



MFCB

SUSTAINABILITY REPORT 2021



About This Report

Mega First Corporation Berhad (“MFCB” or “the Group”) is proud to present our Sustainability Report for the year 2021. This report serves to provide an account of our journey of sustainable value creation as we respond to our environmental, social and governance (“ESG”) impacts. In this report we will share our sustainability strategy, commitments, initiatives and performance on matters that are material to the Group’s business as well as its stakeholders.

This Report should be read together with our Annual Report 2021 to provide a complete overview of our operations.

Reporting Frameworks

This report has been prepared with reference to the new Global Reporting Initiative (GRI) Universal Standards (2021) and meets the criteria of the Bursa Malaysia Main Market Listing Requirements on sustainability reporting. This report is also guided by the reporting requirements of Sustainalytics, FTSE4Good and the UN SDGs.

Reporting Scope and Boundaries

This report covers the operations of the Group’s three largest divisions – Renewable Energy, Resources and Packaging Divisions that comprises 98% of the Group’s revenue for the period 1 January 2021 to 31 December 2021 (unless otherwise stated) and where applicable, comparative data from the preceding year(s) have been included. The geographical region covered in this report is Malaysia and Laos. In the future we will look to providing a report covering all our divisions.

Assurance

We recognise the importance of assurance to provide our stakeholders confidence in our data and for our continuous improvement. As we have just begun our reporting journey, we have not obtained external assurance for the data provided in this year’s report. We are currently developing our internal reporting processes and will look into obtaining external assurance in the future as our reporting matures.

Feedback

We are always looking for ways to enhance our reporting and value feedback from our stakeholders. To provide feedback, please email us at ir@mega-first.com.

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Message From The Executive Chairman

Dear Valued Stakeholders,

It is with great pleasure that I present to you our Sustainability Report for the year ended 31 December 2021.

Sustainable Development and Long-Term Value Creation

As a Group, MFCB has always been focused on safeguarding and enhancing long-term shareholder value. As responsible corporate citizens, we recognize that sustainable development that provides benefits not only to our businesses but to all our stakeholders is the key to achieving this. We have made great strides across in the pursuit of sustainable growth during the year. A few of our key highlights are as follows:

1. Kicked off construction of the fifth turbine for the Don Sahong Hydropower Project. The fifth turbine will have a generation capacity of 569GWh per year for use in Laos and Cambodia.
2. Acquired Stenta Films (Malaysia) Sdn Bhd and its subsidiary to build a stronger supply chain and enhance the product development and innovation capabilities of the Packaging Division.
3. Diversified the Group's income sources with our investment in a joint venture - Edenor Technology Sdn Bhd ("Edenor"). Edenor's subsidiaries are in the business of manufacturing and sale of basic and specialty oleochemicals that are preferred by various industries due to its more environmentally friendly nature compared to petroleum-based chemicals.

Please refer to the contents in the Sustainability Report for further details of our sustainable development initiatives and performance during the year.

Sustainability Strategy and Targets

In the past, Group's sustainability efforts have always been centered around the Environmental, Social and Governance pillars of sustainability. During the year, we took our sustainability efforts a step further, by defining a long-term sustainability strategy for MFCB and boldly committing to specific sustainability targets linked to these three pillars.

In terms of our environmental sustainability target, we are committed to achieving net zero emissions by the year 2050 in line with the UN Sustainable Development Goals and the 12th Malaysia Plan. We recognize the effect that climate change is having, both locally and globally. Changing weather patterns are resulting in severe weather events such as extreme flooding and heatwaves – both of which we have experienced here in Malaysia. We are committed to play our part by pursuing operational greenhouse gas emissions reductions as a first step. In this respect, we have started to implement various initiatives such as shifting towards solar energy in our operations and reducing waste to landfill through recycling and the implementation of new technologies and equipment.

As a Group with various business operations across multiple locations, we recognise that we have a responsibility not only to our people who are the heart of our organisation but also to the wellbeing of the communities in which we engage with. Therefore, our Group social sustainability target is to improve the livelihoods of at least 300,000 people in communities nearby our operations by the year 2030. This is a monumental task but we believe we will be able to achieve it based on our past track record. Over the years, we have run many programs to improve livelihoods such as the building of road and bridges to access remote areas, built clinics and hospitals for communities to access healthcare, refurbished schools and provided scholarships to students in the community and provided irrigation systems to enable planting during the dry season, amongst other things. We will continue to invest in strategic community projects to uplift the communities we operate in.

MFCB aims to build a sustainable and ethical business and recognises that good corporate governance practices regulate the behaviour of stakeholders we interact with while ensuring that the interests of stakeholders are protected. In line with this, the Group's governance sustainability target is to have 100% of our Tier 1 suppliers comply with our Responsible Sourcing Policy by 2030. As our customers and society at large become more concerned with sustainability issues and ethical business behaviour, it is important that our suppliers conduct their business in line with our values in order for us to create a robust supply chain that minimizes our exposure to legal and reputational risk.

Sustainability Management

In line with our long-term sustainability strategy, we took the initiative to establish a new sustainability governance structure that will enable us to manage sustainability in a more structured and effective manner. We want to ensure that there are clear roles and responsibilities, as well as accountability, for sustainability within our organization and integrate the Group's sustainability values throughout the entire organization. It is hoped that with shared responsibility, the sustainability performance of the Group will be improved at an accelerated pace.

We have also taken a key step in identifying our material topics that are important to the Group as well as to our stakeholders. This will ensure that our efforts are focused in these areas and that we are able to effectively address each topic.

We are committed to ensuring our sustainability reports provide a transparent and honest review of our sustainability progress and performance and aim to regularly assess the breadth and depth of our reporting in reference to globally-recognised standards and frameworks such as the GRI Universal Standards.

Moving Towards a Sustainable Future

On behalf of the Group, we thank you for your continued support of our sustainability efforts and achievements over the years. Moving forward, we expect that with a clear and defined Group-wide sustainability strategy, we will be able to accelerate our journey of sustainable development and growth to provide value for all our stakeholders. We also hope that as an organization, we will be able to play a role and become a part of a broader solution to build a sustainable future for all.

