

## SUSTAINABILITY STATEMENT



### Our Approach to Sustainability

#### Sustainability Mission

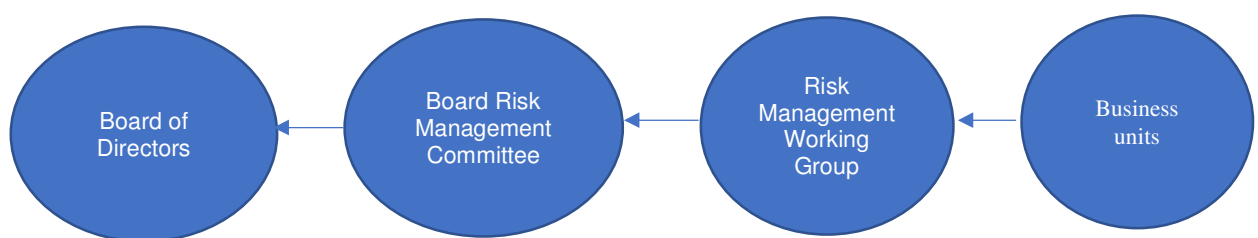
SCIB's sustainability mission statement is to operate in a way that actively recognises the central role that business plays in the structure of society to improve the quality of life of a broad community.

#### Governance Structure

In recognizing that risk management is correlated to the overall sustainability performance, our sustainability agenda is driven within our governance structure through SCIB's Board Risk Management Committee and 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 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.

The Board of Directors is primarily responsible for the implementation and execution of the Group's sustainability practices and performances where it has delegated to the RMWG the task of monitoring and assessment of sustainability plans and targets. The Risk Management Committee will set direction and focus to facilitate formulation of strategies for meeting sustainability mission and report to the Board on a quarterly basis on the status of sustainability related matters.

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.



#### Scope of this Report

This report covers the manufacturing operations of Sarawak Consolidated Industries Berhad and its subsidiaries in Malaysia which is the key driver and largest contributor to the Group's revenue.

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### 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 recognised 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
Employees	Monthly assembly, in-house briefing, staff recreational program, employee satisfaction surveys, Town Hall Meeting
Suppliers	Periodic meetings and visiting
Shareholders and Investors	Company website, Quarterly reporting, Annual General Meeting, Quarterly Analyst briefing
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. Through 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.

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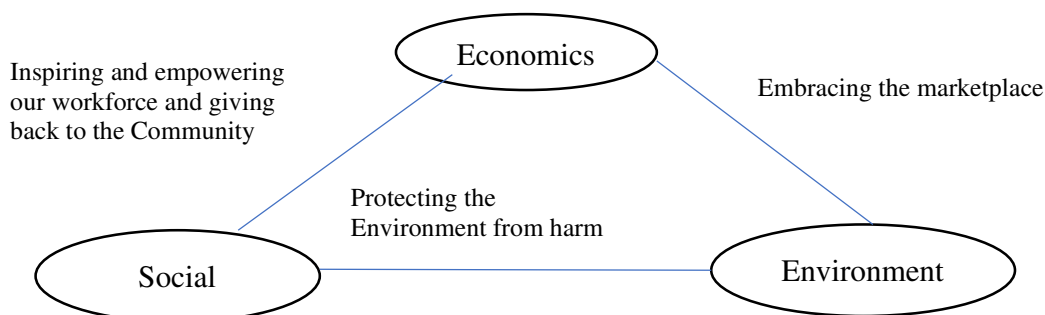
Category	Key Material Sustainability Matters	Anticipated Impacts on the Group's Business
Economic	Product and service quality	Stringent quality control of our finished products and value-added services are essential to maintain customer satisfaction and for maintaining brand image to attract new sales.
	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.
	Brand and reputation	Branding improves recognition and represents people's perception of the Company's customer service and reputation. Branding also creates trust from the stakeholders, supports advertising, inspires employees, generates new customers and thus increases financial value.
	Business Ethics	Application of ethical values in business environment helps the leaders to make strategic decisions that are socially acceptable. Business ethics increase employee retention, attract investors, promote customer loyalty, reduce business risks and lead to long term gains.
	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 and 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.
	Waste and energy management	Efficient waste management, recycling and energy saving program help to protect the environment from further harm.

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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 - Fair employment and diversity	People are the key driver for business sustainability and 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 enhancing corporate image.

### Sustainability Framework

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.



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

### **ECONOMICS**

#### ***Embracing the marketplace***

We are dedicated with our core values which are 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.

