

PPB'S COMMITMENT TO SUSTAINABILITY

ABOUT THIS STATEMENT

2021 marks the sixth year of dedicated sustainability reporting as part of the annual reporting of PPB Group Berhad ("PPB") and its subsidiaries ("the Group"). The Group is continuously striving to improve our environmental, social and governance ("ESG") performance across all business segments, and has made good progress since our first sustainability statement in 2016.

This year marks our inaugural year of showcasing the year's achievements and challenges with a standalone Sustainability Report. This Statement provides a summary of our key ESG activities and highlights and is intended to be read in conjunction with the standalone Sustainability Report.

The FY2021 Sustainability Report encompasses our ESG efforts across the five main business segments in Malaysia; *Grains and Agribusiness*, *Consumer Products*, *Film Exhibition and Distribution*, *Environmental Engineering and Utilities*, and *Property*, as well as PPB's Headquarters in Kuala Lumpur, for the reporting period from 1 January 2021 to 31 December 2021 ("FY2021").

REPORTING FRAMEWORK

The Sustainability Report was prepared in accordance with the Bursa Malaysia Securities Main Market Listing Requirements, with reference to the 2nd Edition Sustainability Reporting Guide. The report was also written with reference to the Global Reporting Initiative ("GRI") Standards. As part of our efforts to elevate our sustainability disclosures, we have also incorporated the United Nations Sustainable Development Goals ("UN SDGs" or "SDGs") into our reporting framework this year.

FEEDBACK

In line with our efforts to expand and substantiate our sustainability reporting and strategies, we welcome feedback from our stakeholders.

Contact details:

Email corporateaffairs@ppb.com.my
 Telephone no. 603-2726 0088
 Office address PPB Group Berhad (Sustainability, Corporate Affairs Dept)
 Letter Box No. 115, 12th Floor UBN Tower,
 No. 10 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

FY2021 SUSTAINABILITY HIGHLIGHTS

Listed on FTSE4Good Index Series since 2018.



FTSE4Good

Established a 5-year sustainability roadmap.



100% of subsidiaries assessed for Anti-Bribery and Corruption risk.



More than **RM9 million** invested in renewable energy and energy saving initiatives.



More than **RM7 million** invested into the community.



ZERO fatalities across the Group.

0

8,110 kg plastic saved from plastic packaging efficiency projects.



Upgraded to a 4-star ESG grading band in the FTSE Bursa Malaysia Emas.



Conducted an ESG gap analysis.



GSC awarded the Platinum Putra Brand award (Entertainment Category) for the 5th consecutive year.



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SUSTAINABILITY POLICY

The Group's Sustainability Policy, which was developed and reviewed by the Sustainability Steering Committee ("SSC"), was approved by PPB's Board of Directors ("the Board") in early 2018. The Policy is based on three core aspects: *People/Human Rights*, *Environment*, and *Ethics and Marketplace*. The Policy will be continually improved upon and reviewed by the Board.

People/Human Rights

- The Group's Human Rights Policy is guided by the Universal Declaration of Human Rights and outlines the basic principles of non-discrimination, fair employment conditions, health and safety, workplace security, privacy/data protection, no child or forced labour or human trafficking, and community rights.
- Whistleblowing and sexual harassment policies and grievance handling procedures support the human rights policy are in place.
- The Group is also committed to delivering high standards of service, product quality and customer engagement.

Environment

- The Group recognises the importance of environmental protection for business sustainability:
 - (a) Sustains a program of continual improvement in environmental performance by incorporating suitable monitoring mechanisms and improvement targets on aspects which are material to our operations.
 - (b) Integrates the consideration of environmental and biodiversity concerns and impacts into its decision making and activities.
 - (c) Promotes environmental awareness among its employees and customers.

Ethics and Marketplace

- Group's integrity, transparency and accountability is enhanced by:
 - (a) Code of Conduct and Ethics which can be accessed on the corporate website.
 - (b) Product Quality, Food Safety commitments and Halal Compliance.
 - (c) Supplier engagements, where the Group engages with agents, suppliers and contractors to support sustainability efforts.
 - (d) Privacy/Data Protection which highlights the Group's commitment to respecting the confidentiality of personal information of our customers and employees.