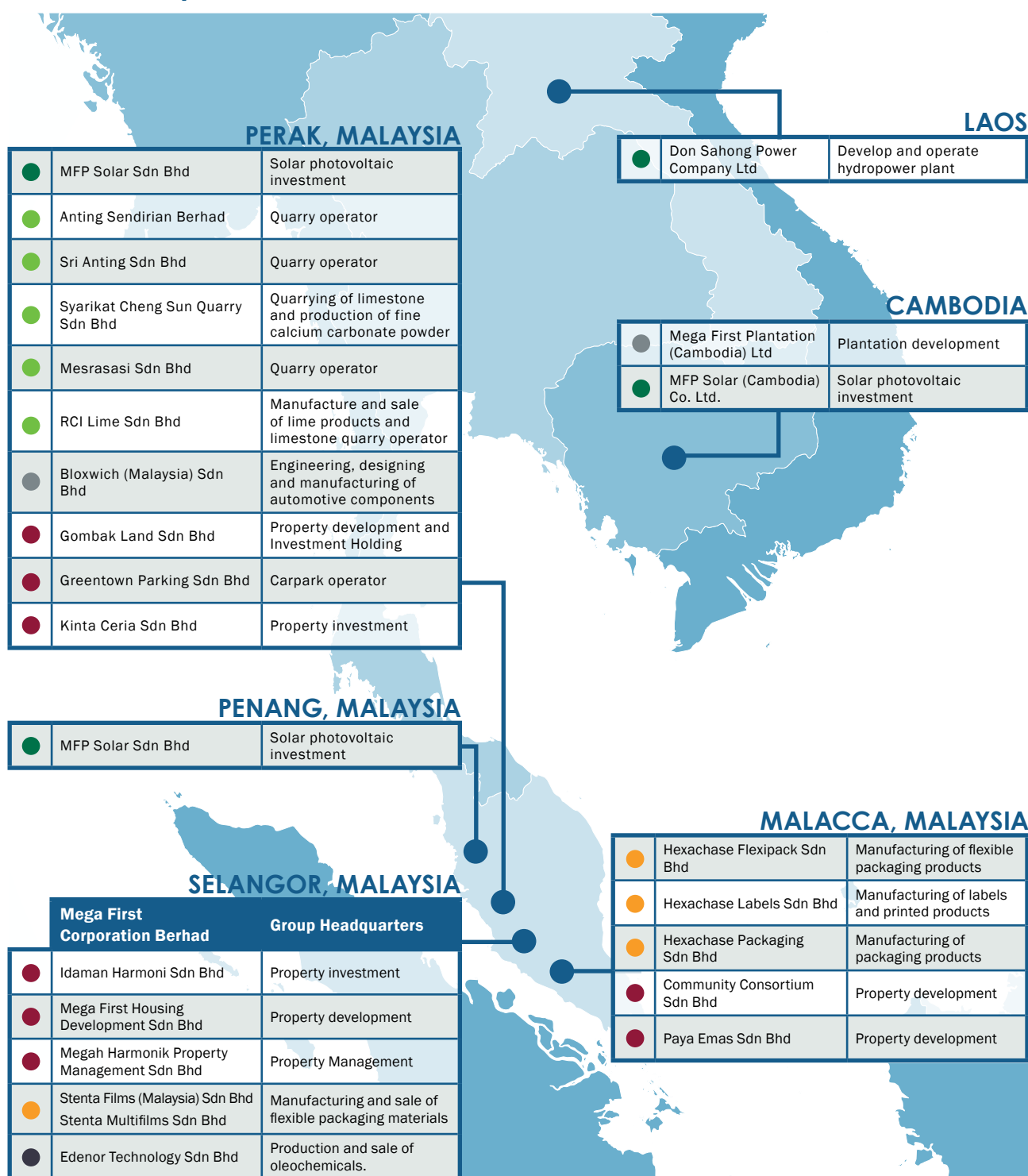
Who We Are And What We Do

Mega First Corporation Berhad was established in 1966 and is headquartered in Petaling Jaya, Selangor, Malaysia. Over the years, MFCB has grown into a diversified group of companies with interests in the Renewable Energy, Resources, Packaging, Property and Plantation industries.

Today, the Group employs close to 1,000 employees across all its operations in Malaysia, Laos and Cambodia.

Where we operate

● Joint Venture ● Packaging ● Property ● Renewable energy ● Resources ● Others



Overview of Key Business Divisions

Renewable Energy Division

Hydropower

MFCB is the owner and operator of the Don Sahong Hydropower Project (“DSHP”), which is a 260MW run-of-river scheme located in the middle reach of the Mekong River in the Khong District, Champasak Province in southern tip of Lao PDR. This project is undertaken by the Don Sahong Power Company Limited (“DSPC”), an 80% owned subsidiary of MFCB and 20% owned by EDL-Generation Public Company,

The project is located at the end of the Sahong channel, a 100 metre wide channel within the Mekong river area known as Siphandone that flows over a geological feature called the “Great Fault Line”. Siphandone or “Four Thousand Islands” in Laos is an area with a complex series of islands within the Mekong River which also includes two major waterfalls – Khone Phapheng on the eastern bank and the Lippi or Somphamit Falls further west, as well as numerous smaller channels and cascades. The Sahong channel is one of seven major channels, which braid the Siphandone area, where the Mekong river is over 10 kilometres wide. Thus, the project is very unique as it does not block the entire Mekong river due to the distinctive geology of the area. The powerhouse and embankments create a very small headpond between the islands of Don Sahong and Don Sadam and relies on the natural fall of approximately 20 metres across the “Great Fault Line” to generate 2,000 GWh of renewable energy per year mainly for export to Cambodia.

The project commenced operations on 7 January 2020. As part of a redesign of the project, a fifth turbine is currently being constructed where a new powerhouse annex will be constructed to house the fifth turbine-generator.

Location	Installed Capacity
Laos	
Khong District of Champasak Province in Southern Laos	Type: Run-of-river Generation capacity: 260 MW



Solar Power

Since 2019, MFCB has been involved in solar photovoltaic (“PV”) investment in Commercial and Industrial (“C&I”) solar projects in Malaysia and Cambodia. These solar projects are undertaken by MFP Solar Sdn. Bhd. (“MFP Solar”), a 55% owned subsidiary of MFCB together with its strategic partner Pekat Group Berhad.

MFP Solar engages directly in C&I solar projects to provide a capex-free solution for its target customers to save on their utility payments and reduce their environmental impact footprint, typically on a Power Purchase Agreement (“PPA”) business model. MFP Solar has been accredited as a Registered Solar PV Investor by the Sustainable Energy Development Authority (“SEDA”) since 17 January 2020.

At present, MFP Solar has completed three (3) C&I Solar PV power projects with a combined installed capacity of 14.5MW.

Location	Installed Capacity
Malaysia	
Tanjong Malim, Perak	9MW carport solar mounting system 3MW rooftop solar system
Batu Kawan, Penang	1.5MW rooftop solar system
Cambodia	
Phnom Penh	1.0MW rooftop solar system

All the solar plants have been successfully commissioned, energised and are operating smoothly. The Group has also executed power purchase agreements for 17.7 MW of C&I Solar PV contracts. 6.3MW of these agreements are with a public utility company in Malaysia and is expected to be fully operational by the third quarter of 2022 while the remaining 11.3MW are with Fenaka Corporation Limited, a state owned utility company in Maldives.





Resources Division

The Resources Division's principal activities include the extraction, processing, manufacturing and distribution of high purity limestone based products.



EXTRACTION

RCI owns and operates several limestone quarries close to lime producing plants. This redundancy ensures supply security of kiln feed raw material.



PROCESSING

Limestone extracted from the quarries are washed and screened according to optimum sizes and chemical composition to ensure product quality compliance.



MANUFACTURING

RCI produces high purity lime using multiple state of the art lime calcination kilns with a total rated capacity of 730 thousand metric tonnes per annum.



PACKAGING

RCI able to deliver lime products in bulk or in jumbo bag options. Preselected high quality bags are used to preserve product quality during storage and transportation.



DISTRIBUTION

RCI logistics team works with customers to provide reliable and cost effective supply chain solutions to guarantee on time delivery. These include road transportation, port handling, storage for both sea freight containers and bulk shipment.

The activities of the Resources Division are mainly undertaken by RCI Lime Sdn Bhd ("RCI"), a wholly owned subsidiary of MFCB. RCI is a leading lime manufacturer in the region that supplies lime products to reputable customers across a wide range of industries domestically and in the Asia Pacific Region.

RCI's operations are located in the state of Perak where it owns multiple limestone reserves and operates eight state of the art lime kilns with a total rated capacity of 1,960 tonnes per day and the largest hydration capacity in the region, ensuring sustainable supply to customers.

The lime products produced include pebble lime, pulverized lime and hydrated lime. These products have a wide range of applications that are critical in addressing the environmental issues faced by large heavy industries as well as supporting essential industries such as the food and potable water industry. Uses of lime products include the neutralisation of contaminants, waste and pollutant by-products produced by large heavy industries essential to the modern economy such as steel, paper and mining. There are no available substitutes for lime products in terms of usage and efficacy.

It is RCI's goal to provide customers with all their essential needs while operating in an environmentally conscious and socially responsible manner.



Major Applications of Lime Products		
Pebble Lime	Pulverised Lime	Hydrated Lime
<ul style="list-style-type: none"> • Aluminum refineries • Aquaculture • Chemical industries • Iron and steel industries • Nickel mining • Paper industries • Sugar industries 	<ul style="list-style-type: none"> • Agriculture • Aquaculture • Food industries • Lightweight blocks- Autoclaved Aerated Concrete (AAC) • Mining • Soil stabilisation and road pavements • Sugar industries 	<ul style="list-style-type: none"> • Effluent treatment plants • Flue Gas Desulphurisation (FGD) plants • Food industries • Paint industries • Sugar industries • Water treatment plants

Packaging Division

The Packaging Division's activities are undertaken by two subsidiaries of the Group – Hexachase Corporation Sdn Bhd (“Hexachase”) and Stenta Films (Malaysia) Sdn Bhd (“Stenta”).

Hexachase is based in Malacca and has been in operations since 1990. It is involved in the manufacturing of flexible packaging, paper bags and labels and stickers for customers locally and worldwide.

Stenta became a subsidiary of the Group during the financial year upon the completion of the acquisition of 75% equity interest on 28 July 2021. It is a leading flexible packaging film manufacturer of Biaxially Oriented Polypropylene Film (BOPP) and Linear Low Density Polyethylene films (LLDPE) in Malaysia. These films are the raw materials for Hexachase Group's flexible Packaging Division that specialises in the conversion of flexible materials into packaging for various industries as described in the table below. Stenta's operations are based in Bandar Baru Bangi.

The acquisition of Stenta has enhanced the product development and innovation capabilities of the division and improved overall supply chain management, which in turn enhances overall customer satisfaction and experience.



