

Sustainability Statement

Daibochi Group is committed towards building a sustainable business and conducting our operations as a responsible corporate citizen. This statement provides an overview of our sustainability initiatives and performance in relation to environmental, social and governance (“ESG”) in the Group’s operations during the financial year ended 31 July 2021 (“FY2021”).

Sustainability Governance

The Board sets the tone and steers a strong sustainability culture whilst Management ensures that sound sustainability practices are cascaded throughout the entire organisation.

Governance Structure

Key Leadership	Roles and Responsibilities
Board of Directors	Assumes overall responsibility of the Group’s sustainability agenda
Managing Director	<ul style="list-style-type: none"> • Reviews material sustainability matters with the Management team • Formulates sustainability strategies/initiatives with the Management team • Reports to the Board on material sustainability matters
Management Team	<ul style="list-style-type: none"> • Responsible for stakeholder engagement process, identifying material sustainability matters, executing and monitoring implementation of sustainability initiatives/ strategies • Reports to the Managing Director on material sustainability matters

Stakeholder Engagement

Our stakeholders are pivotal to the Group’s long-term growth. Hence, sustainability issues that are of relevance or interest to them are essential to our business. Our key stakeholders and their areas of interests identified during our various engagements with them are reflected below:

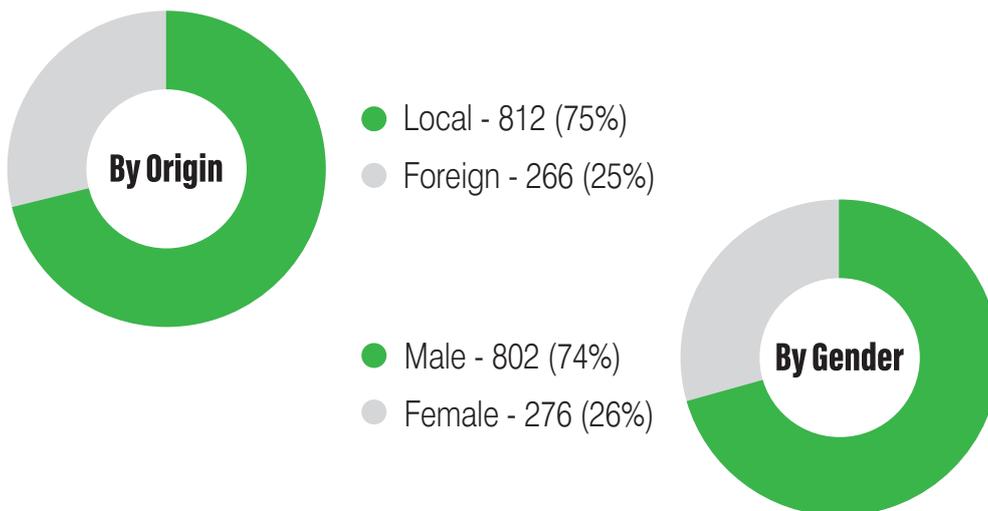
Stakeholder Group	Mode of Engagement	Areas of Interest
Customers	<ul style="list-style-type: none"> • Regular meetings and plant visits • Customer satisfaction surveys • Collaboration on product development • Compliance audits 	<ul style="list-style-type: none"> • Product quality, competitive price and delivery • Sustainable and innovative products • Management of ESG matters
Employees	<ul style="list-style-type: none"> • Discussions and meetings • Employee appraisals • Employee engagement events • Training programmes • Monthly management meetings 	<ul style="list-style-type: none"> • Safe and conducive working environment • Career progression • Inclusive working environment and culture • Training/development opportunities
Suppliers	<ul style="list-style-type: none"> • Meetings/discussions • Site visits • Code of Conduct for Suppliers and on-going supplier assessments or evaluation 	<ul style="list-style-type: none"> • Conducting business ethically • Clear product specification, quality expectations and product delivery • Supplier payment
Investors and Shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Investor relations engagements • Annual Report • Daibochi’s corporate website • Announcements and press releases 	<ul style="list-style-type: none"> • Financial performance, dividend payment and stock price appreciation • Delivering sustainable growth • Business ethics and governance • Upholding our reputation as a socially and environmentally responsible organisation

Stakeholder Group	Mode of Engagement	Areas of Interest
Governments and Regulators	<ul style="list-style-type: none"> Meetings and consultations Audits and on-site inspections Seminars, trainings, dialogues/forums organised by regulatory bodies 	<ul style="list-style-type: none"> Regulatory compliance Upholding good ESG practices
Local communities	<ul style="list-style-type: none"> Community events Daibochi's corporate website 	<ul style="list-style-type: none"> Initiatives to uplift community well-being Upholding good ESG practices Providing sustained employment and career opportunities to members of local communities

Our Workforce

The Group's 1,078 diverse workforce are our greatest assets and key to our success. Approximately 72% of our workforce in Malaysia (682 employees) and almost 100% of our workforce in Myanmar (130 employees) are local employees.