SUSTAINABILITY GOVERNANCE

A robust governance structure provides the Group with accountability and transparency across its business operations, including sustainability practices. PPB's three-tiered sustainability governance structure was established in 2017. The Board has responsibility for this function and is supported by the SSC, which in turn is assisted by the Corporate Social Responsibility ("CSR") Task Force. The SSC is chaired by PPB's Managing Director and comprises the Group Chief Sustainability Officer, PPB's Department Heads, as well as the Heads and Sustainability Officers across all business segments.



THE GROUP'S COMMUNICATION WITH STAKEHOLDERS

Stakeholders are an integral component of the Group's operations. Gaining insights from key stakeholders enables the Group to steer business decisions and strategies to meet stakeholder expectations. We employ multiple channels to engage with our stakeholders, allowing us a comprehensive understanding of their feedback on ESG and economic issues that are material to them.

In FY2021, the Group conducted a survey to re-identify the key stakeholder groups that significantly influence or are affected by each of the business segments' activities. From this internal survey, we identified 10 stakeholder groups deemed most relevant to the Group:

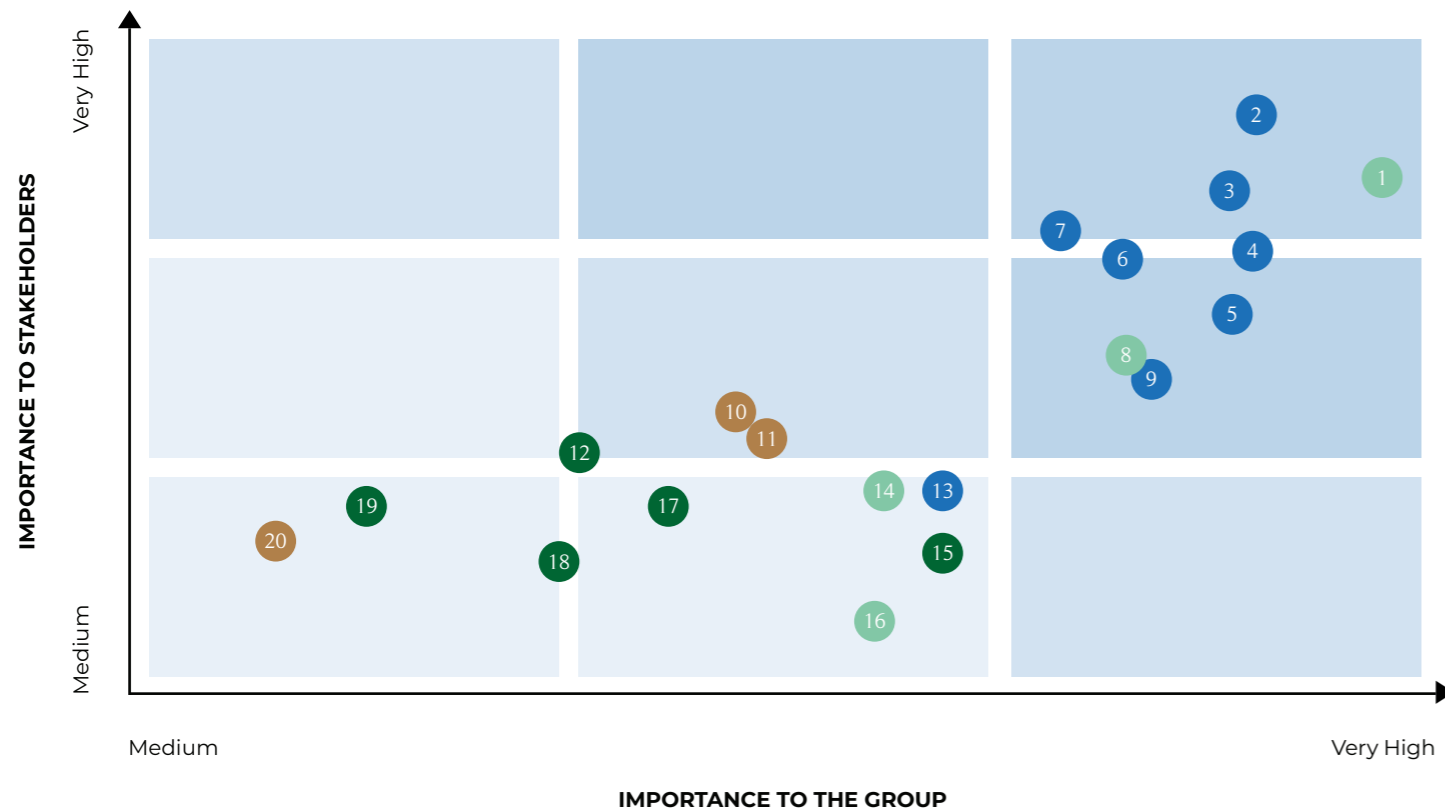
- Employees
- Customers
- Shareholders
- Vendors/Suppliers
- Certification Bodies
- Financial Institutions
- Government/Regulatory Bodies
- Industry Peers
- Local Communities
- Media

