

Sustainability

is at the core of all the Group's business activities.



SUSTAINABILITY REPORT

MESSAGE FROM EXECUTIVE CHAIRMAN

Dear Stakeholders,

The importance of sustainability, in particular sustainable development is more pressing today than ever before. Climate change is wreaking havoc on the world and its effects are wide ranging – impacting the physical environment, ecosystems and human societies. Extreme weather events are occurring with increasing frequency and a warming climatic system is expected to impact the availability of basic necessities such as fresh water, food security and energy. The links between climate change and sustainable development are strong and the United Nations (“UN”) found that poor and developing countries are among the most adversely affected and the least able to cope with the anticipated shocks to their social, economic and natural systems.

As responsible corporate citizens, we recognise that it is crucial for us to take steps to protect our planet from further degradation and to preserve the earth’s resources for the future generations. We also recognise that we have a part to play in championing social justice and reducing income inequality in all the markets we operate in.

The concept of sustainable development is not something new to the Group. Even as far back as 15 years ago, we took the first step of plotting a change in the Group’s highest income generating power division by shifting away from non-clean energy to renewable energy. Having started the feasibility study of the Don Sahong Hydropower Project (“Don Sahong”) in 2006, we eventually signed the Power Purchase Agreement with Electricite Du Laos in 2015. When the agreements to operate the Shaoxing and Tawau plants were due for renewal in 2017, the Group made a bold decision not to seek extensions for them given that these two plants utilised pollutive and high carbon emission fuels which were not in line with the Group’s long term aspirations.

Don Sahong is just the first step towards the Group’s sustainable future. On the onset of planning for Don Sahong, our goal was clear – we wanted to not only build an economically viable and environmentally friendly project, but also one that embraced sustainable development principles while providing the infrastructure, opportunity and assistance for socioeconomic development.

Sustainability is at the core of all the Group’s business activities. Please refer to Appendix 1 for further details.

For instance, according to the UN, energy is by far the main contributor to climate change and it accounts for 73% of human-caused greenhouse gases. The Renewable Energy Division is providing not only an essential service that is life sustaining and critical to any country’s health and economic wellbeing, especially in developing countries but also provides a safe and reliable electricity supply that is free from greenhouse gas emissions. Similarly, our commercial and industrial solar photovoltaic investment activities involve providing cost effective and environmentally friendly energy solutions to various companies to reduce their energy costs and carbon footprint.

The Group’s contribution towards global climate change mitigation and social justice is not limited to producing renewable energy alone. The Resources Division produces lime products, an essential green chemical that is used to treat pollutants in water, soil, and air scrubbers to reduce emissions of harmful waste and laden exhausts to the atmosphere. Both quicklime and hydrated lime are widely used in many industries to help them treat their waste streams by facilitating chemical and biochemical reactions that convert contaminants and toxic chemicals into more benign derivatives.

The Packaging Division manufactures reusable and/or recyclable packaging materials that are aimed at reducing the use of plastic and hydrocarbon based packaging materials that contribute to major environmental issues.

The Plantation Division currently centers around the cultivation of coconuts and macadamia trees with the goal of producing healthy products for the consumer market. As we develop this plantation, social value creation and participation are at the forefront of our plans as we engage with the underprivileged local community and provide them with jobs and technical skills to lift them out of extreme poverty. As development progresses, we intend to engage more workers, contractors, growers and suppliers to build a green supply chain and promote a circular economy in order to produce valuable cash produce to improve their livelihood.

The journey towards achieving our vision of sustainability will require the combined effort of every level of our organisation. Please refer to Section 6 for further details on our sustainability strategy.

I would like to reiterate that the Group is committed to adopt a holistic approach to business management that takes into consideration the economic, environmental and social risks and opportunities. We strongly believe that by doing so, we will be able to not only generate long term value creation for all stakeholders but also to chart a sustainable future for our future generations.



1 INTRODUCTION

We are pleased to present our Sustainability Report which has been prepared in accordance with the Sustainable Reporting Guide issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

This report has been prepared to provide stakeholders with important information on the Group’s sustainability efforts and initiatives on a strategic as well as operational front. It will detail how sustainability has been at the forefront of the Group’s decisions and operations in the past and present and explain our sustainability strategy for the future.

It is our hope that this report addresses the requirements of our various stakeholders who are interested to know more about the Group’s sustainability efforts and our drive to create a better sustainable future.

1.1 Corporate Profile

The Group is a diversified group of companies that operates in various industries namely, renewable energy, resources, packaging, property and plantation as follows:

Division	Principal Activities
Renewable Energy	Operates the 260MW run-of-river Don Sahong Hydropower Project (“Don Sahong”) in Pakse, Laos and undertakes commercial and industrial solar photovoltaic (“C&I solar”) investment activities in the region.
Resources	Engaged in the quarrying of limestone, manufacturing and trading of lime products, calcium carbonate powder and bricks.
Packaging	Manufactures a wide range of printed labels and stickers, paper bags and flexible packaging products.
Property	Engaged mainly in property investment activities.
Plantation	Development of 6,420 hectares of land for the planting of coconuts and macadamia nuts in Mondulkiri, Cambodia.

The Group has undergone a series of transformations over the years. We started off as a quarrying and manufacturer of lime products, to an operator of one of the largest copper mines in Sabah from 1991 to 1999, and then becoming an independent power producer owning two power plants in Shaoxing, China (coal fired) and Tawau, Sabah (medium fuel oil) from 1996 to 2017. Today, the Group is predominantly a renewable energy company with 95% of profits coming from the Renewable Energy Division.

Please refer to the key milestones on pages 10 and 11 for the Group’s gradual change in business activities over the years.