Information on our workforce:

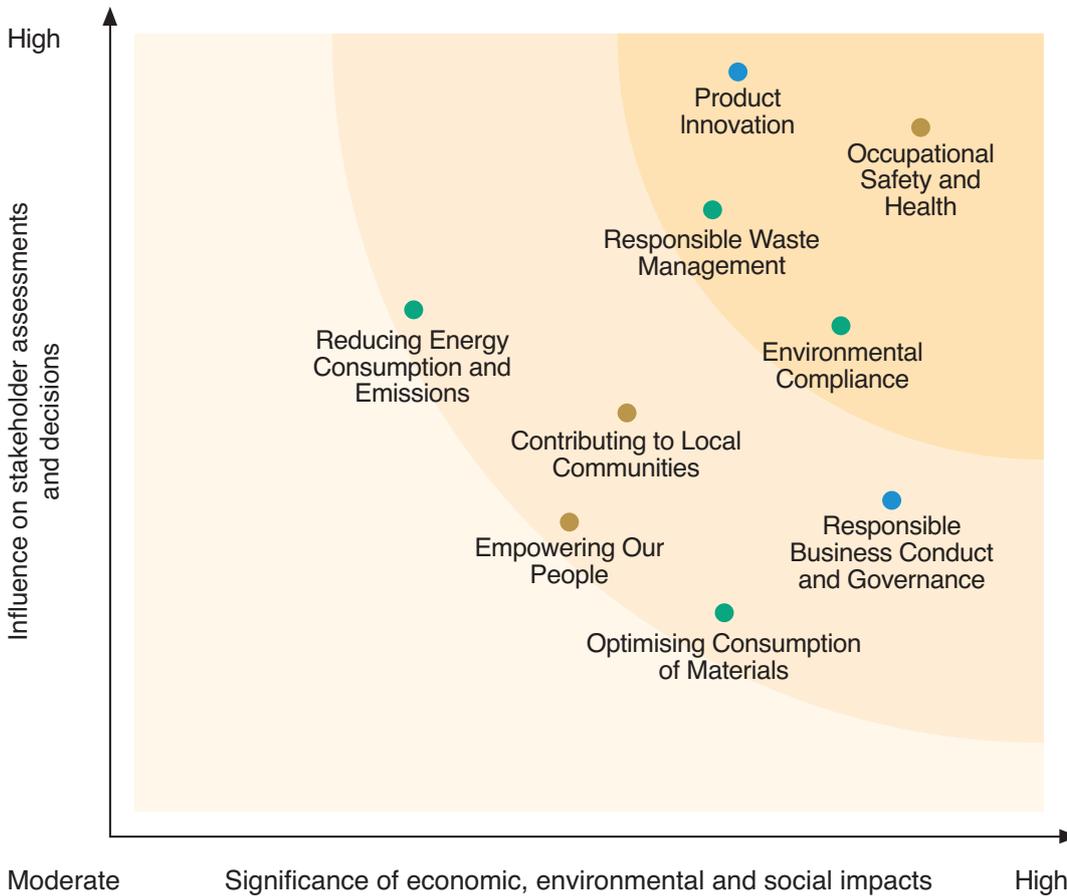


Supply Chain

Building a sustainable supply chain is imperative for our business. Our suppliers and service providers are chosen for their ability to ensure stable supply of raw materials, deliver value-added services and operate in a professional and ethical manner. Presently, 70% of our raw material suppliers are based in Malaysia.

Materiality Matrix

The 9 sustainability topics identified in FY2021 represent the Group’s evolving priorities and our efforts to enhance sustainability initiatives. The key sustainability topics are mapped onto a materiality matrix to portray their significance in terms of economic, environmental, governance and social impact to our business and against its influence on stakeholders’ assessments and decisions.