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MATERIAL SUSTAINABILITY MATTERS AND MATRIX

Materiality assessments are conducted to identify and assess the key ESG matters that may present the greatest opportunities and risks for our business operations and stakeholders. Categorising these material sustainability matters gives the Group direction in decision-making, strategies, targets and reporting.

Our first materiality assessment was conducted in 2016 and we regularly review the material topics to capture any changes in the Group or stakeholders' priorities. In FY2021, a workshop was conducted to reassess and identify material sustainability matters relevant to the Group and to our stakeholders. Based on the responses from the internal survey, we identified 20 material matters for this year. A materiality matrix, illustrated below, was then generated to visualise the relative prioritisation of the material sustainability matters to the Group's operations and to the key stakeholders. The materiality matrix was reviewed and approved by the SSC and Heads of the business segments, and subsequently by the Board.



- Legend**
- Environmental Impact** (Green circle): 12. Climate Change, 15. Energy Efficiency, 17. Waste Management, 18. Water Management, 19. Sustainable Packaging
 - Working Environment** (Light green circle): 1. Health and Safety, 8. Labour Management and Satisfaction, 14. Diversity and Inclusion, 16. Talent Attraction and Retention
 - Marketplace Engagement** (Blue circle): 2. Quality and Safety, 3. Corporate Governance and Ethical Business Practices, 4. Customer Satisfaction, 5. Economic Performance, 6. Brand Image and Reputation, 7. Data Protection, 9. Business Risk Management and Continuity, 13. Supply Chain Management
 - Community Investment** (Orange circle): 10. Human Rights, 11. Nutrition, Health and Wellness, 20. Community Engagement and Development

ENVIRONMENTAL IMPACT

Our achievements in FY2021:

Estimate of 821,467 kWh saved from energy saving initiatives.	Total of 412 MT of waste recycled.
Water discharge quality parameters are within the standards.	Estimate of 8,110 kg plastic saved from packaging efficiency.

Alignment to SDGs:



Our overarching environmental ambition is to achieve a net zero environmental impact utilising the circular economy model across all the five business segments. Adopting this model would help us reduce waste generation, emissions, resource, energy and water consumption, as well as protect biodiversity. We are proud to report that for more than five years, we have not converted any land for agricultural use nor have we cleared any forests for agricultural purposes.

KEY HIGHLIGHTS:

Climate Change

The Group has considered the implications of extreme weather on our primary business segment – *Grains and Agribusiness* – and adopted preventive measures to mitigate the impacts. Group-wide commitment on climate change initiatives and emission reduction practices are under the purview of the Sustainability Steering Committee (“SSC”), headed by PPB’s Managing Director.

In FY2021, the Group reported total emissions of **75,169 tCO₂e**, of which 89.6% were Scope 2 (electricity and chilled water) emissions, while Scope 1 (petrol, diesel, fuel oil and natural gas) and Scope 3 (employee air/land travel) made up 10.2% and 0.2% respectively, of the overall emissions. At JBFM Prai, we have begun switching our fuel use from light fuel oil to liquid petroleum gas (“LPG”), a fuel that produces lower carbon emissions. The bakery division has also successfully converted three out of four lines of oven burners from liquefied natural gas (“LNG”) to LPG in 2021.