1.2 Our Sustainability Vision and Mission

Our vision is for the Group to be a leading Malaysian company with a strong commitment to sustainable development in all our businesses and to achieve long term value creation to the benefit of all our stakeholders.

Our vision is aligned with that of the United Nations Sustainable Development Goals that calls for action to end poverty, protect the planet and ensure all people enjoy peace and prosperity by 2030. We believe that all of us must take steps and contribute in any way we can to make sure we create a better planet for future generations.

This vision serves as our guiding principle in the way we do business and we are on a mission to implement sustainable initiatives across our entire organisation with an emphasis on sustainable production, social accountability and sound environmental management practices.

2 SCOPE

The Group is a Malaysian-based conglomerate with operations domestically as well as overseas in Laos and Cambodia.

Due to the diverse nature of the Group's businesses, we are mindful that there is a wide range of stakeholders who are interested in various topics across different divisions and geographical areas. Hence, it should be noted that the Group's sustainability themes will vary across its business operations.

Our focus this year is to continue to streamline our key sustainability risks and opportunities through a group-wide materiality assessment exercise in collating baseline data for relevant material issues that will chart our sustainability journey and use them to expand our scope into other divisions in future sustainability reporting. Please refer to Section 6 for details on material sustainability matters.

In line with the 2020 Annual Report, the information presented in this Report is in respect of the period beginning 1 January 2020 until 31 December 2020 (unless otherwise stated) and where applicable, comparative data from the preceding year(s) has been included.



3 GOVERNANCE PRINCIPLE AND STRUCTURE

3.1 Governance Principle

Our Group's governance principles can be broadly described in the following phases:

- (a) Strategy planning;
- (b) Oversee the conduct of the Group's business operations against the economic, environmental and social performance;
- (c) Identify principal risks affecting the Group's businesses and maintain a sound system of internal controls;
- (d) Stakeholders engagement; and
- (e) Review the adequacy and integrity of systems, policies and procedures that are in place.

3.2 Governance Structure

Sustainability is embedded in our organisation's culture and is led from the top. The Group's governance structure supports and drives the sustainable development journey. We are guided by our code of conduct and ethics which promotes healthy corporate culture and drives the conduct of our various business activities.

Currently, our sustainability initiatives are led by the Executive Directors, who report directly to the Board and provide stewardship towards incorporating sustainability into the Group's business strategies with the participation from management of respective division or business unit, as illustrated below:



4 MATERIALITY PROCESS

Our Management has sought to deliver value to our stakeholders through adoption of suitable business strategies and operational activities. In relation to this, an internal review and evaluation on key operations was carried out to gain feedback from heads of divisions/business units on how sustainability within the organisation can be better managed and achieved.

A list of sustainability matters was first generated with inputs from directors and key management personnel of the Don Sahong Hydropower Project and the Resources Division, with considerations of stakeholders' expectations and regulatory framework. To identify matters that are most significant to our stakeholders and business operations, we conducted a materiality assessment during the financial year ended 31 December 2020 using the following methodology:

(a) Step 1: Identification

A list of materiality matters was identified in accordance with Bursa Malaysia's Guide. The following factors were also taken into consideration:

- Changing global and local trends
- The direction of the energy market
- Regulatory changes
- Our strategies and internal policies

(b) Step 2: Prioritisation

Material matters were prioritised by taking into account internal and external stakeholder opinions and their importance to our Group. Meetings and discussions with representatives from operational and corporate functional departments of each business division were conducted.

(c) Step 3: Validation

The list of prioritised material matters, was verified through discussions with management and/or relevant stakeholders on the subject matters.

Determining materiality helps us to identify and prioritise which issues to focus our efforts on. We define material issues as those that would be more likely to have a significant impact to the Group and are relevant to our key stakeholders.

Accordingly, the list of sustainability matters which are relevant to our Group's business operations have been systematically assessed based on their importance. Material sustainability matters identified are disclosed in Appendix 1.

We will continue to conduct materiality assessment and engage with key external stakeholders where the results and analysis will be updated in our next report.

5 STAKEHOLDER ENGAGEMENT

The Group understands that as a conglomerate with diverse business operations across various geographical locations, we have a wide range of stakeholders who are interested in various topics. In this report, we will endeavour to provide all related material information to meet the needs and expectations of all stakeholders.

Our key stakeholders such as regulatory bodies, employees, customers, suppliers, investors, financial institutions and communities are essential elements to our success. Our business would not thrive without the equitable treatment of these stakeholders and thus, stakeholder engagement is important to us. It allows us to have meaningful conversations to better understand our stakeholder concerns so that we can better prioritise and address these concerns.

Communication channels with stakeholders are listed below:

Stakeholder	Engagement Methods	Frequency	Areas of Stakeholder Concern
Government and Regulators	<ul style="list-style-type: none"> • Official meetings and briefings • Compliance report • Site visits • Direct contacts • Industry events and seminars 	Annually Quarterly Monthly Ongoing	<ul style="list-style-type: none"> • Compliance with rules and regulations • Opportunities for business investment • Community investment
Financial Institutions	<ul style="list-style-type: none"> • Meetings and visits • Annual Report • Corporate website • Analyst briefing • Announcement to Bursa Malaysia • Media release 	Annually Quarterly Ongoing	<ul style="list-style-type: none"> • Organisation growth • Economic performance • Business strategy and direction
Investors	<ul style="list-style-type: none"> • Shareholders' Annual General Meeting • Corporate website • Analyst and investors briefing and updates • Announcement to Bursa Malaysia • Media release 	Annually Quarterly Ongoing	<ul style="list-style-type: none"> • Business strategy and direction • Economic performance • Organisational growth
Employees	<ul style="list-style-type: none"> • Interview • Outreach programmes • Surveys 	Annually Ongoing	<ul style="list-style-type: none"> • Workplace health and safety • Reward and recognition • Training and career development • Welfare and benefits • Respect of human rights and ethics
Local Community	<ul style="list-style-type: none"> • Direct contact • CSR programmes 	Annually Monthly Ongoing	<ul style="list-style-type: none"> • Social welfare • Charitable contributions • Investment and development • Business activities carried out in an environmental and responsible manner
Suppliers	<ul style="list-style-type: none"> • Meetings and site visits • Evaluation form 	Annually Ongoing	<ul style="list-style-type: none"> • Compliance with rules and regulations • Fair treatment of suppliers/business partners • Opportunities for business collaboration
Customers	<ul style="list-style-type: none"> • Website and social media • Direct contact • Emails, phone calls 	Annually Ongoing	<ul style="list-style-type: none"> • Products and services quality • Competitive pricing • Prompt delivery
Non-Governmental Organisations	<ul style="list-style-type: none"> • Environmental report • Outreach programmes 	Ongoing	<ul style="list-style-type: none"> • Environmental protection

6 SUSTAINABILITY STRATEGY

The Group's primary objective is to integrate sustainability considerations in all our businesses to help identify, evaluate and manage material economic, environmental and social risks and opportunities. We expect that doing so will create long term sustainable value for all stakeholders.

We will develop a five-year plan and embark on a structured schedule within the organisation to revamp and align all operations to be more sustainability conscious and redefine our focus towards businesses that contribute and lead towards the ideals of achieving the United Nations' 17 Sustainable Development Goals.

We believe that in order to achieve these objectives, we will need to instill this same belief and culture in all our employees, regardless of position and rank in order for them to adopt it in their daily work routine.

The three broad priority areas of our sustainability strategy are:

- (a) Code of conduct and ethics;
- (b) Environmental consciousness; and
- (c) Wellbeing of local communities.

6.1 Code of Conduct and Ethics

We strongly believe that there is no contradiction between economic success and environmentally or socially responsible behavior. Irresponsible decisions and reckless behavior not only affect the Group's bottom line and reputation but also the employees of the company and its stakeholders at large, for every action has its consequences.

We recognise that a strong corporate governance culture is vital to the success of our businesses and therefore, we believe that a value-based compliance culture and effective risk management framework will influence the way in which we conduct our businesses in a sustainable manner. Please refer to Section 3 for details on the Group's governance principle and governance structure.

In addition to the strong corporate governance, it is important that our employees demonstrate responsible behaviour and act with a high level of integrity in their daily dealings with each other and in business relationships. These are important components of our compliance with corporate guidelines. We are committed to conduct business in an ethical and honest manner and will continue to implement and strengthen our risk management systems to deter bribery and corruption. The Group has zero-tolerance for corruption activities and is committed to act professionally, fairly and with integrity in all business dealings and relationships.

The Group complies with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and the Anti-Bribery and Corruption Policy has been developed as part of the Anti-Bribery Management System designed to align with the requirements set out in the ISO 37001:2016.

6.2 Environmental Consciousness

As a group, we are very conscious about the impacts our businesses have on the environment as expressed in each division's environment policy. Our objective is to identify, evaluate and manage all potential impacts our businesses have on the environment since environmental degradation is one the largest contributors to climate change.

As demonstrated in the Message from our Executive Chairman, environmental concerns are at the heart of our sustainability efforts across all business divisions.

We have in 2017 discontinued the operations of two power plants due to their high carbon emissions and ventured into the renewable energy space with a hydropower plant as well as the C&I solar space.

The lime products that the Resources Division produces are critical chemical used to mitigate pollutants produced in the heavy industry space such as mining, steel mills, waste water treatment plants etc.

The Packaging Division's products aim to manufacture reusable and/or recyclable packaging to reduce stress on the environment.

The plantation in Mondulkiri is being developed with the aim of having minimal adverse impact to the local environment and ecosystem.

Please refer to Appendix 1 for more comprehensive details on the efforts made to ensure environment monitoring efforts made by each division.





6.3 Wellbeing of Local Communities

The Group recognises that we have a part to play in contributing to the wellbeing of all the local communities we operate in. This includes providing them with jobs and equipping them with technical skills to improve their livelihood, building infrastructure such as roads and bridges to improve access to remote areas and setting up schools and clinics to provide access to healthcare and education to all. We hope that all our efforts will contribute to a better and more sustainable future for these communities.

Please refer to Appendix 1 for further details on the Group's contribution to the local communities it operates in.



APPENDIX 1

This appendix describes the efforts of each division in meeting the Group's sustainability goals and strategy, with a focus on the three broad priority areas listed in Section 6 that is – Code of Conduct and Ethics, Environmental Consciousness and Wellbeing of Local Communities.

RENEWABLE ENERGY DIVISION

The Renewable Energy Division aims to provide a cost effective and reliable source of electricity supply that is free from greenhouse gas emissions. The efforts of the division to integrate sustainability into its entire business operations are as follows:

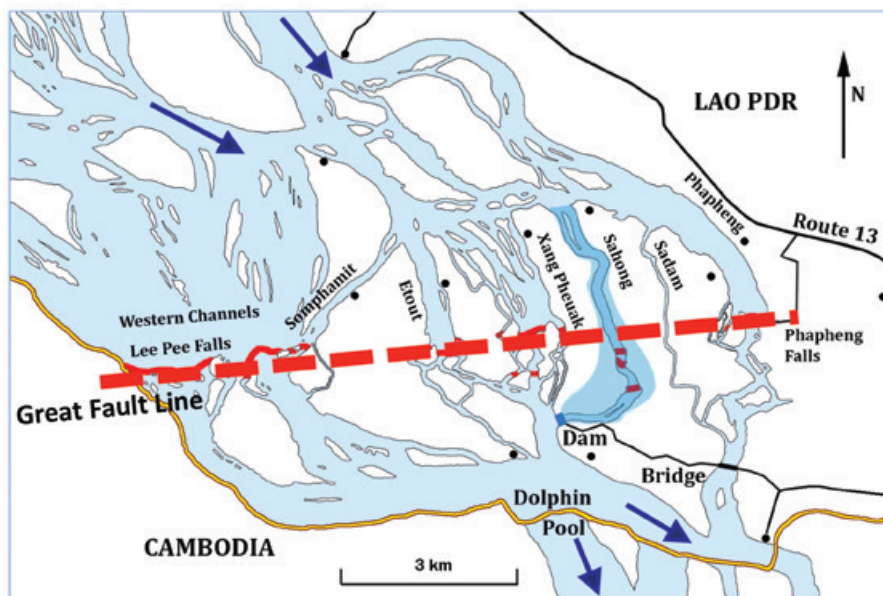


Don Sahong

When the Group first assessed this project, what interested us the most was its unique location and small footprint, which means the environmental and social impact would be relatively benign. The project is located on Hou Sahong, a 100 metre wide channel within the Mekong river area known as Siphandone (Four Thousand Islands), where the main river is 10 kilometers wide. More importantly, Hou Sahong, is only one of more than ten channels, which braid the Siphandone area. That means the project does not block the entire Mekong river and would utilise up to only 15% of the total Mekong flow. Don Sahong is a run-of-river project with a tiny reservoir that relies on the natural fall of approximately 20m across a geological feature called the "Great Fault Line" to provide the potential and kinetic energy for power generation. Having a tiny reservoir means that environmental and social impacts on the community were greatly minimised.

The development of the project started in 2006 as we undertook a number of comprehensive feasibility studies as well as a whole host of environmental and social impact assessments and action plans in accordance to the laws of the Laos, all of which are available on our website. It took no less than ten years of effort and investment to ensure that the project design is properly prepared while ensuring minimal environmental and social impact. We had engaged numerous international technical and environmental consultants to ensure that the project is developed and implemented in a sustainable and responsible manner.

Together with the Government of Laos (“GOL”), we have undertaken and completed several protracted consultation processes with stakeholders, including various local, regional and international Non-Governmental Organisations (“NGO”s) prior to the commencement of the project. Throughout these consultation processes, information was freely available in the Mekong River Commission website and a number of site visits by representatives of international organisations, foreign countries as well as NGOs and general public to the project were undertaken.



Due to the relatively large scale of this project, various stakeholders have highlighted several major concerns which we have addressed as follows:

1) Fisheries

From the onset, there were concerns that the project would have impacts on the fish migration in the area as the Sahong Channel was considered an important pathway for fish migration. Therefore since 2009, we have engaged numerous international and local fisheries experts to learn more about the fisheries and fish migration around the project area.

We have done numerous studies and channel improvements over the past 12 years and have developed an adaptive management strategy called the Fisheries Monitoring and Action Plan (“FishMAP”) to mitigate any potential negative impacts of the project on fish and fisheries through management and monitoring measures. Monitoring aims to assess the success of the fish passage improvements, as well as to quantify changes in fish catches and fisheries, which will reflect the success of fisheries management and fish passage measures. We also aim to reduce fishing pressure in the adjacent channels and provide alternative livelihoods to the villagers within the vicinity directly affected by the closure of Hou Sahong, particularly those who would not be able to put up fish traps. Specifically, we have carried out the following activities over the past 12 years:



- Management - Measures to improve fish passage via alternative natural channels. We have made physical improvements to no less than ten major and minor channels adjacent to Sahong Channel to ensure more efficient fish migration. Large illegal fishtraps which obstructed fish passages along other channels were also removed; and
- Monitoring - To assess the success of the fish passage improvements, as well as to quantify changes in fish catches and fisheries, which will reflect the success of fisheries management and fish passage measures.

The results of these initial efforts were encouraging and anecdotal evidence showed that the fish population has not only remained intact, but has increased. We are confident that over time, food security will improve as well as the livelihood of those who rely on fishing as a source of income. You may refer to our findings on our website at <http://dshpp.com/>.

The results of our activities are being constantly monitored by the Don Sahong Fisheries Management Committee that was established in 2016 to improve fisheries management at Khone Falls in southern Laos by a formal process which followed the Laos Fisheries Law 2009. The committee consists of government officials as well as people from the local communities and is funded by Don Sahong Power Company Ltd. (“DSPC”). The committee operates independently of DSPC who does not interfere in their decisions or operations. As of today, the six main activities of the committee are as follows:



- (a) Enforcement involving training of fishery inspectors, field inspections and removal of large illegal gears as mentioned above, as well as the control of destructive fishing (electrofishing, bombing and poisoning), and market inspections.
- (b) Education including preparation of materials, meetings with stakeholders, hosting classes on fisheries in schools and erection of signage for designated areas.
- (c) Support for aquaculture and stocking at local hatcheries, with fingerlings provided to villagers and fish also released into the Mekong during annual events.
- (d) Fish habitat improvement including stabilising river banks and replanting riparian vegetation in key areas, especially fish passages.
- (e) Identification, mapping and demarcation of conservation zones, protected areas, spawning grounds and important habitats.
- (f) Training of technical staff on the committee including field inspections at other hydropower sites in Thailand and Lao PDR.

The committee is operating effectively and is now well-established, engaging hundreds of local people in education and field work to improve fisheries management which provides sustainable benefits across the community. Moving forward, the committee will also address and monitor other environmental issues which affect fisheries productivity, such as pollution and disposal of wastes into rivers.

