

SUSTAINABILITY STATEMENT



Our approach to Sustainability

Sustainability mission

SCIB's sustainability mission statement is to operate in a way that actively recognizes the central role that business plays in the structure of society to improve the quality of life of a broad community.

Managing Sustainability

In recognizing that risk management is correlated to the overall sustainability performance, our sustainability agenda is driven within our corporate structure through SCIB's Risk Management Committee and SCIB's Risk Management Working Group (RMWG) where sustainability issues or sustainability-related risks were identified during the risk management assessments. RMWG is led by the Chief Executive Officer and comprises of management team from all of the Group's business units. RMWG will oversee and manage the sustainability issues identified and report to the Risk Management Committee at the Board level. The Board of directors will provide oversight of the Group's sustainability practices and is kept informed on the progress of sustainability-related matters.

RMWG will set direction and focus to facilitate formulation of strategies for meeting sustainability mission. We will constantly review our approach in addressing the key sustainability challenges facing SCIB which affects the employee, customer, environment and society as a whole.

Introduction

SCIB being the precast concrete manufacturer contribute to sustainability inherently. Precast concrete by nature is durable due to higher strength of materials, provide greater load capacity, better sound insulation and with quality assured factory production. Further, our investment in Industrialised Building system bring benefits which include improving speed of construction, reducing site costs and time due to off-site manufacture, less cleaning and clearing of construction debris, less exposure to stolen steel bars at site and reduces waste and debris on site. Thus, reducing public's concern on poor air quality in the neighborhood surrounding the construction site.

Key Stakeholders' engagement

We recognized the importance of engaging with our stakeholders considering the great influence they have on a Company's performance. We are strengthening our stakeholders' engagement not only for good corporate governance purposes but also to enable us to understand our stakeholders' needs, interests and motivations more effectively and help us build positive and mutually beneficial long-term relationships with our prominent stakeholders that will improve our Company's brand image, reputation and business outcomes.

Our existing list of engagement activities are as follows: -

Key Stakeholders	Nature of engagement
Customers	Customer surveys and customer complaints

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Employees	Monthly assembly, in-house briefing, staff recreational program
Suppliers	Periodic meetings and visiting
Shareholders and Investors	Company website, Quarterly reporting and Annual General Meeting
Bankers/ Financiers	Periodic meetings
Government Agencies and Regulatory Authorities	Correspondences, trainings and social activities
Community	Corporate Social Responsibility activities

Materiality assessment

We conduct materiality assessment to help us determine and prioritise main focal areas where efforts are intensified. Though our preliminary process of identifying and prioritization of sustainability matters, we have broadly categorized the following key sustainability matters at this juncture, subject to further detailed assessment on the specific material matters.

Category	Key Material Sustainability Matters	Anticipated impacts on the Group's business
Economic	Product and service quality	Stringent quality control of our finished products and value-added services are essential to maintain customer satisfaction and for maintaining brand image to attract new sales.
	Corporate Governance and Risk management	Strong corporate governance and effective risk management system helps to improve the Company's financial stability and minimize risk of loss that will gain shareholders confidence.
	Supply chain and procurement	Fair and unbiased business policies and ethical procurement procedures and practices are crucial to promote trust and transparency within the supply chain. Good relationships with key stakeholders across the supply chain will ensure lower cost, more competitive price and better margin.
Environmental	Investment in technology Research and Development	Our investment in off-site precast manufacturing and prefabricated industrialised building system reduces debris, waste and air pollution at site. Investment in research and development help us to continuously source for environment friendly manufacturing solutions.

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	Waste and energy management	Efficient waste management, recycling and energy saving program help to protect the environment from further harm.
Social	Employee Health, Safety and Welfare	Safe work places and practices reduces risk of accidents and injuries, claim cost and business interruptions. It will help improve corporate reputation and increase employee motivation. Healthy lifestyle and staff welfare will be conducive to enhance work commitments, increase productivity and reduce costs.
	Human resource development	Continuous staff training and development are crucial to help improve staff competency, work efficiency, retain talents and attract new talents that will improve productivity and enhance overall company's financial performance.
	Human rights and ethics	People is the key driver for business sustainability and are the most valuable assets of a Company. Respecting and protecting human and labour rights help to promote harmonious working environment and enhance corporate image for corporate success and economic growth.
	Community support	Social contributions to the community exhibit that we are responsible corporate citizen and are committed towards making a better future for our next generation that will also help enhance corporate image.