	Company	Key Products	Key Industries Supplied	Key markets
STENTA	Stenta Films (Malaysia) Sdn Bhd	Biaxially Oriented Polypropylene Film (BOPP)	<ul style="list-style-type: none"> • Food & Beverage • FMCG • Pharmaceutical • Electronics • PET food 	<ul style="list-style-type: none"> • Malaysia • Singapore • Australia • Indonesia • Thailand • Vietnam • Philippines • Europe
	Stenta Multifilms Sdn Bhd	Linear Low Density Polyethylene Films (LDDPE)		
HEXACHASE	Hexachase Flexipack Sdn Bhd	Flexible Packaging	<ul style="list-style-type: none"> • Food • Confectionary, biscuits, dry food, cereal, snacks, candies, instant noodles • Beverages • Powdered drinks, dairy, soft drinks) • FMCG • Personal care, detergent, shampoo, sanitary care 	<ul style="list-style-type: none"> • Malaysia • Singapore • Philippines
	Hexachase Packaging Sdn Bhd	Paper Bags (flat and satchel bags, satchel and flat window bags, block bottom SOS paper bags)	<ul style="list-style-type: none"> • Various industries including supermarkets, pharmacies, retail etc. (paper bags) • Food industry (SOS bags) 	<ul style="list-style-type: none"> • Malaysia • Australia • New Zealand • United States • Singapore • Japan • Korea
	Hexachase Labels Sdn Bhd	Labels and Stickers	<ul style="list-style-type: none"> • Various industries including electronic, food and beverage, shipping, lubricants and cooking oil, pharmaceutical etc. 	<ul style="list-style-type: none"> • Malaysia

Property Division

In the 1990s to early 2000s, the Group's Property Division was actively involved in the development of integrated estates, providing a varied mix of both residential and commercial buildings in the Klang Valley, Ipoh and Malacca and was a major contributor to the Group's profits. However, in 2015, a decision was made to suspend all property development projects given the weak property market and focus solely on property investment. Today, the Property Division earns most of its income from recurring rental income from investment properties and is no longer a major contributor to the Group's earnings.



Plantation Division

MFCB is developing a coconut and macadamia plantation in Mondulkiri, Cambodia on a plot of concession land measuring 6,420 hectares. The term of the concession is for 50 years, commencing from 29 April 2013. As of 31 December 2021, the cumulative planted area is 2,159 hectares.

We target to complete planting by end of 2025 and are in the process of evaluating various downstream processes. This division is not expected to contribute positively to earnings until after 2026.



Industry and membership associations

- Bangi Industry Administrative Association
- Federation of Malaysian Manufacturers
- Lao Association of Dams ("LAD")
- Malaysian Employers Federation
- Malaysian International Chamber of Commerce & Industry
- Malaysian Photovoltaic Industry Association ("MPIA")
- Malaysian Plastics Manufacturer Association ("MPMA")
- Perak Quarry Association
- Sustainable Energy Development Authority ("SEDA")

Our Sustainability Strategy

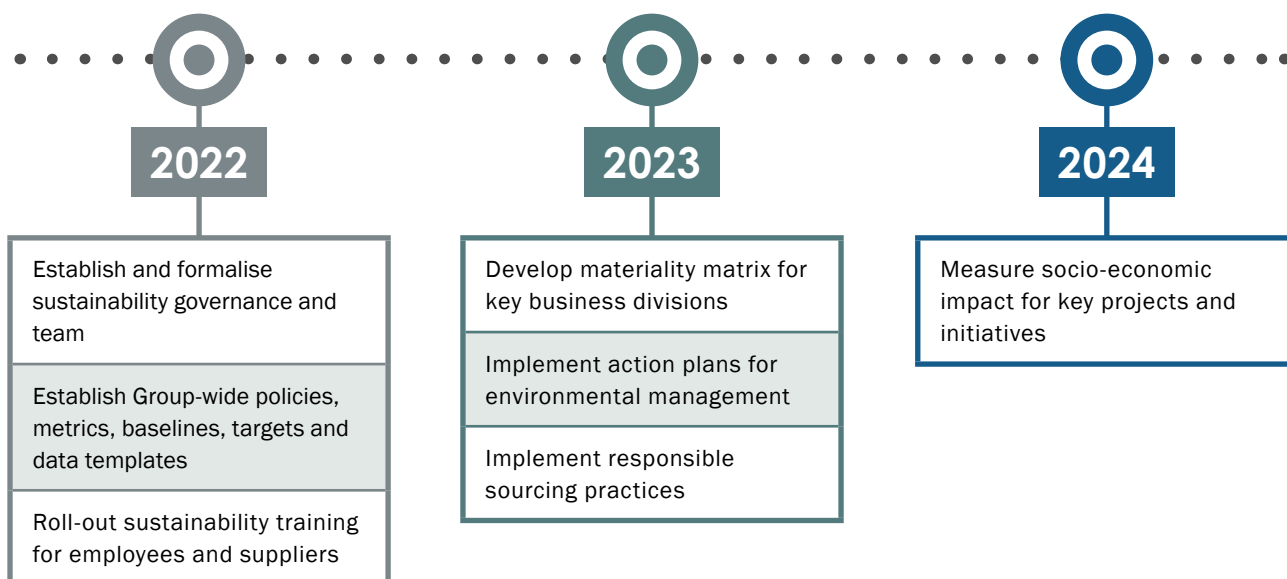
We are proud to present our sustainability strategy that will guide our focus and efforts in the coming years. We have established three key themes and three overarching targets as well as supporting targets that will help us achieve our goals.

MFCB has always been committed to being a responsible corporate citizen. We are also conscious of the fact that the world is evolving and our stakeholders and the public are increasingly holding corporate organisations to higher sustainable values and standards. Last year we committed to developing a long-term sustainability strategy to help define our commitments and clearly communicate this to all our stakeholders. We have followed through with this and engaged an external sustainability consultancy this year to define a long-term sustainability strategy for MFCB that will help ensure our Group continues to grow sustainably.

The three themes and targets are centred around the Environmental, Social and Governance sustainability pillars and reflect the key focus areas of our sustainability efforts. We have also taken into consideration local, regional and global sustainability goals, such as the 12th Malaysia Plan and the UN SDGs to ensure that our efforts are aligned to international standards.

For us, this is a bold strategy and one that will elevate MFCB onto the international stage. We are committed to meeting these targets and in 2022, we will be developing detailed plans on how we are going to achieve this and aim to share our progress in our next Sustainability Report. We have also developed a 3-year roadmap that serves as a guide to establishing the initiatives, structures and processes required to achieve our goals. Some of the key actions are highlighted below.

Overview of our 3-year roadmap

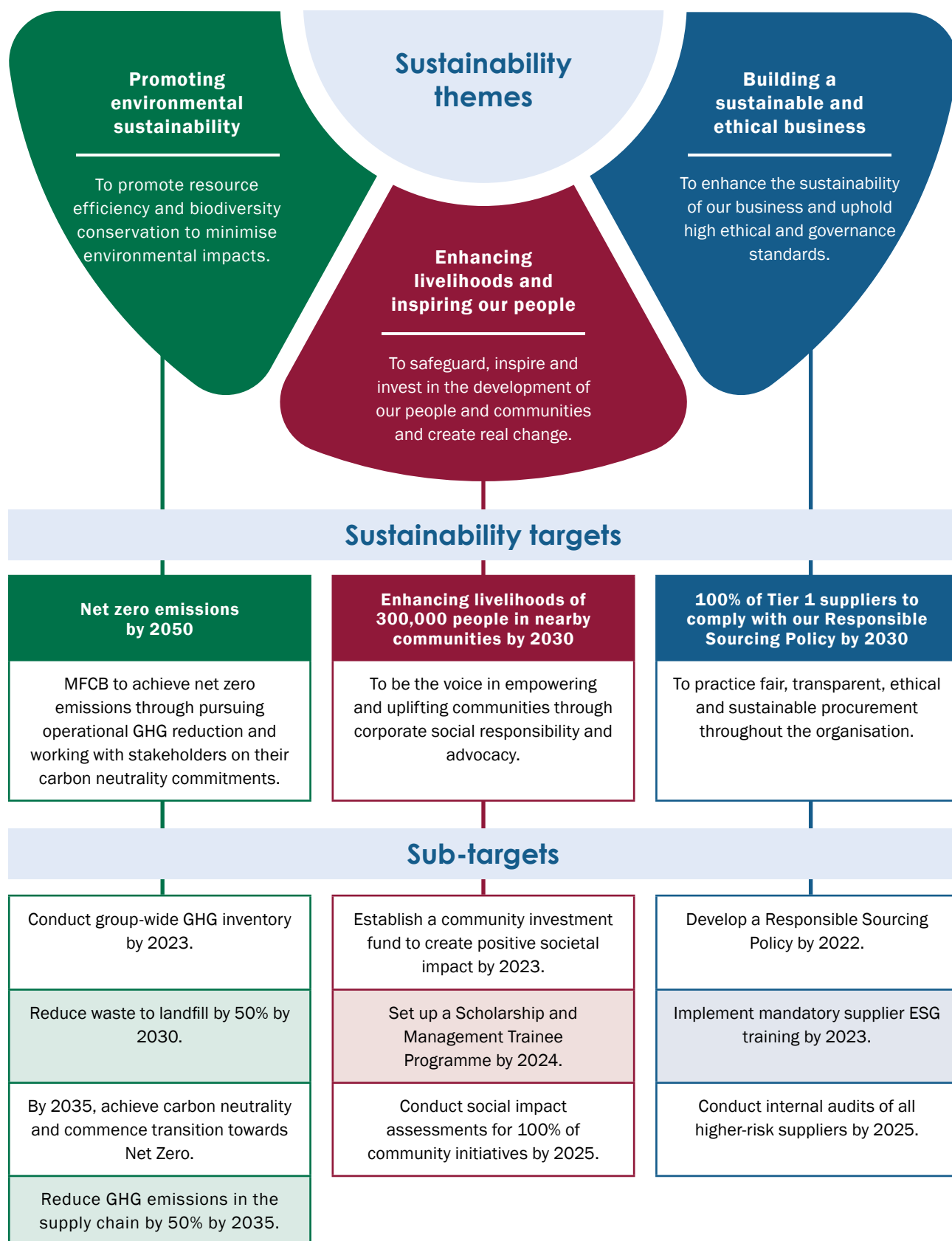


Our vision

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 mission

To implement sustainable initiatives across our entire organisation with an emphasis on sustainable production, social accountability and sound environmental management practices.