II) Sedimentation

Sedimentation was another concern brought up by some stakeholders and we addressed these issues during the feasibility and design stage of the project by working closely with world renowned engineers and consultants such as AECOM, SMEC and Norconsult to build a project that would have the least impact on the environment.

In doing that, we sized the plant capacity based on water availability during the dry season and designed the turbine with sluicing capability to ensure sediment was able to be flushed through the turbine with minimal environmental impact. As of today, hydraulic erosion and sedimentation studies have shown that there have been little adverse impacts to the river and its surroundings.

III) Impact on Water Flow

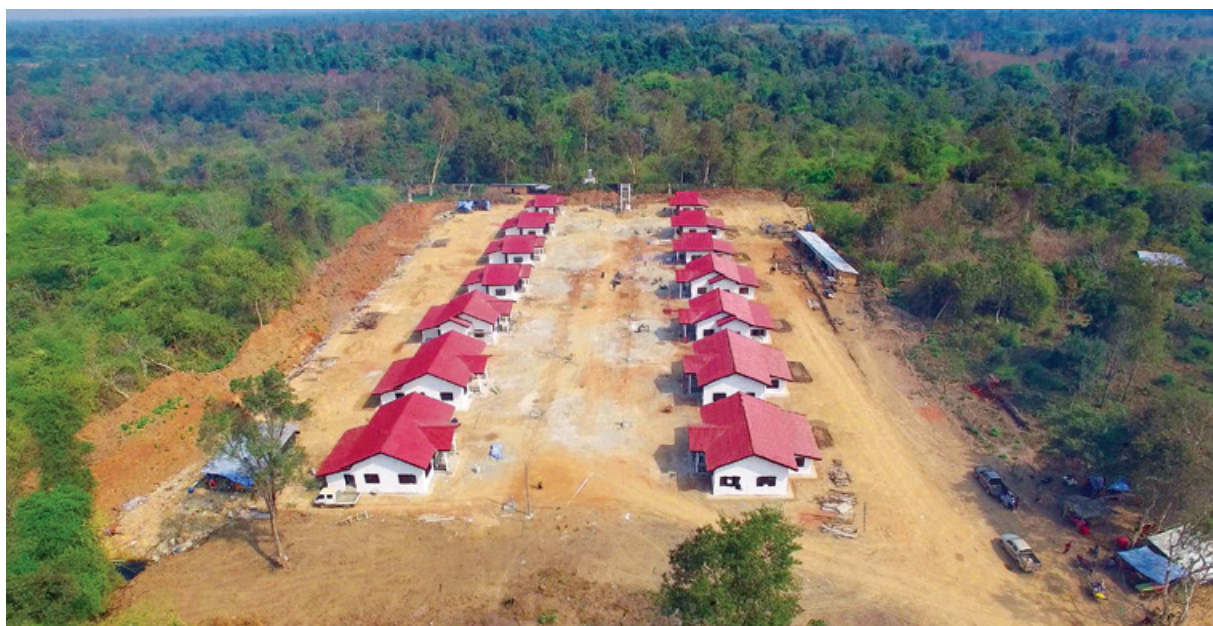
There is a misconception that the project has a large dam and reservoir with substantial water retention capabilities that could cause flooding upstream and insufficient water downstream. However, given that the project is run-of-river with a small reservoir, flooding upstream is not likely and there may be a localised redistribution of flow between channels, but there will be no change in the total Mekong River flow downstream.

Since 2008, we have been running a hydrological data collection program whereby extensive bathymetric surveys were conducted on the upstream and downstream of the project site (which covered water flows conditions that are experienced at 16 different locations over the full range of Mekong River) which was then used to measure and understand the complex hydraulic characteristics within the project area and to confirm the extent of backwater and downstream effects. As of today, the hydraulic flow pattern remains relatively unchanged.



IV) Displacement of Villagers

There was minimal displacement of villagers given that the project is run-of-river with a small headpond that inundated only 125 hectares of land in a sparsely populated area. Only a total of 14 families were displaced and a resettlement village was completed 2km away from their original homes in 2016, prior to the start of construction. This village comes complete with access to electricity, clean water and sanitation facilities.



Since 2010, DPSC has a dedicated Environmental and Social Management Office (“ESMO”) that monitors and manages all environmental and social aspects of the project. With regards to the environment, the team has undertaken a number of initiatives. The main ones are listed below for information:

1. Ensuring Fisheries Sustainability

One of the key activities of ESMO is to implement the FishMAP, which is an adaptive approach to ensure fisheries sustainability in and around the project area. Some of the activities of FishMAP include:

(a) Fish Monitoring and Tagging

The team implements a Fish Monitoring Programme CPUE (Catch Per Unit Effort) sampling and Household Catch to monitor the daily quantity of fish. The daily catch weight and composition of 60 households from 6 villages at over 140 fishing locations in the project area are recorded regularly. In addition, location specific fish trapping, tag and recapture, and larval drift surveys have been undertaken. The combination of this data has given a strong understanding of the species and size composition, migration periods, accumulation zones, natural and artificial barriers to migration, and distribution in the various channels surrounding the site.



(b) Fish Passage Improvements

The team has carried out fish passage study and made physical improvements to more than 10 identified locations to improve the fish passages especially for dry season fish migration.

The physical improvement works include removal or flattening of barriers, increasing the water flow through the channels and creating bypass to go around the barriers. The location and channels that have been physically improved include Sadam, Xang Pheuak, Xang Pheuak Noi, Sompordan, Hou Wai, Khone Larn, Som Yai, Etout and Phapheng.



(C) Underwater Video Monitoring and Recording of Fish Movements and Fish Count

All this data is shared with the government in the spirit of full transparency and accountability.