Energy Efficiency

Energy production and consumption are closely linked to climate change as the production of grid electricity from carbon fuel sources is responsible for GHG emissions. Total energy usage in FY2021 for the Group was **118,265,008 kWh**, an increase of 1.5% compared to 2020. This increase is partially attributable to the inclusion of the food processing division in this report, which has not been included in previous years. The *Grains and Agribusiness*, and *Consumer Products* segments have implemented several measures to reduce energy consumption. FFM Pulau Indah has set a minimum air conditioner temperature of 24°C and converted standard motors to high efficiency type of motors. Similarly, conventional autotransformers have been replaced with soft starter transformers while a solar project has been initiated and is scheduled to be completed in 2022. A solar project is also underway at The Italian

Baker (Pulau Indah), while the solar project by livestock division’s FFM Farms (Trong) has been in operation since December 2021.

Water Management

With the goal of water use efficiency in view, we commissioned and completed a water footprint assessment in 2018 for our top two identified water-consuming divisions – property and cinema. As a Group, we consumed **883,264 m³** of water in 2021, a decrease of 11% from 2020. The reduction was mainly from our property division which saw its consumption reduced by more than 23% due mainly to pandemic disruptions. FFM (Sabah) has implemented a rainwater harvesting system with the installation of an 800-gallon tank to collect rainwater to be used in cleaning equipment including pallets, forklifts, and containers.

Waste Management

As a Group, we have adopted and adhere to the **waste hierarchy of Reduce, Reuse, Recycle, and Recover**. Due to the diversity of our operations across business segments, we have developed division-specific waste management procedures. For example, the livestock division uses reusable plastic egg trays and crates instead of paper boxes to reduce the generation of paper waste across the supply chain. We have also established continuous monitoring procedures for effluent water quality and implemented wastewater treatment facilities where applicable. In 2021, the Group recycled **412 MT** of recyclables ranging from scrap metal, waste paper, polypropylene to aluminium, plastic scraps and low-density polyethylene.

This year, the Group recorded two cases of environmental non-compliance due to the duration of scheduled waste storage and pollution. The resulting fines amounted to RM3,000. The Group has since taken action to rectify the matter and has implemented additional precautions to ensure the incidents are not repeated.

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Sustainable Packaging

The use of packaging to protect product quality and safety is essential to our daily operations. However, we understand the importance of taking into account the overall lifecycle of our packaging, including eventual waste generation from the packaging's disposal. At our bakery and food processing divisions, we have been reducing the raw material inputs required for our packaging. Our packaging efficiency projects are estimated to have saved **8,110 kg** of plastic in FY2021. At our cinema division, we have converted the majority of the cinema concessions' conventional plastic wares and packaging to biodegradable options. The division has also rolled-out a single-use plastic bottle recycling programme in ten cinemas in the Klang Valley.

WORKING ENVIRONMENT

Our Achievements in FY2021:

48,837 training hours in total across the Group.

Zero fatalities reported across the Group.

34.7% of management are women.

Alignment to SDGs:



Our people are the pillars of the Group's overall progress and performance. In recognising this, the Group strives to provide a stimulating and conducive environment to allow our employees to develop and have a positive working experience. We believe in growing our employees' potential, not only for improved work performance, but also to encourage their personal growth and achievements.

KEY HIGHLIGHTS:

Health & Safety

In addition to physical wellbeing, mental health has become a focus area in recent years, particularly in light of the isolating effects of the COVID-19 pandemic. The Group introduced the Mental Health First Aid Programme, which offers training to leaders and employees in extending support to fellow colleagues dealing with mental health issues.

In support of the National COVID-19 Immunisation Programme, the Group organised awareness talks on the importance of vaccination and hosted a privatized COVID-19 vaccination programme for employees based at remote areas. Measures were also implemented to ensure safety in the workplace, including regular sanitization. Employees are provided with face masks, self-test kits and sanitizing gel while temperature checks and health declarations are likewise enforced.