How We Manage Sustainability

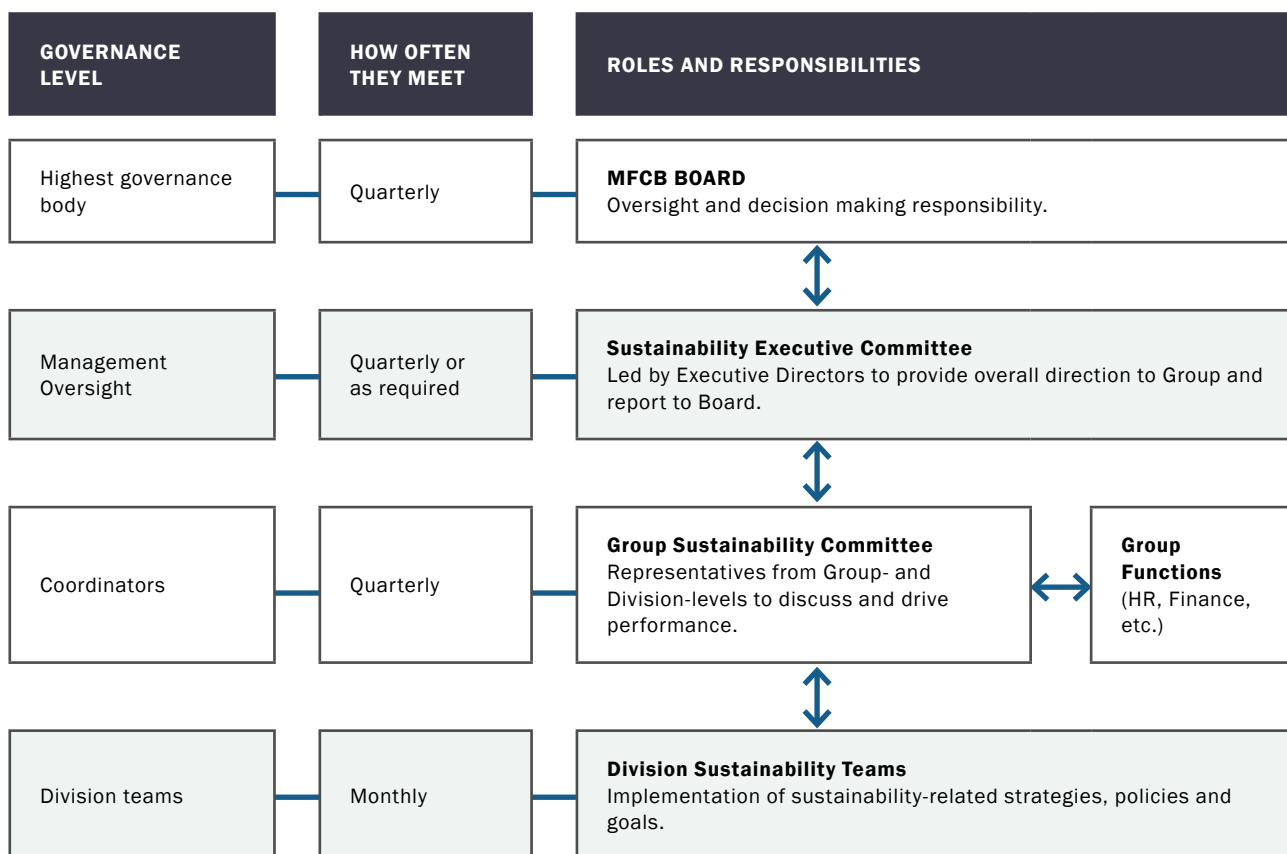
MFCB is committed to good governance and has always prioritised sustainability across our operations. This year we have taken a step forward to better manage sustainability in the Group by establishing a new sustainability governance structure and formally identifying our key focus areas and material issues. It will no longer be business-as-usual and we intend to take proactive measures to strengthen our sustainability performance and transform MFCB into a sustainability leader.

Sustainability Governance

Sustainability has always been driven from senior management at the Group level, however moving forward we feel that it is important to embed sustainability within all ranks of the company and as such, we have formalised a new Group-wide sustainability governance structure and process that will enable us to manage sustainability in a more structured and effective manner.

Our Board of Directors has overall oversight and decision-making responsibility with regards to sustainability. The Sustainability Executive Committee shall comprise of MFCB executive directors and managing directors of the various divisions. The Group Sustainability Committee will be responsible for driving sustainability performance across the Group in a cohesive manner and sharing best practices. On a day-to-day basis, the Division Sustainability Teams will be responsible for implementing all sustainability-related initiatives as well as monitoring and measuring performance.

It is envisaged that this new structure will ensure sustainability is integrated across the Group with a shared responsibility for the sustainability performance of the Group.



Determining Our Key Material Issues

During the financial year, MFCB conducted a group-wide materiality assessment, taking into account the Group's three key divisions – Renewable Energy, Resources and Packaging. The process involved gaining an understanding of the various issues that are relevant to each industry from an internal and external stakeholder point of view and prioritising this based on its importance to MFCB and to our stakeholders.

Materiality process

Detailed analysis

We undertook a detailed analysis of our peers, industry standards, reporting frameworks and sustainability indices to identify the universe of material issues that are relevant to the Group.

Stakeholder engagement

We engaged with our internal stakeholders through focus-group sessions with each division to gain their perspective on the key issues they face internally as well as pressure points from external stakeholders such as local communities, regulatory bodies and customers.

Issues prioritisation

Based on the detailed analysis and stakeholder engagement, we identified the relevant ESG issues for the Group and conducted a prioritisation exercise to score each issue on a scale from 1-5. Each division provided a rating of each material issue for its:

1. Importance to the Group
2. Importance to stakeholder assessments and decisions

To develop the Group materiality matrix, we analysed the ratings from each division and plotted the average rating for each material issue on the matrix.



















Our materiality matrix














Through this process, we have identified 16 material issues that are important to MFCB as a business and also to our stakeholders. Out of these 16 material issues, seven were identified as the highest priority for MFCB:

1. Biodiversity
2. Energy Consumption
3. Ethics & Compliance
4. GHG Emissions and Climate Change
5. Local Communities
6. Occupational Health and Safety
7. Sustainable Supply Chain



For each material issue, we have identified its boundary based on where our operations have an impact. We have also identified the SDGs that are most relevant to each material issue and aim to further align our efforts towards specific SDG targets.

Material issues		Boundary for Relevant Topics			
		Within the organisation	Outside of the Organisation		
			Customers	Suppliers	Community
Highest priority					
Biodiversity 	Mitigating our impact on biodiversity and protecting our natural resources.				
Energy consumption 	Managing the use of energy to minimise environmental impacts from the organisation's operations such as through energy efficiency.				
Ethics & compliance 	Ensuring the organisation complies with both social and environmental regulations to promote a culture of ethical behaviour at MFCB.				
GHG emissions & climate change 	Minimising environmental impacts from emissions such as greenhouse gases, ozone-depleting substances, nitrogen oxides and sulfuroxides etc, while also taking into account the potential positive and negative impacts of climate change on an organisation.				
Local communities 	Commit to create a positive impact and contribute to the well-being of communities in which we operate.				
Occupational health and safety 	Efforts taken to promote the establishment of policies, governance structures and health and safety activities to achieve our ultimate goal of zero workplace injuries and drive responsible behaviour among our co-workers.				
Sustainable supply chain 	Ensuring that our supply chain is sustainable by implementing minimum environmental, social and governance standards for our suppliers.				