2. Water Quality Monitoring

Water quality monitoring is carried out by the ESMO at various locations and flow conditions to provide comprehensive baseline data for the water quality monitoring program.

Water quality is monitored to ensure that DSPC is not causing any contamination to the river and community water and also to ensure the provision of safe drinking water for our employees as required under the occupational health and safety plan. Accordingly, the environmental monitoring summary of water quality status recorded by Don Sahong are summarised below:



Table 1: Environmental Monitoring Summary of Water Quality

Environmental Monitoring Results for			
Year	Waste Water #1	Waste Water #2	Waste Water #3
2018	No major issue	No major issue	No major issue
2019	No major issue	No major issue	No major issue
2020	No major issue	No major issue	No major issue



#1 Continue monitoring wastewater discharge from worker camps observed to be in compliance with the requirements under the Environmental and Social Management and Monitoring Plan for Construction Phase and will continue during the operation phase to ensure any risks to water quality are identified with remedial action taken as soon as risks identified throughout the life of the project.

#2 Samples of portable water were collected from various camps and sent to Food and Drug’s Laboratory for testing of full parameters where results are satisfactorily recorded.

#3 Surface water monitoring has been conducted with physical monitoring on site and samples collected for bacteria, oil & grease testing in Department of Natural Resources and Environment Laboratory and the testing revealed no negative impact.

3. Solid Waste Management

Solid waste categorised as hazardous such as lubrication oils and grease are used in the construction and operations and maintenance activities of Don Sahong. The waste oil is mainly stored in drums and handled as hazardous materials secured with proper labeling prior to being collected and sent for recycling offsite by authorised contractors.

It can be observed in the table below that there was no solid waste produced post completion of construction in 2020.

Table 2: Solid Waste Management

	2018	2019	2020
General solid waste produced (kg)	39,424	43,568	-
Hazardous waste produced (litre)	5,000	4,000	-
Hazardous waste recycled off site (litre)	4,000	-	-

We will continue to monitor the solid waste management to ensure and prevent any detrimental effects to the environment.

4. Costs Attributable to Environmental Compliance Management

The total amount spent by the ESMO in implementing its environmental initiatives and monitoring plans as well as environmental compliance costs over the years are as follows:

Table 3: Costs Expended for Environmental Compliance Management

	2017 and before	2018	2019	2020	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Environmental Compliance Costs	1,592	142	106	98	1,938

Laos is a country that is still in the least developed countries list of the United Nations with the lowest indicators of socioeconomic development. DSPC has taken the initiative to improve the wellbeing of the local community as follows:

1. Infrastructure and Social Development Projects



(a) All weather access road and permanent bridge linking the mainland to two islands providing vital access to more than a thousand people at a cost of USD7.5 million.

(b) 10km of village access and internal roads for Hua Sadam, Hang Sadam, Don Sahong and Don Exom villages. These compacted crushed rocks roads have improved the accessibility and riding comfort for both wet and dry season for the villagers as well as providing an elevated evacuation route during emergency situation.



(c) Island Irrigation Scheme. To enable the villagers on Don Sadam and Don Sahong to plant rice and other agriculture products during the dry season, the company fund and implemented irrigation schemes on the islands of Don Sadam and Don Sahong. The total cost of the two schemes was USD850,000.





(d) New Don Sadam Secondary School. The company has replaced an old depilated timber school with a new permanent concrete school on a new 2 hectares land with full facilities including 4 classrooms, 1 staff room and office, 1 library room, separate toilets block, water supply, electricity supply, sanitation, football field, perimeter fencing, gate and flag post.

(e) Community Health Centre. A fully equipped community health centre or clinic was built by the company for the benefits and wellbeing of the local community. The clinic has wards for 5 beds, dispensary, delivery room, treatment room, sterilising room, offices for doctor and nurse, restaurant, laundry room, reception and waiting area, kitchen and toilets. The community health centre was officially opened by the District Governor in the presence of Resettlement & Livelihood Restoration Committee, Champasak province public health officials, Khong District officials, 6 village heads and villagers.



(f) Community Market. An all-weather community market was built by the company for the use of the local community to serve as local market place. The market was opened on the same day as the community health centre.

(g) School Restoration/Refurbishment. Over the years, the company has funded and assisted schools in six villages annually for restoration and refurbishment works. The villages are Hang Sadam, Hang Khone, Don Sahong, Hua Sadam, Don Exom and Khone Phapheng.

(h) New forest temple and improvement of existing Hua Sadam temple. A new forest temple was built for the use of the Hua Sadam temple monks before the start of the project construction and the Hua Sadam temple was renovated after the project completion for the benefits of the local residents.



2. Livelihood Restoration and Livelihood Improvement Projects

As part of our efforts to uplift the income levels of the local community, DSPC has implemented a Livelihood Restoration Programme for the Resettlement Village and 6 villages that are located within vicinity of the project. The six villages are Hang Sadam, Hang Khong, Don Sahong, Hua Sadam, Don Exom and Khone Phapheng. The notable programmes which we have and will continue to implement are as follows:

(a) Microfinancing

DSPC has contributed over USD40,000 for the setting up of a revolving fund for livelihood and income restoration projects for the 6 target villages as well as other communities.

(b) Livestock Rearing

Selected households were given financial assistance and technical guidance on domestic livestock rearing to enable them to make a sustainable living and increase in household income. The number of households involved are summarised and as tabulated below.