The sustainability topics identified and ranked above are classified under 3 key pillars:

Creating Shared Sustainable Value	<ul style="list-style-type: none"> Responsible Business Conduct and Governance Product Innovation
For the Betterment of the Environment	<ul style="list-style-type: none"> Responsible Waste Management Optimising Consumption of Materials Reducing Energy Consumption and Emissions Environmental Compliance
Our People, Our Pride	<ul style="list-style-type: none"> Occupational Safety and Health Empowering Our People Contributing to Local Communities

Supporting the United Nations Sustainable Development Goals

Our sustainability topics are aligned with ten United Nations Sustainable Development Goals (UN SDGs) as depicted in the following sections.

Our Sustainability Topics

1. Responsible Business Conduct and Governance



Our corporate values entail conducting business ethically in accordance with the principles set out in our ESG codes and policies.

Daibochi's Code of Ethics is premised on the following key principles:

- Ethical conduct and professional behaviour
- Anti-bribery and anti-corruption
- Fair labour practices
- Data confidentiality and security
- Avoid conflicts of interest
- Avoid insider trading and unfair competition

Our Anti-Bribery and Anti-Corruption ("ABAC") Policy signifies the Group's zero tolerance stance against all forms of bribery and corruption practices. ABAC related communications are reinforced via various channels such as Daibochi's website, engagement with employees via training sessions and communications with business associates. Our Board of Directors and executives have provided their declaration on commitment towards the ABAC Policy. As part of our procurement process, active suppliers are required to submit their declaration of compliance with the Group's ABAC Policy. The Whistleblowing Policy provides a whistleblowing channel for all employees and stakeholders to disclose any improper or unethical conduct within Daibochi Group.

There were no instances of unethical behaviour or improper conduct reported in FY2021.

2. Product Innovation



Daibochi is committed to develop sustainable and innovative flexible plastic packaging solutions to meet the evolving needs of the market and customers. Our close collaboration with major local and international brand owners, integration of resources and processes with Scientex Group and investment in technology has enabled us to develop flexible plastic packaging solutions that resonate with market trends and move towards a circular economy for plastic.

Developing packaging solutions in line with customers' needs and market trends

The Group adopts stringent benchmarks in our operational processes to ensure the quality and safety of our products and this is reflected in the international accreditations, ISO 9001, ISO 14001 and FSSC 22000 (Food Safety System Certification) attained by us. The Group's manufacturing facilities are equipped with state-of-the-art machinery and in-house laboratory facilities to produce high-quality and innovative packaging solutions.

Regular engagement with customers and brand owners forms the basis for market-centric innovation, enabling us to develop high performing innovative packaging solutions. In FY2021, we initiated 169 research and development projects, resulting in 20 successfully commercialised innovations.

Retort packaging is an ideal packaging solution used extensively for ready-to-eat foods and can be customised according to the product's specific needs. Our retort packaging is a unique form of stand-up pouch which provides brand owners with a range of protective features, long shelf life, is portable and convenient to use.



Retort packaging solutions for ready to eat food

Developing sustainable packaging solutions

Mono-material laminates

Our notable achievement in sustainable packaging solutions is the development of flexible mono-material laminates with the following features:

- 100% recyclable using one dominant type of plastic resin to produce the various layers found in the packaging.
- Able to satisfy current laminate properties and functional performance especially in terms of barrier to oxygen and moisture, machine ability to run as well as aesthetics.

During FY2021, we successfully commercialised additional packaging formats of fully recyclable mono-material packaging solutions for renowned global brand owners:

- Sachets used in instant noodle tastemaker applications
- Pouches for flavour enhancer
- Stickpacks used in powdered beverage applications

Paper-based packaging solution

In FY2021, we have also developed an outer-bag, our first paper-based packaging solution which is able to retain high barrier and strength properties with full recyclability.



3. Responsible Waste Management



Daibochi endeavours to conduct our operations in an environmentally responsible manner in accordance with the objectives set out in our Environmental Policy.

Scheduled waste from our production plants is managed and disposed effectively in accordance with the relevant country-level laws and regulations in terms of its transportation, storage and disposal. Our plants employ the Electronic Scheduled Waste Information System (“eSWIS”) and scheduled waste disposal is handled by licensed waste collectors. Regular audits are undertaken to ensure compliance with waste management regulations.

Non-recyclable production waste was either sold to waste collectors or delivered to a third-party waste-to-energy incineration facility and is free of asbestos, scheduled waste or any hazardous materials and converted into alternative fuel. In addition, non-hazardous plastic waste are delivered by the waste collector to plastic recycling companies to be recycled for use in the injection moulding industry for household products, including waste bins and plastic chairs.

We seek to keep waste to a minimum within our production process. Frequent briefings and meetings are held by Management with the production team to continuously instil waste management awareness and enhance process improvements across our manufacturing plants.