Material issues		Boundary for Relevant Topics			
		Within the organisation	Outside of the Organisation		
			Customers	Suppliers	Community
High priority					
Customer satisfaction 	Maintaining the highest level of customer satisfaction through easily accessible and comprehensive services as well as ensuring a high quality standard of products.	●	●		
Employee training & development 	Strive to increase organisational competitiveness and sustain growth through development of employees.	●			
Employee wellness & engagement 	Investing in the wellbeing of our employees and supporting their development and commitment to MFCB.	●			
Fair labour practices & human rights  	Protect the rights of MFCB's workforce and continue to prohibit the use of child labour and forced/compulsory labour within MFCB's facilities or supply chain.	●		●	
Innovation & product responsibility  	Developing innovative products that minimize environmental and social impacts	●			
Risk and crisis management 	Identifying and mitigating any threats or unfortunate events that can potentially affect the organisation, and to avoid or minimise the impact of the threat.	●			
Waste management 	Managing waste and quality of effluents generated by operations, ensuring compliance with regulations and practice disposal of waste in the most responsible manner.	●			
Water & wastewater 	Managing water consumption efficiently and ensuring the protection of our water resources.	●			
Medium priority					
Diversity and equal opportunity   	Promoting and upholding diversity in the workplace and building a workforce that reflects the markets in which we operate and the makeup of society in general.	●			

Stakeholder Engagement

We value all our stakeholders and their perspectives. We believe that by engaging our stakeholders periodically and on a voluntary basis, we are able to understand their needs and expectations better and take these requirements into consideration when making decisions and managing operations.

Over the past year, due to the impact of the COVID-19 pandemic, we have stepped up our engagements with all stakeholders given the pandemic's wide ranging effects such as employee health concerns, compliance with COVID-19 standard operating procedures, community support for COVID-19 and impacts of supply chain disruptions on business activities.

The table below illustrates our key stakeholders, engagement methods, frequency and areas of stakeholder concerns. Key stakeholders are identified based on whether they have any impact to us or vice versa and if they are crucial to our operations, such as our employees, customers, suppliers and government and regulatory bodies.

Stakeholder	Engagement methods	Frequency	Areas of stakeholder concern	
Customer	<ul style="list-style-type: none"> Emails and phone calls Meetings and site visits Website and social media 	<ul style="list-style-type: none"> Annually Ongoing 	<ul style="list-style-type: none"> Competitive pricing COVID-19 management Ethical business practices Innovation 	<ul style="list-style-type: none"> Licensing and certifications Prompt delivery Quality, Safety and Sustainability of products and services
Employees	<ul style="list-style-type: none"> Annual performance appraisal Interview Regular briefings Trainings 	<ul style="list-style-type: none"> Annually Ongoing 	<ul style="list-style-type: none"> Business strategy and direction COVID-19 management Remuneration, welfare and benefits Respect of human rights and ethics 	<ul style="list-style-type: none"> Reward and recognition Training and career development Work life balance Workplace health and safety
Government and Regulatory Bodies	<ul style="list-style-type: none"> Compliance reports Dialogue sessions Direct contacts Industry events and seminars Official meetings and briefings Site visits 	<ul style="list-style-type: none"> Annually Quarterly Monthly Ongoing 	<ul style="list-style-type: none"> Community investment COVID-19 management Environmental management Ethical business practices Labour practices 	<ul style="list-style-type: none"> Legal and regulatory compliance Occupational health and safety Opportunities for business investment
Local Community & NGOs	<ul style="list-style-type: none"> Outreach programmes Dialogue sessions Direct contact 	<ul style="list-style-type: none"> Monthly Ongoing Annually 	<ul style="list-style-type: none"> Charitable contributions Community investment and development COVID-19 management Employment opportunities 	<ul style="list-style-type: none"> Environmental management and protection Ethical business practices Responsible business operations Social welfare
Suppliers & Business Partners	<ul style="list-style-type: none"> Meetings and site visits Dialogue sessions Emails and phone calls 	<ul style="list-style-type: none"> Annually Ongoing 	<ul style="list-style-type: none"> Capability development and knowledge sharing COVID-19 management Ethical business practices 	<ul style="list-style-type: none"> Innovation Licensing and certifications Quality, Safety and Sustainability of products and services
Shareholders & Investors	<ul style="list-style-type: none"> Analyst and investors briefings Announcements on Bursa Malaysia website Corporate website - Group and subsidiaries Shareholders Annual General Meeting 	<ul style="list-style-type: none"> Annually Quarterly Ongoing 	<ul style="list-style-type: none"> Business ethics Business strategy and direction 	<ul style="list-style-type: none"> COVID-19 management Economic performance Organisation growth Sustainability efforts

Awards & Recognition

During the year, MFCB won two awards at The Edge Billion Ringgit Club 2021 awards. The two awards were Highest Return to Shareholders over three years as well as Highest Growth in Profit after Tax over three years.

These awards are a testament to the Group's track record of generating long term sustainable value for its shareholders.



Promoting Environmental Sustainability



Our Commitment

MFCB is committed to promoting resource efficiency, emission reduction and biodiversity conservation to minimise environmental impacts. As a diversified Group with various business operations, we are conscious of the impacts we have on the environment especially with regards to emissions, waste and water.

Our Strategy

We commit to achieve Net Zero Emissions by 2050. This is underpinned by four supporting targets that will contribute towards achieving our long-term goal. We are striving towards a low-carbon economy and will pursue GHG reduction strategies across our operations.

Our Targets

By 2050, MFCB will achieve net zero emissions through pursuing operational GHG reduction and working with stakeholders on their carbon neutrality commitments.

To support this, we will:

01

Conduct a group-wide GHG inventory by 2023.

02

Reduce waste to landfill by 50% by 2030.

03

By 2035, achieve carbon neutrality and commence transition towards Net Zero.

04

Reduce GHG emissions in the supply chain by 50% by 2035.

Environmental Management

Each of our key divisions are guided by their own internal Environmental Policies. We operate in highly regulated industries with strict compliance requirements for emissions, water discharge and waste management. In addition, we also have a duty of responsibility to our customers and other stakeholders to ensure we minimise our environmental impacts as much as possible. As such, we have implemented sound environmental management practices that ensure we operate sustainably.

With the implementation of our new strategy, the Group has developed new Group Environmental Policy in 2022 that will ensure all our subsidiaries are aligned with the Group's environmental management goals.

Renewable Energy Division

DSPC has an Environmental and Social Policy that is published on its website. The policy serves as a guide for all employees to understand DSPC's commitments to environmental protection. There is also an Environmental and Social Management and Monitoring Plan for Operation Phase (ESMMP-OP) which describes site-specific environmental and social plans and data monitoring commitments that is in line with requirements set by the Ministry of Natural Resources and Environment ("MONRE"). DSPC also complies with the IFC Environmental, Health and Safety General Guidelines 2007 as well as the Asian Development Bank (ADB) Standards.

Resources Division

The Resources Division is currently pursuing ISO14001 certification and aims to achieve this in 2022. The division has two environmental committees that oversee environmental management and performance:

1. Environmental Regulatory Compliance Monitoring Committee (ERCMC)

The ERCMC is chaired by the Executive Director of RCI Lime and meets annually. The Committee is responsible for discussing and deciding on matters related to compliance with regulations in relation to air emissions, water discharge, emergencies, noise and scheduled waste management.

2. Environmental Performance Monitoring Committee (EPMC)

The EPMC operates at the working level and is chaired by the General Manager. They meet quarterly and is responsible for monitoring bag filter performance and maintenance and scheduled waste management.

Packaging Division

Hexachase is certified with ISO14001 and have FSC Chain of Custody certification which verifies that materials are being sourced from sustainable sources.

Stenta is currently pursuing ISO14001 and is scheduled to be certified by July 2022. They have two environmental committees that oversee environmental management and performance as well as a sustainability team:

1. Environmental Regulatory Compliance Monitoring Committee (ERCMC)

The ERCMC is chaired by the General Manager of Operation Services and meets quarterly. The key responsibilities include:

- Monitoring the implementation and effectiveness of environmental policy and formulating additional policy elements if necessary.
- Updating employees on new/amendments to environmental regulations.
- Proposing environmental improvement projects.
- Taking initiative/action on major environmental non-compliance issue.
- Monitoring and reviewing the EMS and company activities on behalf of the organisation to ensure compliance with applicable laws, legislation and policies.