Table 4: Sustainable Living Initiatives Carried Out to Improve Household Income

Livestock	Number of Households	Financial Assistance (USD'000)
Cow	27	59
Goat	7	11
Pig	9	10
Chicken & Duck	20	19
Buffalo	5	10





(c) Rice Production

After the completion of the DSPC funded irrigation projects in November 2019 and the success of the first dry-season rice production which have created more income for participating villagers on both Don Sadam and Don Sahong, more households at both villages are now interested to join the 2021 dry-season rice production activity as means to create additional income and improve their livelihood. In summary, the number of households who have opted for 2021 dry season rice production has increased 47% and rice-field areas involved has increased 95% as compared to the previous year.

(d) Growing of Cash Crops

Selected households were given financial assistance and free saplings for the commercial farming and growing of cash crops such as casher nut, sugar cane, banana, mushroom and organic vegetables to enhance their livelihood and income. The number of households involved in the growing of the three crops are listed in Table 5 below.

Table 5: Sustainable Initiatives and Financial Assistance Carried Out by MFCB Group

Cash Crop	Number of Households	Financial Assistance (USD'000)
Casher Nut	12	13
Sugar Cane	5	4
Banana	1	1
Mushroom	1	1
Organic Vegetables	2	2

Apart from the above, DSPC has also funded many other livelihood improvement projects such as aquaculture, retail shop establishment, restaurant, motorcycle repair and drinking water bottling business just to name a few.



3. Community Development Fund

In 2015, DSPC made a commitment to the GOL under the Concession Agreement that we will contribute USD1 million every year for 25 years after commercial operation date is achieved. The contribution will be utilised for community development programme, under the management of a joint committee established by the GOL and comprising representatives of the project affected, district authorities responsible for the area within which the Project is located and a representative from DSPC. The activities for which the community development programme budget can be utilised shall include education, scholarships, health, irrigation, basic infrastructure needs and similar matters of long term value to the local communities. Since achieving commercial operation, we have funded a project to build a 22kV transmission line in Nong Ping Village together with earth road and related infrastructure amounting to about USD135,000.



Table 6, summarising the total amount spent on infrastructure improvements and livelihood programmes for Don Sahong is shown below.



Table 6: Infrastructure Improvements Carried Out by MFCB Group at Don Sahong Hydropower Project

	2017 and before	2018	2019	2020	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Total spent on resettlement, livelihood restoration and community development	11,368	373	804	14	12,559

Collaboration with Governments

DSPC has made significant contribution to the GOL through various fees and contributions as follows:

Table 7: Collaboration and Contribution to Laos Government

	2017 and before	2018	2019	2020	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Fees and Contribution to Government of Laos	4,139	1,746	1,908	1,377	9,170

Biodiversity – Protection and Restoration of Marine Habitats

The following Table 8 summarises the amount spent by DSPC on protection, restoration and promotion of marine habitats.

Table 8: Sustainable Initiatives to Protect and Restore Marine Habitats Carried Out by MFCB Group

	2017 and before	2018	2019	2020	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Fishery Monitoring & Fish Passage Costs	2,159	247	214	151	2,771

RESOURCES DIVISION

The Resource Division aims to provide customers with all their essential needs while operating in an environmentally conscious and socially responsible manner.

The Resource Division's lime products have a wide application that are essential to large industries to neutralise their waste and pollutant byproducts. The major applications of lime products are in the following industries:



- Mining
- Steel
- Sugar
- Paper
- Aluminium Refineries
- Water and Wastewater treatment plants
- Leather & textile
- Paint
- Hazardous and Radioactive wastes
- Cement Bricks, AAC Blocks and other construction Industries

Without lime products, large industries would not be able to neutralise contaminants, waste and pollutant byproducts. Lime is truly an effective and efficient "green compound" that is critical for sustaining environmental wellbeing.

The Division is conscious of the environmental and social impact of its operations and monitors the following key indicators:

1. Water Quality

Water quality in the vicinity of the plants are assessed and monitored periodically. As part of their compliance requirements, the plant and quarry sites, groundwater, river water and/or general water quality analysis are monitored on a quarterly basis by an accredited external consultant approved by Department of Environment (“DOE”) Malaysia.

Accordingly, Table 9 shows the summary of compliance status achieved by the Division for its water discharge quality and that the effluent meets the regulatory standards. Details of the monitoring data submitted to the regulatory authorities of all the parameters monitored are available.

Table 9: Summary of Key Effluent Environmental Parameters Monitored at RCI Lime Sdn. Bhd. (“RCI”)

Year	Results of Environmental for Water as Discharge Effluent					
	TSS		BOD		COD	
	Discharge from Sedimentation Pond	Outfall Discharge to Stream	Discharge from Sedimentation Pond	Outfall Discharge to Stream	Discharge from Sedimentation Pond	Outfall Discharge to Stream
2018	Passed	Passed	Passed	Passed	Passed	Passed
2019	Passed	Passed	Passed	Passed	Passed	Passed
2020	Passed	Passed	Passed	Passed	Passed	Passed



2. Air Emissions

The Division's plant operates 8 kilns and complied with the air emission limits set by local authority during the financial year under review. Similarly, all the Division's plants continue to monitor their air emission quality closely through improvements in manufacturing facilities and operational procedures to ensure that the national air quality standards are consistently met. Specifically, air pollution control system (or commonly known as bag filter/house) in the production line are installed, regularly checked and maintained as a usual practice to ensure dust emission compliance and their compliance status are summarised in Table 10 below. The detailed monitoring data submitted to the DOE on a quarterly basis are also available.