The Group recorded a total of **23** accidents in FY2021, a drop of 23.3% from 2020. There were no major injuries reported and the relevant divisions where accidents occurred have carried out appropriate investigations, reviewed the findings and strengthened measures to prevent future occurrence.

Diversity & Inclusion

The Group believes that diversity and inclusion are imperative to business growth and development. We have a zero tolerance policy against discrimination of any form. All employees and potential employees are afforded equal opportunities in hiring and selection practices regardless of gender, sexual orientation, race, ethnicity or religion.

Foreign workers comprise about 7.5% of the Group's total workforce, with the majority being employed in the *Grains and Agribusiness* and *Consumer Products* segments. Other than being provided with housing and transportation, they are afforded with the same work benefits as our local staff, including medical care and incentive schemes, and are equally included in the Group's decisions and strategies.

Labour Management & Satisfaction

By improving employment standards, we do not only improve the overall corporate productivity, but we also improve our people's engagement and morale. The Group has remained committed to providing our employees with the best care and workplace experience by adapting labour management relations to suit the 'new-normal'. We also offer incentive schemes, medical care and opportunities to participate in corporate social and recreational events. Staff are also encouraged to volunteer in the range of CSR activities organised by the Group.

In FY2021, the Group conducted its first Group-wide Employee Engagement Survey ("EES") to gather inputs from employees on their experiences in the aspects of leadership, talent focus, agility and other factors that contribute to a conducive workplace. Based on the responses received, we are in the process of generating an action plan to improve the current EES score, as well as introduce initiatives to enhance the overall employee engagement level.

This year, the Group recorded a total headcount of **5,297** employees, including both permanent employees and contract staff. **12.4%** of our employees work on a part-time basis - mainly in the cinema operations, to cater to the cyclical nature of the business.

Talent Attraction & Retention

The Group's growth potential is dependent on a skilled and talented workforce. We provided **48,837** training hours this year across all business segments. For FY2021, the Group recorded a full-time voluntary turnover of **15.8%**. We strive to maintain a strong presence in the job market through employer branding via social media, participation in career fairs and providing internship programmes to graduates.

MARKETPLACE ENGAGEMENT

Our Achievements in FY2021:

No corruption or bribery cases recorded throughout the Group.

All subsidiaries conducted a corruption risk assessment.

Alignment to SDGs:



KEY HIGHLIGHTS:

Quality & Safety

Our operations adhere to stringent international quality and safety standards to ensure the safety and satisfaction of our customers. The food-related business divisions comply with relevant food regulations and standards, including HACCP Certification (MS1480:2007), HACCP Codex Alimentarius Certification, GMP Certification (MS1514:2009), FSSC 22000 and ISO 22000 Food Safety Management System ("FSMS") and are Halal certified.

The Italian Baker, under the Consumer Products segment, introduced a tamper-evident bread bag packaging for all Massimo bread loaves. The laser-sealed packaging, which is a first in Malaysia, is designed with product safety in mind and eliminates the possibility of tampering.

Corporate Governance & Ethical Business Practices

The Group has established various codes and policies to uphold high standards of conduct and integrity throughout the value chain. In FY2021, all subsidiaries within the Group completed a corruption risk assessment. The Board has delegated the authority and operational decisions for the Anti-Bribery and Corruption policy to the Group Integrity Steering Committee ("GISC"). No incidences relating to corruption or bribery were reported in FY2021. However, there was one whistleblowing allegation during the year which was dealt with in accordance with the Group's Whistleblowing Policy and Procedures.

Customer Satisfaction

Relevant business segments conduct regular customer satisfaction surveys and receive customer complaints and feedback forms, covering such areas as product quality, timeliness, service levels and staff competence. At the cinema division, customer feedback received were **1,802** in FY2021, while complaints received were **43** (per 100,000 admissions) and were generally related to technical difficulties encountered on an e-payment partner's platform.

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Economic Performance

Our economic performance allows us to continue delivering quality products and services to our customers to meet their evolving demands. Audited financial statements can be found in pages 75 to 194 of the FY2021 Annual Report.

Brand Image & Reputation

PPB being a conglomerate adheres to requirements from not only national but also international standards to set ourselves apart from our contemporaries. This year, GSC once again attained the Platinum Brand Award (Entertainment category) from the Putra Brand Awards. GSC also won the "Most Preferred Graduate Employer" award at the Graduate's Choice Award 2021.