2. Environmental Performance Monitoring Committee (EPMC)

The EPMC is chaired by the General Manager of Operation Services. The committee meets every month and their responsibilities include:

- Management of Scheduled Waste (Labelling, Storage, Inventory, Disposal and Reporting)
- Communicate on any hazard/spillage

3. Sustainability Team

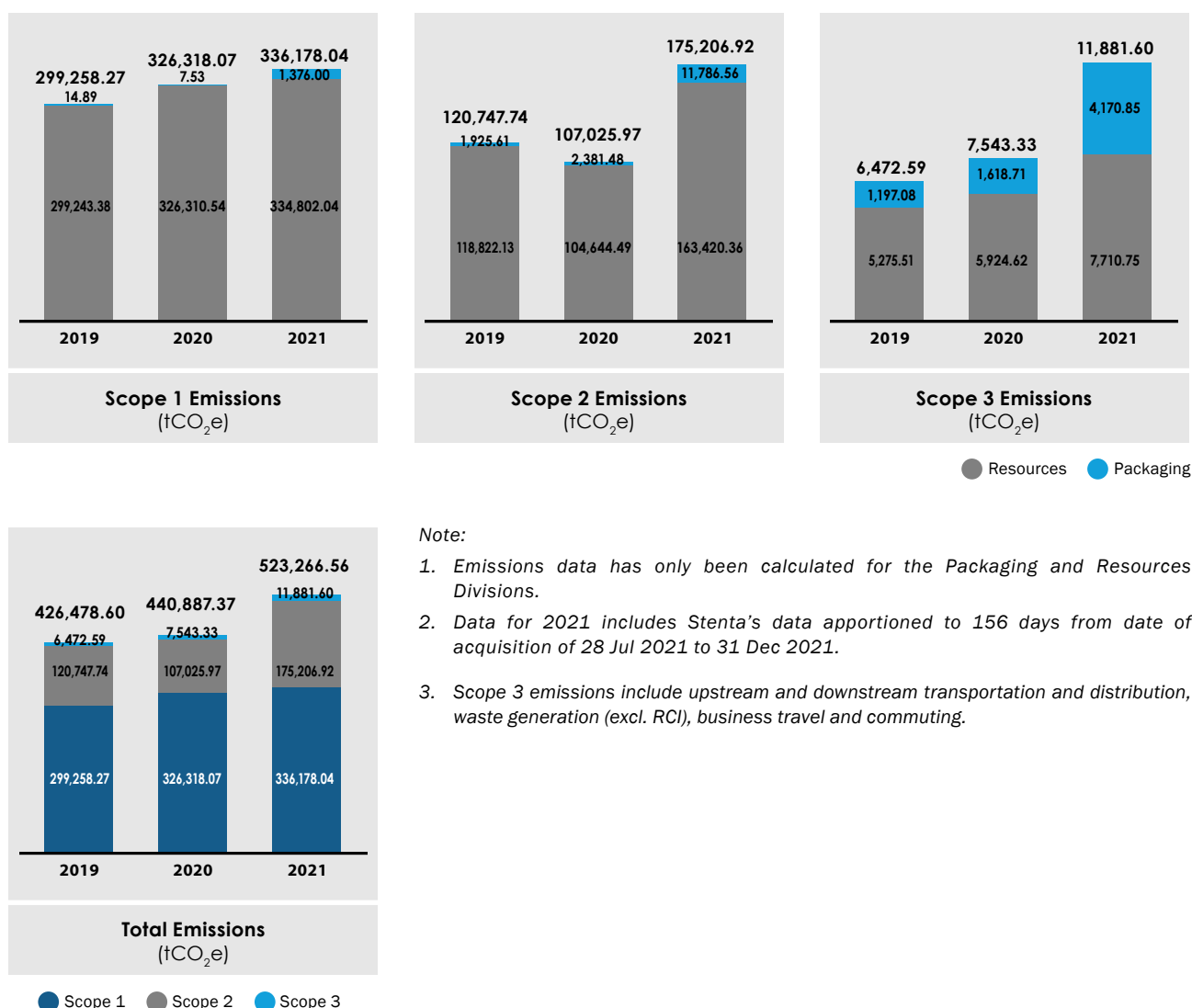
The Sustainability Team is chaired by the General Manager of Operation Services and is responsible for collecting and reviewing emissions data as well as other sustainability data.

Our Road to Net Zero

We have set ourselves a clear goal to achieve net zero emissions by 2050. It is an ambitious goal for us but one that we are committed to achieve as we recognise the urgency in addressing the climate crisis that is currently unfolding before us. Our goal will also contribute to the UN SDGs and Malaysia's national goal to be carbon neutral by 2050. In the coming years we will be putting in place the necessary management processes to ensure all our operations are aligned with our goal and begin investing in low-carbon solutions to reduce our emissions.

Climate Change and Emissions

Climate change has already begun to impact some of our operations in small ways. In Malaysia, changes in weather patterns have caused widespread flooding events and higher than normal temperatures. The recent flooding event in December 2021 disrupted our operations due to the flooding at the port and higher average temperatures means that more energy is being consumed for air-conditioning resulting in more emissions and higher energy costs.



Energy consumption

To reduce our energy consumption and emissions, MFCB has committed to installing solar panels for all our existing key operations. During the year, solar panels were installed in one of our subsidiaries in Perak with a generation capacity of 222kWp and it has generated 133.35MWh of renewable energy since energisation on 28 April 2021. In addition, MFCB has completed a 311kWp solar system installation for its Packaging operations (Hexachase) in Malacca in February 2022.

Plans are also underway for solar panel installations at Stenta's factory and we expect that installation will be completed by the end of 2022. The system will have a generation capacity of 1,500 kWp, generating 2MWh of renewable energy for operations and saving an estimated 1,400 Tonnes of CO₂ from being released into the atmosphere. The Resources Division has secured land to develop a solar installation and it is currently in the technical planning stage.

Moving forward, all new projects and plant expansions will be assessed for suitability for solar PV systems and where possible, we will install these systems. MFCB shall always prioritise energy consumption for our operations to be from renewable energy sources.

Renewable Energy Division

Energy consumption at the Don Sahong project is mainly from the powerhouse and the permanent operator village and all the energy consumed is generated by DSHP. We are in the midst of performing technical studies to assess the viability of installing solar PV systems to further enhance our usage of renewable energy at the site.

Resources Division

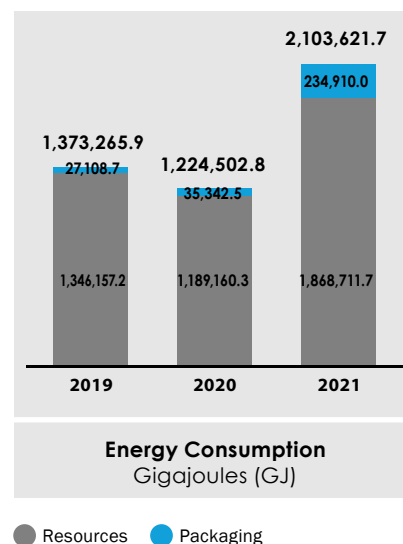
RCI has always prioritised energy-saving initiatives and over the past three years, we have achieved a total energy reduction of 2,133,889 MJ. Moving forward, we will continue to implement similar initiatives on more of our equipment.

	2019	2020	2021
Conversion/ Energy Initiative	Conversion and retrofitting of equipment	Conversion and retrofitting of equipment	Conversion and retrofitting of equipment
Brief description of the initiative	Installation of LED light	Installation of inverter on induction motor	Installation of inverter on induction motor
Types of energy included in reductions	Electricity	Electricity	Electricity
Reductions in energy consumption achieved	112,129 MJ	1,451,520 MJ	570,240 MJ

Packaging Division

Hexachase has installed solar panels at its manufacturing plant in Malacca, which is expected to generate 311kWp. We have also installed LED bulbs across our factory and time controllers (e-saver) to manage the operations of our lights.

Stenta has replaced all regular bulbs with LED bulbs and installed timers and motion-activated lights to help conserve energy. They are also in the planning process to install solar panels as part of their expansion plans at a new manufacturing building.



Note:

1. Energy data has only been calculated for the Packaging and Resources Divisions.
2. Data for 2021 includes Stenta's data apportioned to 156 days from date of acquisition of 28 Jul 2021 to 31 Dec 2021.
3. The Renewable Energy Division consumes internally generated electricity, hence no data is recorded.

Air quality

Resources Division

As part of complying with the Environmental Quality Act 1974 and Clean Air Regulations 2014 on the emission limits, our production lines are equipped with robust baghouse dust collection systems. The latest addition is an upgraded baghouse system for two of our 20-year kilns. We ensure all our baghouse systems are operating at optimum conditions so that we do not expose the community around us to any pollutants. To ensure this, we have a Continuous Emission Monitoring System (CEMS) installed in our kilns that help monitor emissions and engage an accredited third-party laboratory to conduct isokinetic stack sampling monitoring for our kiln burning equipment. In 2021, the PM value was 41.32mg/m³ which is below the 50.0 mg/m³ emission limit set by DOE.

Additionally, to tackle low-level dust (road dust) around the premise, we use water-bowser trucks to regularly douse water on all our plant access roads. The water used for this activity is surface runoff water that is collected in a sedimentation pond. Hereafter, the clean water (after the sedimentation process) is pumped into the bowser trucks using a solar-powered pumping system (new initiative). This activity is carried out daily, and with an increased frequency during dry weather. The wetting of the roads aids in 'suppressing' the generally airborne dust particles.