Table 10: Summary of Emission Compliance Status of Stacks

Year	Results of Average Emission of SO _x & NO _x in mg/m ³							
	Kiln 1	Kiln 2	Kiln 3	Kiln 4	Kiln 5	Kiln 6	Kiln 7	Kiln 8
2018	Passed	Passed	Passed	Passed	Passed	Passed	Passed	na
2019	Passed	Passed	Passed	Passed	Passed	Passed	Passed	Passed
2020	Passed	Passed	Passed	Passed	Passed	Passed	Passed	Passed

Similarly, the monitoring of Total Suspended Particles ("TSP") emitted to the air were rigorously monitored in 2020, and Table 11 below summarises the compliance status of isokinetic stack emission monitoring for parameter TSP emitted to the atmosphere over the years. The results also showed full compliance with the TSP limits set by Environmental Quality (Clean Air) Regulations.

Table 11: Summary of Compliance Status of Isokinetic Stack Emission Monitoring for Parameter TSP Emitted to the Atmosphere

Year	% of Improvement from TSP (in mg/m ³) Emitted to Atmosphere							
	Kiln 1	Kiln 2	Kiln 3	Kiln 4	Kiln 5	Kiln 6	Kiln 7	Kiln 8
2018*	Passed	Passed	Passed	Passed	Passed	Passed	Passed	#
2019^	Passed	Passed	Passed	Passed	Passed	Passed	Passed	Passed
2020^	Passed	Passed	Passed	Passed	Passed	Passed	Passed	Passed

* TSP limit based on Malaysia Environmental Quality (Clean Air) Regulations 1978.

^ TSP limit based on Malaysia Environmental Quality (Clean Air) Regulations 2014 (Total PM limit – 50 mg/m³).

Not applicable as Kiln 8 was a newly built kiln that commissioned in December 2018.

3. Occupational Health and Safety – Workplace Noise

Due to the nature of their work environment, workplace noise had been identified as a potential occupational hazard. Hence the use of proper Personal Protection Equipment (PPE) had been made mandatory in the relevant areas. In addition to that the company also carries out regular (annual) audiometric tests to monitor and identify if any of the staff are impacted with any impairment due to this noise hazard. Table 12 summarises the results of the annual Audiometric Testing.

Table 12: Summary of Annual Audiometric Test Results

	2018	2019	2020
Diagnosed with hearing impairment:			
- triggered the criteria for audiometric test	64	18	69
- diagnosed with hearing attempt:			
(a) None	45	11	45
(b) Mild ^	13	2	14
(c) Moderate ^^	5	1	2
(d) Severe #	1	4	8
	64	18	69

^ Not subject to repeat audiometric testing as hearing conditions are acceptable.

^^ Hearing conditions improved after repeated audiometric test within 3 months.

- # (i) 1 (since 2018) employee hearing loss not due to work related condition as per audiologist assessment.
(ii) 4 (since 2019) employees with hearing impairment were reassigned to different working environment which is lesser expose to hazardous noise.
(iii) RCI recruited 3 employees with existing hearing impairment.

As stated above the details of the elaborate monitoring program are available from the Divisional HSE Departments that maintain records and carry out analyses of the results and ascertain and verify compliance to the relevant environmental laws and regulations. Any incidences that exceed the target levels will be investigated and rectified by the corresponding operational units. The Standard Operating Procedures (SOP) that regulates the operation and monitors their performance are being reviewed and, if necessary modified and upgraded to ensure that compliance is achieved all the time.



PACKAGING DIVISION

The Packaging Division manufactures reusable and/or recyclable packaging materials that will reduce stress on the environment by reducing the use of plastic and hydrocarbon-based packaging materials.

This operation is considered a “green” operation as most of our raw materials are sourced from recycled products and/or are recyclable. As consumers become more aware of the impacts of plastics on the environment, our R&D department is constantly innovating new products to meet the changing needs of consumers.



The Division has obtained many local and international recognition and listings for quality, hygiene and good environmental practices. They include the following certifications relevant to the products manufactured as follows:

I) Paper Bags

- ISO 22000:2018 (Food Safety Management System)
- BRC Global Standard (Packaging and Packaging Materials Issue 6 : August 2019)
- Codex Alimentarius Commission (HACCP (Hazard Analysis and Critical Control Points) System)
- FSC-STD-40-004 V3-0; FSC-STD-50-001 V2-0 (FSC (Forest Stewardship Council) Chain of Custody)

II) Flexible Packaging Products

- ISO 9001:2015 (Quality Management System)
- ISO 14001:2015 (Environmental Management System)
- Food Safety System Certification 22000 FSSC 22000 (Version 5) (Food Safety Management System)

III) Labels and Stickers

- ISO 9001:2015 (Quality Management System)
- ISO 14001:2015 (Environmental Management System)
- ISO 22000:2005 (Food Safety Management System)
- GMP Codex Alimentarius (Good Manufacturing Practices)



We note that the Division observes regulatory environmental compliance and occupational health and safety regulations and guidelines promulgated by the Departments of Environment and Occupational Health and Safety Department. The Malaysian legislation, regulations and guidelines are very comprehensive to ensure companies are operated responsibly and do not cause adverse environmental and safety issues.

PLANTATION DIVISION



The Group aims to develop its concession land in Monduliri, Cambodia in the most sustainable and environmentally friendly manner. The plantation's location is characterised by distinct dry and wet seasons and the development plan has taken into consideration these weather conditions. The design of the plantation is such that construction of drainage facilities is plotted to avoid the detrimental impacts of floods during the monsoon season and to conserve and supplement the water supply during the dry season.

We recognise that social value creation and community participation is integral to the plantation's sustainability and success. The symbiotic relationship between the plantation and the underdeveloped local population must be looked together and we intend to support the local population by providing employment, transferring of skills and know-how and generating supporting economic activities. This uplifting of the entire local economy will ultimately benefit the underprivileged population in the area.

Ultimately, the carbon footprint of the plantation will be a positive contribution to the Group. Moving forward, the Group's Sustainability Strategy will form the basis of future development, operations and sales plans.