As a start, we chose to concentrate on our manufacturing division in Kuching, which is the key driver and largest contributor to the Group's revenue. We are committed to nurture sustainability values within our Group from the aspects of Economic, Environmental and Social ("EES") and have conducted in-house briefings to create awareness from senior management to operational level where we collate inputs from various business units to arrive at sustainability commitments or action plans for the group.

SCIB's overall sustainability strategy takes on four (4) main focal areas as follows which drive the Group's sustainability direction and reporting processes.

- (1) Inspiring and empowering our workforce;
- (2) Embracing the marketplace;
- (3) Protecting the environment from harm; and
- (4) Giving back to the community;

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Inspiring and empowering our workforce

We acknowledge that employees are the key to successful business operations and we value and care for all aspects of their wellbeing.

<i>Safe Workplace Initiative</i>	<p>Health and safety is given top priority in SCIB. We strive to provide a safe, healthy and quality working environment for our employees aiming at reducing accidents and injuries, improving workflow and efficiency. We recognize that a good health and safety environment are crucial to boost staff morale, retain and attract skilled employees, increase productivity and reduce costs. Our various efforts are as follows: -</p> <p><u><i>Health & Safety policies and procedures</i></u></p> <p>We continue to strengthen our health and safety policies and procedures and formulate safety and health plans throughout the year via our Safety 360 Awareness programs. Among others, are the Noise Monitoring and Chemical Health Risk Assessment (CHRA) undertaken at our factories in line with the requirements of relevant regulation enacted under the Occupational Safety & Health Act (1994). In 2018, we have sent six (6) workers who were exposed to exceptionally high level of noise and vibration at work to undergo audiometric test. Additionally, we have also established campaigns, banners, posters, brochures and signboards at prominent areas to disseminate Health and Safety messages to workers.</p> <p>Each factory is required to record and monitor their respective Lost Time Injury (LTI) which is the record of productive time lost when worker is unable to return to work. LTI is used as a key performance indicator to measure work safety.</p> <p>Safety accidents are also investigated to determine the root causes, to identify unsafe conditions or actions and to recommend corrective actions to prevent future recurrence. New employees are provided with orientation of the safety and health risks and procedures at the workplace.</p> <p>We are also preparing ourselves towards achieving occupational safety & health (OSH) certification under ISO45001:2018 in the near future. This initiative is a two-pronged approach for improving the condition at the workplace in a more systematic way, as well as for benchmarking and improving our health and safety practices to be at par with a globally accepted best practices in order to meet the ever-increasing society's expectation.</p> <p><u><i>Health & Safety Committee</i></u></p> <p>Health & Safety Committee has been established to identify, evaluate and control safety issues and foreseeable risks at our workplace. The Committee provides link for better communication between workers on the ground and the management bringing together broad range of expertise and experience to help identify safety hazards at work and find solutions or new ways to enhance the safety practices.</p>
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	<p>Workers are encouraged to express their safety and health concerns to the Committee where issues can be responded to and addressed accordingly.</p> <p><u><i>Safety talks and training</i></u></p> <p>Safety and health talks are conducted throughout the year and during monthly assembly by experienced staff to create awareness on the importance of personal safety and hygiene. Health and safety officer regularly educate fellow workers about the risks at work place and safety procedures to prevent untoward accidents. Staffs are provided with appropriate safety programs and training to further enhance their knowledge on health and safety at workplace. Our Safety supervisors also have regular Toolbox Meeting with our subcontractors' workers to highlight any Health, Safety and Environment related matters of concern. Courses conducted in 2018 included Safety & Health, Bahaya Bunyi Bising and Safety at Workplace, Housekeeping (5S) and Safe Production Procedures/work instruction.</p> <p><u><i>Upgrade of factory facilities and infrastructures</i></u></p> <p>We also progressively pursuing upgrading of our factory's facilities and infrastructures in order to provide a favorable working environment. We establish safe operating procedures for machineries and set up emergency response team (ERT) in every factory. Our Health and Safety team are working closely with our Repair and Maintenance team to enhance our Planned Preventive Maintenance Programs to reduce hazards of major accident at the factory. We continuously ensure that our workers and personnel are adequately protected when working in critical areas exposed to work hazards and provide them with adequate Personal Protective Equipment.</p>
<i>Care for the Environment</i>	<p>We are also committed to answer the society's ever-louder call for greater corporate responsibility in managing the environmental impact operations may exert to the environment surrounding the factories. Since our factories are closely located to major water bodies such as river, we are doing our best to ensure that the water discharged from our premises has characteristics that is always within the tolerable limit permissible by relevant statute, and in particular the Environmental Quality Act 1974. We also intend to go extra miles pursuing the environmental certification under ISO14001:2015 in the near future.</p> <p>Our investment in off-site precast manufacturing and prefabricated industrialised building system contribute positively towards sustainability inherently considering that it reduces debris, waste and air pollution at site. Further, our operations do not discharge excessive or harmful dust or smoke into the air.</p>
<i>Lean Management program</i>	<p>All factory managers and key supervisors have completed the Lean management program organized by Malaysia Productivity Corporation (MPC) in 2017 and attended the Mini Convocation for Excellence Team by MPC on 10 April 2018. The Lean Management program helps our employees gain knowledge in lean management tools and techniques. This has benefited the Company in terms of</p>