Waste Management Data

Type of Waste by Metric Tonne (MT)	FY2020	FY2021
Scheduled (Hazardous) Waste	783	814
Total Non-Hazardous Plastic Waste	4,484	4,091
- Recycled	654	616
- Recycled (Converted to Energy)	997	679
- Non Recycled (Others)	2,833	2,796
Waste as a Percentage of Output (%)	FY2020	FY2021
Scheduled (Hazardous) Waste	2.3	2.4
Total Non Hazardous Plastic Waste	13.0	12.2
- Recycled	1.9	1.8
- Recycled (Converted to Energy)	2.9	2.0
- Non Recycled (Others)	8.2	8.4

4. Optimising Consumption of Materials



Materials and resources are used efficiently and responsibly to minimise waste in line with the guidelines in our Environmental Policy.

Utilisation of recycled resin

As we strengthen our efforts in supporting the circular plastic economy, we are also exploring the development of products which use post-consumer resin (PCR) derived from chemical recycled plastic waste as inputs in our manufacturing process.

We promote responsible resource utilisation through continuous improvements across our production process and by instilling awareness amongst our employees.

Responsible water consumption

During FY2021, we continued with our efforts to optimise water usage in our production process through the installation of chilling/cooling systems. Rainwater harvesting is practised in our Myanmar plant as a primary source of water supply and at our Malaysia plants for cleaning/washing and landscape activities. Employees are also advised to practice conscientious usage of water to minimise wastage.

5. Reducing Energy Consumption and Emissions



Daibochi practises responsible energy utilisation and seeks to minimise emission in our efforts to reduce carbon footprint.

We have installed E-Savers for energy/power saving purpose and invested in energy efficient machinery across our manufacturing lines to optimise energy consumption. We adopted solvent-free lamination technology which eliminated the need for solvents in the adhesive lamination process, enabling us to omit the processes related to solvent based lamination, such as the use of an overhead drying tunnel, and thus reducing electricity consumed. We also managed to reduce emissions related to purchase, transportation and disposal of such solvents.

Due to the COVID-19 pandemic, we encouraged fully virtual engagements with business associates and employees and limited physical travel unless deemed necessary, which in turn reduced indirect emissions. Employees are also advised to adopt energy saving practices in their daily activities.

6. Environmental Compliance



The Group's operations are managed responsibly to preserve the environment whilst safeguarding the well-being of our surrounding communities. Our ISO 14001 accreditation, an internationally accepted standard for environmental management reflects Daibochi's continued commitment to adopt a systematic approach towards environmental compliance.

We adhere to relevant laws, regulations and standards in the countries in which we conduct our business. There are clear processes in place to effectively track/manage our resource consumption, emissions, effluents and waste disposal. Audits are performed to evaluate operational controls for continuous improvements in environmental management.

During FY2021, we continued to organise and arrange training programmes to update employees and enhance their knowledge on environmental related matters. We also participated in webinars focusing on environmental waste and sustainable packaging solutions and engaged with industry players and the public. On the supply chain front, we communicated our Code of Conduct for Suppliers to our active suppliers/ service providers to raise awareness on environmental compliance.

There were no non-compliance issues in relation to environmental matters in FY2021.

7. Occupational Safety and Health



Creating a healthy and safe working environment for our employees and stakeholders remains a priority and this is manifested in Daibochi's Safety and Health Policy. The Safety and Health Committees ("SH Committees") of our respective plants are entrusted with cultivating safe workplace practices, including developing and administering safety policies, conducting annual safety audits of our manufacturing sites and ensuring compliance with Occupational Safety and Health laws and regulations.

The initiatives undertaken by the SH Committees include the following:

- Performed reviews on accident cases and implemented preventive measures to mitigate work related hazards.
- Carried out briefings with production employees on accident cases to create safety awareness.
- Arranged regular training sessions which included programs related to fire safety, chemical spills, machine safety and accident-prevention.
- Performed safety inspections and audits across our manufacturing facilities.
- Management of emissions and materials/substances in accordance with safety and health requirements.
- Ensured that our accommodations in Malaysia comply with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446).
- Monitored and ensured compliance with COVID-19 standard operating procedures to safeguard the safety and health of all employees and stakeholders.



Fire Safety Training



Sanitisation Procedure

As a result of our safety and health initiatives, we achieved zero fatality in the Group's manufacturing plants due to work-related hazards in FY2021. In addition, for better monitoring of work-related injuries and ill-health, data is collected on a monthly basis and presented during the monthly management meetings, detailing the outcome of investigations and actions put in place for improvement.