Packaging Division

Hexachase and Stenta perform Stack Emission Monitoring for all the chimneys in their manufacturing buildings on an annual basis. The report is submitted to DOE and the parameters measured must be within the limit as stated in the Malaysian Clean Air Regulations 2014- Second Schedule (1.2). As of December 2021, both Hexachase and Stenta are 100% in compliance with the regulation.

Noise management

Resources Division

Boundary Noise Level Monitoring is conducted on a quarterly basis by an accredited third-party laboratory as part of our compliance requirements set under EIA Approval Conditions by the Department of Environment (DOE). The Permissible Noise Level are 70 dB(A) for daytime and 60 dB(A) for night-time respectively. The boundary noise level is measured on plant and quarry boundaries. In 2021, there were no incidents of non-compliance with boundary noise level monitoring.

Packaging Division

In manufacturing flexible packaging films, noise gets generated from machineries such as winders, slitters and re-granulators. Stenta performs Area Noise Monitoring to identify areas that are above the action level of 82 dB(A) and Noise exposure limit (NEL) of 85 dB(A).

Personal Noise Exposure Level Assessment are also being performed on an annual basis to identify employees that are exposed to noise levels above the regulated limit. Audiometric Screening Tests are conducted annually for all employees that work in the manufacturing area and we also put in place engineering and administrative controls to manage the exposure levels.

At Hexachase, noise levels are at a safe level.

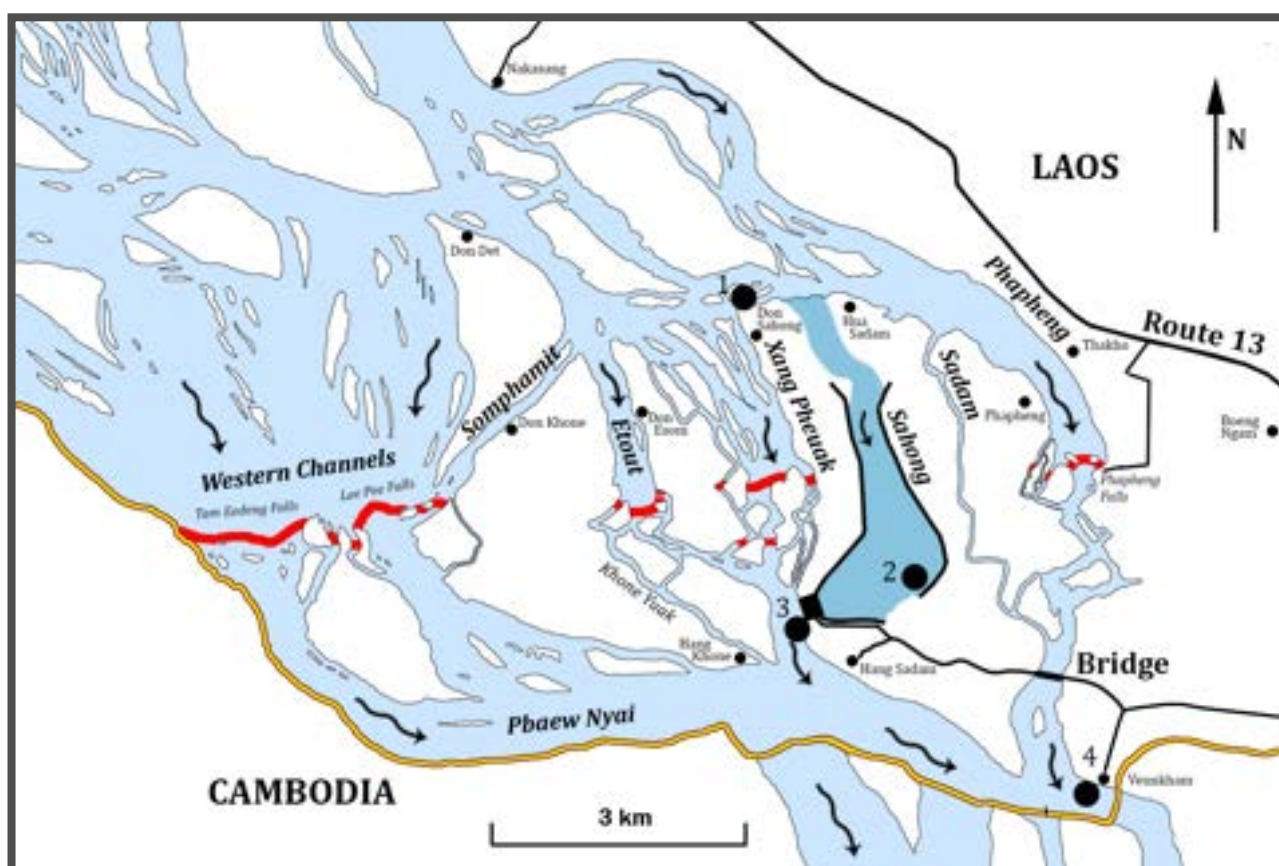
Water management

Water is a critical resource. All our operations are dependent on water as an important resource for its processes.

Renewable Energy Division

Since 2000 there have been periods of extended drought, and several large new hydropower reservoirs upstream have increasingly regulated the natural flow so that wet season flooding has been reduced and dry season flows have increased. The establishment of the DSHP has had some impact on the flows in the immediate vicinity of the project because part of the flow of Phapheng Channel has been diverted into Sahong Channel. There is however no effect on total flows to the Mekong River downstream in Cambodia. We continue to monitor daily water levels at seven locations, which are then used to estimate discharge (flow) at each location.

With the current construction of the fifth turbine unit, there is absolutely no excavation work on the river either upstream or downstream of the project. This fifth unit will draw water from the existing headpond and discharge water into the existing tailrace. It will only be operated during the wet season to discharge the excess water in the headpond mimicking the natural condition of Hou Sahong. During the rest of the time, it will serve as a spare turbine to allow other turbines to undergo any necessary maintenance whether planned or unplanned.



As part of our ESMMP-OP, we undertake monthly water quality monitoring at four locations in the project area to ensure that there is no contamination in the river and in the potable water for communities and that there are no significant changes in water quality during transit through the head-pond, which takes about 3-4 hours. In 2021, water quality was similar at all sites and no parameters exceeded the National Environment Standard for Laos.

Resources Division

Municipal Water Supply

Our municipal water supply, provided by Lembaga Air Perak, is primarily used to produce our value-added product, hydrated lime (Calcium Hydroxide) via the hydration process. In the hydration process, quicklime is combined with water to form hydrated lime. Water is fully absorbed, and heat is released, so there is no discharge of wastewater. Apart from that, our municipal water supply is also for domestic usage indoors; in all our plant facilities (office, laboratory, production office, etc). All domestic wastewater is then discharged into the drainage system.

Surface Runoff Water

The natural runoff of rainwater is captured in our sedimentation ponds, which consists of 3 levels: primary, secondary, and tertiary sedimentation ponds. Surface runoff water containing mud, sand, and coarse particles will settle by gravity at the bottom of the pond. This separation will enable only clear water to overflow into the drainage system.

This forms a part of our water-saving approach, as we do not need to use municipal water supply for these activities. In addition, any excess water from the above activities will be channelled back into the sedimentation ponds, creating a continuous cycle. With ample rainfall in the region and sufficient storage of water, there has been no water shortage or droughts that have interrupted our operations. The sedimentation ponds have also served as a good buffer to prevent flash floods in the area.

We engage an accredited third-party laboratory to perform water quality monitoring for water discharged into the drainage system. Parameters such as pH, BOD, COD, Total Suspended Solids, Oil & Grease, Ammoniacal Nitrogen, Temperature, and Dissolved Oxygen are monitored. The water quality monitoring is conducted based on National Water Quality Standards Class IIA and Class III. We also conduct quarterly water quality monitoring as part of our compliance requirements set out by the Department of Environment (DOE). An accredited third-party laboratory checks the quality of the water from the sedimentation ponds and discharge outlets. In 2021, there was no incidents of non-compliance with water discharge quality.

Packaging Division

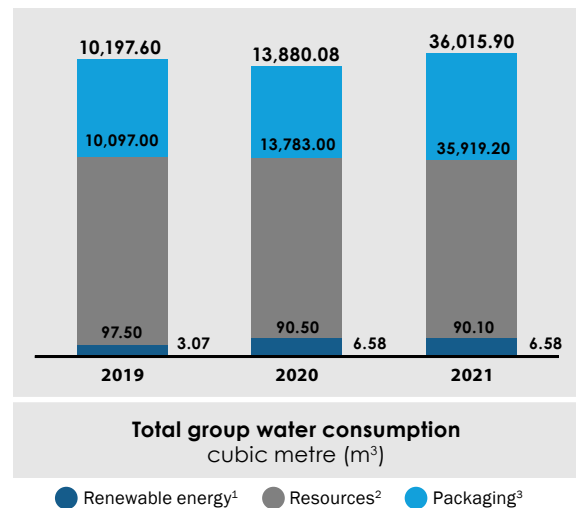
At Hexachase, municipal water is only used for cleaning our machines and premises. We have a relatively stable supply of water and have built a water reservoir at our factory that can provide up to 2,500 litres of water to help manage any disruptions in water.