<b><i>Better products and services</i></b>	<p>We have invested in prefabricated Industrialised Building System which was acquired from worldly recognised 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 customised 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> <p>We also continuously pursuing product innovation to develop and introduce new products, and new design that enhance quality and improve overall performance.</p> <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>
<b><i>Corporate governance and compliance</i></b>	<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 optimise the development, growth and performance of the Group.</p>

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	<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>
<b><i>Brand and reputation</i></b>	<p><i>Press release</i></p> <p>We use press release to help our customers, suppliers, employee, investors and other target stakeholders to learn more about our Company's recent developments, successes and advancements which is also an integral marketing tool to increase sales potentials and attract investors. In 2019, the Company distributed press release in regards to the Company accepting five (5) letters of award and acceptance worth up to RM175.4 million across Malaysia, Indonesia, Qatar and Oman and on our improved bottom line for Quarter 3 financial results. The Company also distributed a press release in February 2020 following the announcement of Quarter 4 financial results and another press release in regards to the acceptance of three (3) letters of award and acceptance worth up to RM864.5 million across Qatar and Oman in April 2020.</p> <p><i>Market briefing</i></p> <p>Market briefing creates valuable opportunity for the Company to meet with research analyst and fund managers to share our business updates that are relevant to the analyst coverage area and provide information for their research paper. We had our market briefing on 2 December 2019, 4 February 2020 and 3 March 2020 which gave us the opportunity to share about our business profile, products, recent developments and future prospects with research analysts, fund managers and their sales team. We also attempted to revamp our corporate website to give a refreshing new interface with stakeholders and enhances the website credibility and efficiency for a better navigation experience.</p>
<b><i>Business ethics</i></b>	<p>We have our Code of Conduct policies in place which serve as a central guide and reference for our employees to handle their day-to-day decision making and business dealing. The Group will put in place Files of Adequate Procedures in June 2020, pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission (Amendment) Act 2018, in line with our Government efforts to combat bribery and whistleblowing policies to promote transparency, compliance and ethical value.</p>
<b><i>Supply chain and procurement</i></b>	<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 emphasising 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 deals with good and reliable diverse set of suppliers to ensure high quality</p>

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	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.
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### **SOCIAL**

- ***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.

<b><i>Employee Health, Safety and Welfare</i></b>	<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 recognise 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 &amp; 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 365 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 &amp; Health Act (1994). In 2019, we have sent nine (9) workers who were exposed to exceptionally high level of noise and vibration at work to undergo audiometric test in line with the Noise Mapping Report issued by DOSH Competent person in 2018.</p> <p>Based on the report, action has been taken to proactively issue ear plug and ear muff on monthly basis to enforce the importance of wearing hearing protection device. Based on CHRA report, we are not required to send any workers for medical surveillance as workers' exposure to two major source of health hazards, namely silica dust and benzene (additive in diesel) are not significant. In 2020, we have plans for another round of Noise Monitoring and CHRA exercise and to update ourselves with the latest amendment (if any) of the relevant regulation.</p> <p>Additionally, we have also established campaigns, banners, posters, brochures and signboards at prominent areas to disseminate Health and Safety messages to workers such as poster on Silica Dust Hazards were put up. We provide Personal Protective Equipment (PPE) such as hand glove, safety boot, hard hat, face mask and ear plug to our workers and conduct regular inspection to ensure wearing of PPE.</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</p>
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	<p>to work. LTI is used as a key performance indicator to measure work safety. We have also installed Safety Performance Board at the main entrance to monitor the Man-hour Accident Free target.</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 &amp; health (OSH) certification under ISO45001:2018 by year 2020 and have completed stage 2 audit for ISO45001:2018 in December 2019. 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 &amp; Safety Committee</i></u></p> <p>Health &amp; 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. 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>Healthy lifestyle</i></u></p> <p>In order to encourage our employees to adopt healthy lifestyle, SCIB also subsidised some social and recreational events such as the CMS Tribal Run 5.0 on 4 August 2019 which was participated by 47 of our employees.</p> <p>On 15 December 2019, we organised Sports Day at Padang Jubilee MBKS packed with loads of friendly competition, race, games and activities to encourage our employees to get out in the sunshine and have healthy fun which also helps in team building.</p> <p>The Company also sponsors Badminton club to support interested employees to play the sport twice a week.</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</p>
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	<p>supervisors also have regular Toolbox Meeting with our subcontractors' workers to highlight any Health, Safety and Environment related matters of concern. Courses conducted in 2019 included ISO Auditing Skills, Effective Safety &amp; Health Committee, ERT (Security Preparedness for Emergency Response) Briefing, Emergency Preparedness for Fire Incidence and FMM Briefing on update on Requirements for BOMBA fire certificate and BOMBA Safety training.</p> <p><u><i>Upgrade of factory facilities and infrastructures</i></u></p> <p>We also progressively pursuing upgrading of our factory 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. In 2019, we have upgraded our toilet, pantry, roofing and office flooring.</p> <p><u><i>Appreciate our employees</i></u></p> <p>We organised labour day celebration to show our appreciation of employees' efforts and contributions to SCIB while encouraging networking and socializing between colleagues. We held a Badminton Tournament in conjunction with the labour day celebration this year on 1 May 2019 which was participated by 35 persons. In 2019, we had our Majlis Berbuka Puasa in May 2019, In-house Gawai Raya open house in July 2019 and Chinese New Year celebration on 6 February 2020.</p> <p>We organised our first ever Town Hall on 15 February 2020 at Grand Margherita Hotel, Kuching for the purpose of engaging with our employees, sharing our important updates, culture and values promoting teamwork, collaboration and creating opportunity to hear honest feedbacks and views of employees.</p> <p>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 on 8 March 2020.</p> <p><u><i>True Spirit of Giving -Tabung SCIB</i></u></p> <p>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 financial year under review, twenty-five (25) children have</p>
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	benefited from Tabung SCIB.
<b><i>Human resource development</i></b>	<p>We ensure that there are growth, development and progression opportunities for our employees through in-house training, seminars, workshops and talks. This will equip them with latest job-related updates and learning. A total of 304 employees have benefited from the hundred-five (105) 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, four (4) employees were promoted and forty (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> <p>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. In 2019, two (2) employees benefited from the educational assistance.</p>
<b><i>Human rights-Fair employment and diversity</i></b>	<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. We practice gender diversity with 17% of our total employees are female.</p> <p>In 2019, we have conducted employee surveys which reached out to around 15% of total employees and out of which 89% have responded and satisfied working in SCIB.</p>

