pre-loved musical instruments to help underprivileged children discover, explore and realise their musical talents.

FESTIVE CHEER
Festivals are not only times for celebration but also for sharing and bringing cheer to the less fortunate. Each year, the Group celebrates the main festivals with underprivileged groups by organising lunches, activities and events, giving out festive goodies and fulfilling some of their wishes.

28 March 2018