Total Number and Rate of Work-related Injuries and Ill-health

	FY2020	FY2021
WORK RELATED INJURY BY CASE		
Fatal Injury (Number)	-	-
Minor# Accident (Number)	7	20
Major# Accident (Number)	4	8
WORK RELATED ILL-HEALTH BY CASE		
Fatal Injury (Number)	-	-
Minor# Accident (Number)	-	-
Major# Accident (Number)	-	-

	FY2020	FY2021
Total Lost Man Days (Number of days)	38	107
Total Number of Hours Worked ('000)	2,774	2,668
Fatality Rate (N1)	-	-
Injury Rate (N2)	4.0	10.5
Ill-health Rate (N3)	-	-
Lost Day Rate (N4)	13.7	40.5

- # Minor Injury: Injury which resulted in four days or less lost workdays
 Major Injury: Injury which resulted in more than four days lost workdays
 N1 - Total Number of Fatalities/ Total Number of Hours Worked x 1,000,000
 N2 - Total Number of Injuries/ Total Number of Hours Worked x 1,000,000
 N3 - Total Number of Ill-health/ Total Number of Hours Worked x 1,000,000
 N4 - Total Lost Man Days/ Total Number of Hours Worked x 1,000,000

8. Empowering our People



We provide a fair and equitable working environment through a supportive corporate culture. The Group offers a competitive remuneration package based on our employees' performance, roles and responsibilities to ensure that we meet industry standards in attracting and retaining talent. We comply with applicable labour laws, rules and regulations, engage in ethical labour practices, focus on local employment, value diversity and do not practise any form of discrimination at the workplace. The Company is a member of SEDEX (a global membership organisation dedicated to ethical and responsible business practices) enabling us to assess and drive further improvements to the Group's employment framework.

During FY2021, various training sessions were conducted/arranged to promote the development of our workforce and for them to stay abreast of evolving industry needs. Our employees clocked in a total of 4,150 training hours in FY2021.

9. Contributing to Local Communities



As a responsible corporate citizen, we support the betterment of the local communities by contributing towards socio-economic development as set out herein:

- Approximately 75% of the Group's workforce comprises local employees.
- We provided the underprivileged community in Melaka with supplementary work and income by collaborating with a non-profit organisation in respect of an assembly project and to supply a portion of our fresh fruits' requirements in the staff canteen.
- 6 trainees were recruited by our Malaysian based companies for industrial training during FY2021.

On the social responsibility front, we made a positive impact by providing contribution to "Pertubuhan Membantu Pesakit Parah Miskin Malaysia", an association which assists poor and needy patients who are terminally ill.

We support environmental conservation efforts through the following initiatives:

- Participation by the Company's employees in recycling activities through our "Green Day" campaign every Tuesday and Thursday.
- Encouraging employees to practise the 5R's – 'Refuse, Reuse, Reduce, Repair and Recycle' in their daily activities.

COVID-19 Protection Framework

The COVID-19 pandemic has brought unprecedented challenges to the global economy, people and businesses worldwide. Throughout the crisis, our primary focus has been to safeguard the safety and health of our employees, maintain continuity of the Group’s business or operations to meet customers’ needs and support the requirements imposed by the Government and local authorities during the movement control orders. During FY2021, we reinforced and enhanced our existing preventive measures to minimise the risk of exposure to the virus and to build a safe and healthy work environment. Key measures undertaken include:

- Providing a working environment that promotes personal hygiene e.g., wearing of masks, regular sanitisation of premises, physical distancing and work from home arrangements.
- Mandatory temperature checks and compulsory scanning of MySejahtera application for employees and visitors entering the premises for contact tracing purposes.
- Limiting the number of visitors from visiting the plants unless it is necessary.
- Leveraging on technology where meetings or discussions are conducted via online platforms.
- Restricting movement between manufacturing areas or work premises to reduce the risk of transmission.
- COVID-19 screening for all employees based in Malaysia to detect potential COVID-19 cases.
- Ensuring that our workers’ accommodation comply with the relevant standard operating procedures and guidelines issued by the authorities for the safety and health of employees.
- Facilitating virtual vaccination talks for our employees to instil the importance of getting vaccinated.
- Participated in the PIKAS programme (Public-Private Partnership Covid-19 Industry Immunisation Programme). Approximately 99% of our employees have completed both dosages of vaccinations as at October 2021.



COVID-19 Vaccination Talk



COVID-19 Test/Screening



Vaccination for employees pursuant to the PIKAS program