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	improvement in work processes and resource planning and allocation, better time efficiency and higher operational productivity, reduction of reject rate and wastages and improvement in performance and product quality. Lean management improves involvement with workers which leads to better productivity and improved employee's morale.
<i>Human resource development</i>	<p>We ensure there are growth, development and progression opportunities for our employees through in-house training, seminar, workshops and talks. This will equip them with latest job-related updates and learning. A total of 212 employees have benefited from the ninety-six (96) trainings both internal and external conducted over the year.</p> <p>We also provide the opportunity of department rotation to our employees where they are able to expand their knowledge, experience and expertise in various job scopes. During the year, 4 employees were promoted and 40 employees were transferred to other departments or job functions for further development.</p> <p>We shall have our competency and succession program developed for key and critical positions and will assess job requirements and skills of our existing employees and then identify potential candidates to be coached, nurtured and groomed for succession to these key and critical positions with career development plan and training needs analysis.</p>
<i>Educational assistance</i>	We are committed in providing educational opportunities to our employees. Financial aids have been provided to our employees to support their quest for further education learning. The Company also offer educational assistance and career development plan to employees helping them earn professional degree/master qualification for job enhancement.
<i>True Spirit of Giving - Tabung SCIB</i>	Tabung SCIB, established in 2003, is a true spirit of giving by all employees of SCIB on monthly basis in which SCIB also contributes to the fund on a 1 to 1 basis. It is governed by staff representatives with the objectives to assist child education through offer of scholarships, to provide loan to employees during emergencies and to assist the less privileged. Cash rewards were also given to children of our employees who achieve excellent academic results in the school year end examinations as well as in public examinations such as UPSR, PMR and SPM. During the year under review, 201 children have benefited from Tabung SCIB.
<i>Appreciate Our Employees</i>	We organized labour day celebration to show our appreciation of employees' efforts and contributions to SCIB while encouraging networking and socializing between colleagues. We also extend our appreciation to our staff with long service award, annual increment and bonuses as well as free gifts and lucky draws during our Annual Dinner. We hold a badminton match in conjunction with the labour day celebration this year which was participated by 31 persons.
<i>Healthy lifestyle</i>	In order to encourage our employees to adopt healthy lifestyle, SCIB also subsidized some social and recreational events such as the SMA Run on 29 April 2018 which was participated by 50 of our employees and FMM Sarawak Run 1.0 on 28 October 2018 which was participated by 17 of our employees. The Company

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	also sponsor Badminton club to support interested employees to play the sport twice a week. The Company practices a Non-Smoking policy in the office and factory premises.
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Embracing the marketplace

We are dedicated with our core values which is to uphold ethical, sustainable and responsible business practices as we believe that corporate success and economic growth of a company are built on trust from employees, customers, suppliers and the society as a whole.