- ***Giving back to the community***

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

<b><i>Community Support</i></b>	<p><u><i>SCIB Volunteers</i></u></p> <p>Our employees have shown great spirit of volunteerism in various fund-raising activities organised by the Sarawak Society for Parents of Children with Special Needs (PIBAKAT) on 30 June 2019 and the Kuching Autistic Association</p>
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	<p>(KAA) on 21 July 2019 by setting up food stores sponsored by the Company. We also participated in the Zumbathon Charity 2019 on 23 June 2019 to support the various activities organised by the community to raise funds to help children with special needs.</p> <p><u>Training for tomorrow</u></p> <p>Throughout 2019, SCIB provides industrial training for 15 undergraduates from local institutions of higher learning in the areas of Civil Engineering, Accounting, Safety and Health, Electrical and Mechanical for duration between 2 to 6 months. We believe that these young students are the future of manufacturing and construction industry in Malaysia and our training program gives them learning opportunities and insights into the industry to improve their practical knowledge and field exposure.</p> <p>On 2 October 2019, SCIB signed Memorandum of Understanding with Akademi Binaan Malaysia and CIDB Malaysia to collaborate in providing training to CIDB registered contractors in Malaysia to create awareness of Industrialised Building System in Malaysia's construction industry.</p>
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## ENVIRONMENT

### *Protecting the environment from harm*

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

<b>Waste and energy management</b>	<p><u>Pursuing ISO certification</u></p> <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. Furthermore, our operations do not discharge excessive or harmful dust or smoke into the air.</p> <p><u>Recycle of waste</u></p> <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> <p>In August 2019, SCIB participated in the Recycle Waste program known as the Coral Reef Propagation Project in collaboration with the Jabatan Perikanan Malaysia for laying of our obsolete or defect pipes and U-culverts outside</p>
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	<p>Sematan sea area.</p> <p>We have conducted several training to enhance awareness and put in place adequate controls over handling of scheduled waste within our premises in line with Environmental Quality (Scheduled Waste) Regulation, 2005. A two-days training entitled ‘Scheduled Waste-Rules &amp; Regulations’ was held between 17 to 18 September 2019 where twenty-five (25) personnel attended with representatives from all three factories participated. Additionally, a training entitled ‘Safety in Scheduled waste Handling &amp; Storage’ was carried out on 16 January 2020 which was attended by fifteen (15) designated ‘scheduled waste controller handler’ to equip them with knowledge on proper method of collection, storage, spillage and disposal of scheduled waste.</p> <p><u><i>Investment in technology and Research &amp; Development</i></u></p> <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 in manufacturing 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> <p><u><i>Save the trees</i></u></p> <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> <p><u><i>Save energy</i></u></p> <p>We encourage employees to switch off non-essential electrical machinery, equipment and appliance when not in use.</p>
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(This Sustainability Statement is made in accordance with a resolution of the Board of Directors dated 27 April 2020 )