Data Protection

The Group is compliant with the Personal Data Protection Act 2010, and relevant divisions with higher data privacy risks have formal customer privacy policies in place. Our employees receive training on data and IT security awareness to emphasise the necessity of personal data protection. We have also implemented a standardised antivirus, firewall, malware protection and Enterprise Network Architecture to enhance cybersecurity within the Group.

Business Risk Management & Continuity

In FY2021, the Group identified a number of key risks and challenges impacting the business operations, including rising material and commodity prices, disruptions to the global supply chain, and the implementation of work from home which poses cybersecurity concerns. To address these challenges, we have implemented stronger procurement practices, cost control and cash flow monitoring, and enhanced cybersecurity. We also continuously monitor the stock levels and we coordinate internally to reduce the risk of supply chain disruption and to continue delivering the best services to our customers.

Supply Chain Management

In FY2021, our oil palm plantations which are Malaysian Sustainable Palm Oil ("MSPO") MS2530-3:2013 certified, produced and sold **9,624 MT** of fresh fruit bunches ("FFB"). The Group utilised a total of 17,160 MT palm oil in 2021, 382 MT or **2%** of which was RSPO-certified palm oil.

The Group recognises that advocating for sustainability has to be carried down the whole value chain. The Group's Human Rights Policy is applicable to all suppliers, vendors and subcontractors acting on our behalf.

COMMUNITY INVESTMENT

Our Achievements in FY2021:

Introduction of **V-Soy No Sugar** and **Massimo Seeded Multigrain with Barley** to improve nutrition, health and wellness of consumers.

Zero human rights cases or violations in FY2021.

More than **RM7 million** spent on community investments in FY2021.

Alignment to SDGs:



The Group acknowledges that our operations can cause potential disruptions to the communities in the areas where we operate. Through these unprecedented times, we have remained committed to giving back to communities and upholding the human rights of our people and the wider society.

KEY HIGHLIGHTS:

Human Rights

The Group maintains utmost respect for the rights of the indigenous people of Malaysia, the foreign workforce, and other marginalised communities. In 2018, we established a Human Rights Policy to reinforce our commitment to protecting the human rights of all individuals who are within the Group's purview, including members of our local communities.

Nutrition, Health & Wellness

We aim to provide our customers with nutritious choices and transparent information for them to make informed decisions on the products they consume. The flour milling division specialises in consumer-packed flour products such as Blue Key self-raising flour, superfine white flour, and Cap Sauh flour which are enriched with vitamins and minerals to provide a more nutritious cooking and baking experience. The division also offers alternative flours for those with dietary restrictions or certain allergies, with a range of whole wheat flour, atta flour and stabilised wheat germ

In June 2021, FFM Marketing launched a new zero-sugar-added product called "V-Soy No Sugar 200 ml" with greatly reduced sugar content compared to the original V-Soy product.

Community Engagement & Development

This year continued to be difficult for many members of our community who were under lockdown for almost half the year. Since the start of the MCO, the Group has partnered with Food Aid Foundation, Kechara Soup Kitchen ("KSK"), Kembara Kitchen, Mutiara Food Bank and Yayasan Food Bank Malaysia, among others, to distribute food aid to vulnerable families and communities nationwide.

In the Klang Valley and Penang areas, we supported public funded quarantine centres managed by Crisis Relief Services & Training Berhad ("CREST"), with three main meals a day for three months. We also provided a total of 149,700 lunch meals to 2,400 recipients in Seremban, Penang, Johor and Klang Valley whilst generating income to a total of 52 unemployed individuals who prepared the meals.

In total, more than 20,000 vulnerable families received food aid from the Group through collaboration with reputable organisations. As a whole, the Group contributed more than **RM7 million** in community investments in 2021, **85.4%** of which was spent on COVID-19 related initiatives.



For the detailed Sustainability Report, please scan this QR code for a direct link to our Sustainability Report online:



<https://www.ppbgroup.com/images/pages/sustainability/sustainability-report/ppb-sustainability-report.pdf>