<i>Corporate Governance and compliance</i>	<p>We are committed to achieve good corporate governance and code of conduct with a high level of transparency and ethical integrity in dealing with various stakeholders via various communication channels such as regular meeting, timely disclosure to Bursa Malaysia Securities Berhad, annual general meeting and annual report.</p> <p>Our Board of Directors oversee the conduct of the Company's business providing governance of the Company's affairs and direction to optimize the development, growth and performance of the Group.</p> <p>We adopt effective risk assessment and management system that are evaluated every quarter of the year where we ensure adequacy and integrity of the Company's internal control system are in place to manage the risks identified with a view to long term viability of the company in consideration of economic, environmental and social impacts.</p>
<i>Human rights and ethics</i>	<p>We treat everyone including our employees, customers, suppliers with respect and integrity and ensure we protect our employee rights at all times adhering to local regulations and employment act. We acknowledge employees' right to a minimum wage and fair salary and ensure monthly remuneration are paid on time. Our recruitment of employee is conducted through a fair and transparent process based on qualification, experience, merit and attributes.</p>
<i>Better products and services</i>	<p>We have invested in prefabricated industrialised building system which was acquired from worldly recognized vendor namely Elematic OyAb, Finland to ensure we uphold the highest quality standards. Our products are also SIRIM QAS ISO9001:2015 certified / credited which assured customers of quality.</p> <p>We offer our customers with excellent value-added services such as technical and extensive professional advice and consultation, problem solving and customized solutions. With our reliable in-house design team, we provide total one-stop solutions to customers with advantages from our wide product range. We truthfully and reliably exhibit our products to our consultants and customers.</p>

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	<p>We conduct customer satisfaction survey on project basis to help us understand our customer better and get their feedback for continuous improvement. We listen and understand customer complaints, offer prompt solution and execute them timely with close follow up to ensure complaints are closed promptly and customers are satisfied with the solution provided.</p>
<i>Supply chain and procurement</i>	<p>We follow business policies and processes that are fair, unbiased and applied consistently. We engage in ethical procurement procedures, good management practices, internal control systems and promote transparency emphasizing on corporate accountability. We exercise due care and business professionalism in all communications within our supply chain in maintaining good relationships with our customers and suppliers and avoiding behaviors or actions that may negatively impact the supply management decisions.</p> <p>SCIB deal with good and reliable diverse set of suppliers to ensure high quality of materials are used for production. We have our Quality Assurance team who are consistently checking and inspecting our materials to ensure they meet desired quality standards. We evaluate our suppliers once a year in terms of quality, pricing and services.</p>

Protecting the environment from harm

We also recognize the importance of environment in which we operate in and place our best effort to become an environmental responsible corporate citizen.

<i>Investment in technology and Research & Development</i>	<p>Our precast concrete are factory-made products under stringent ISO accredited procedures and quality system. We employ quality plant and machineries such as batching plant technology which create minimal wastages. We also conduct research and development to find supplemental materials to reduce cement consumption such as the use of admixtures as hardening accelerators.</p> <p>We are now looking into designing and construction of more effective slurry pit as additional engineering controls against transmission of harmful pollutants to the environment and will conduct scheduled checks to ensure that water discharged are close to PH neutral and less harmful to the environment.</p> <p>Our factory managers have taken initiatives to reduce the usage of diesel and sludge oil progressively replacing with formulated mould oil which is less harmful to human health and the environment.</p>
<i>Recycle of waste</i>	<p>We recycle waste materials back to production if they are reusable otherwise, we sell to scrap collectors who might be able to use them. We are also improving our drainage system to dispose production slurry more appropriately and effectively.</p>
<i>Save the Trees</i>	<p>We have invested in our information technology system to reduce the usage of paper in our daily operations and also practice recycling paper waste.</p>

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<i>Save energy</i>	We encourage employees to switch off non-essential electrical machinery, equipment and appliance when not in use.
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Giving back to the community

We believe that Companies live within the community and they are inter-dependent of one another.

<i>SCIB Volunteers</i>	Our employees have shown great spirit of volunteerism in various fund-raising activities organized by the Kuching Autistic Association and Sarawak Society for Parents of Children with Special Needs (PIBAKAT) by setting up food stores sponsored by the Company in July 2018.
<i>Training for tomorrow</i>	Throughout 2018 SCIB provides industrial training for 10 undergraduates from local institutions of higher learning in the areas of Civil Engineering, Mechanical and Manufacturing Engineering, Building Program, Electrical Engineering, Chemical Engineering and Design for duration between 2-6 months. We believe that these young students are the future of manufacturing and construction industry in Malaysia and our training program give them learning opportunities and insights into the industry to improve their practical knowledge and field exposure.