At Stenta, water is a key part of its operations for its cooling towers, chillers and water bath. The cooling towers and chillers make up about 28% of our total water consumption and we monitor this closely. As our manufacturing facilities are based in Selangor, we have experienced a few incidences where our municipal water supply was disrupted due to drought and water contamination. To ensure the continuity of our operations, Stenta relies on water to be delivered by water tankers during water shortages.

Every six months, Stenta conducts water effluent sampling on water that is discharged to public drains. In 2021, there were no incidents of non-compliance with water discharge quality.

We utilise the clear water from these sedimentation ponds for some of our internal activities such as:

- Wetting of the roads to suppress road dust.
- Watering of plants and trees in our compound.
- Wetting of raw kiln feed stones.

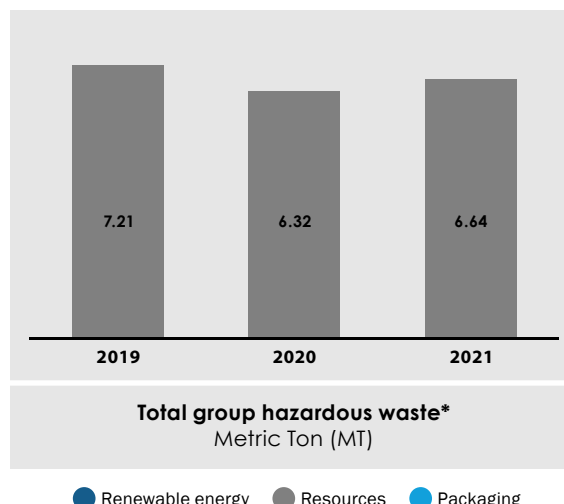
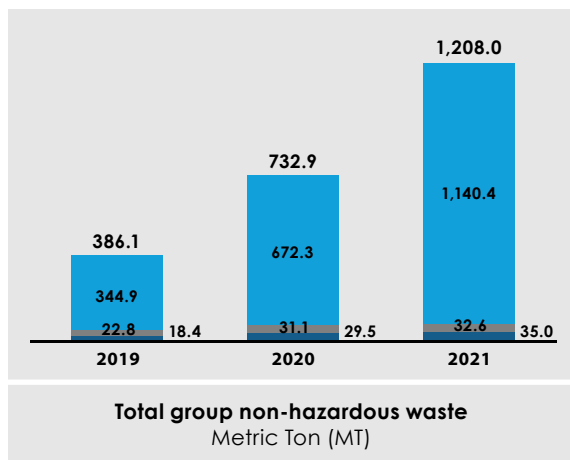


Notes:

1. Water consumption is estimated based on number of employees and type of activities. Moving forward we aim to provide more accurate figures.
2. Municipal water supply only. While we do capture and use surface runoff, the intake is currently not measurable.
3. Municipal water supply only.
4. Data for 2021 includes Stenta's data apportioned to 156 days from date of acquisition of 28 Jul 2021 to 31 Dec 2021.

Waste management

MFCB manages its waste responsibly and continues to seek new ways to reduce our waste generation across our operations. The majority of our waste comes from our Packaging Division, however, the majority of this waste is actually recycled and not sent to landfill.



*Currently only the Resources Division records hazardous waste data. In the future, we will record hazardous waste produced by the other divisions (if any).

Renewable Energy Division

Since DSHP began commercial operations, the site has not generated any hazardous waste. There is minimal general waste generated on-site and all waste is disposed responsibly at the Khong district landfill. In front of the powerhouse, there is a natural accumulation of floating debris and other waste items that come from upstream of the river. We estimate that we have removed about 38 tons of rubbish from the river in 2021.

Resources Division

Our quarrying operations produces both hazardous and non-hazardous waste. All our waste is managed responsibly and collected by waste collectors as seen in the table below. We recognise the importance of sustainable waste management and are planning on implementing a few key initiatives to reduce waste such as:

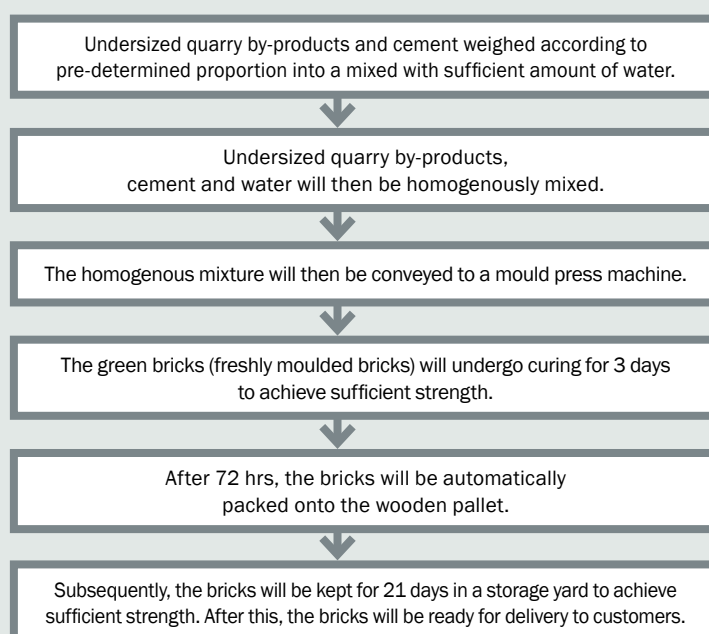
- 1) Awareness and education on E-waste management.
- 2) Reduce our food packaging waste by replacing them with more eco-friendly options.
- 3) Recycling stations for our domestic waste.
- 4) Digitalisation of documents to reduce paper usage and waste (on-going project).

We hope to educate and inspire change among all our employees and improve our performance in this area.

Upcycling quarry by-products

Since 2013, RCI has been using its undersized quarry by-products to make cement bricks for the construction industry. They have a purpose-built brick manufacturing facility that processes the stones and is able to produce up to 3 million bricks a month. Without this process, the undersized quarry-by-products require large storage space and would have to be removed and sent to landfill.

The bricks comply with national Building Codes, SIRIM fire resistance test and has also been certified by BOMBA. They consist of 7% cement and 93% undersized quarry by-products and are stronger than normal cement bricks. They are also considered to be environmentally-friendly and 100% recyclable. This is just one example of how RCI identifies opportunities to reduce its impact on the environment while creating value for the business.



Waste Type	Hazard	Management
Industrial waste		
Quarry Scalping	Non-hazardous	Quarry scalping and undersize stones are commonly used as crusher run for road base and road works. We also have a brick manufacturing company that turns these waste materials into calcium silicate bricks for the construction industry. Hence, where possible, we utilise and convert these types of waste to usable materials, thereby reducing any form of wastage.
Scheduled Waste: SW 305, SW 306, SW 312, SW 404, SW 409, SW 410	Hazardous	All scheduled waste in our premises are handled and managed properly by our competent persons (Certified Environmental Professional in Scheduled Waste Management – CePSWaM), in accordance with all legal requirements.
Packaging Material Waste	Non-hazardous	This consists of the outer layer/liner of packaging materials, loose strappings, ropes, stretch films and paper cores. All these materials are collected and segregated by material type. They can be broadly categorised into recyclable and non-recyclable waste material. Recyclable waste materials are sold to approved recycling contractors, while non-recyclable waste are collected by licensed waste collectors for proper disposal.
General Waste	Non-hazardous	Examples are broken pallets, wooden boxes, outer package boxes, plastic wastes, etc. These are disposed of directly into the industrial waste bin. Once this industrial waste bin is full, a licensed waste collector will collect these wastes.
Domestic waste		
Food containers and packaging, paper, plastic, broken furniture, food waste, and miscellaneous	Non-hazardous	Currently, there is no segregation for domestic waste. All waste is collected and disposed into the municipal waste bin outside the premises. The local municipal waste collector will empty these bins weekly.

Packaging Division

In Hexachase, there is an ongoing waste reduction plan that has helped to reduce wastage and rejection rates from more than 10% to less than 7%. This was achieved by several operational tweaks such as better training, increasing production capacity and installing an inline printer, which has enabled us to reduce downtime and paper consumption.

All our waste is disposed responsibly; all paper waste is sold to a licensed collector to produce recycled paper.

Stenta reduces waste by reusing up to 90% of wooden and plastic pallets from suppliers and are also trialling the use of paper pallets for shipping instead of wooden pallets. They also regranulate production film waste and reuse some of it in the manufacturing process and sell the rest to recyclers. At Stenta, approximately 90% of internal production waste is recycled.

Conservation

Conservation is a key initiative within our Renewable Energy Division as the Don Sahong Hydropower Plant is situated within the Mekong River Basin. As a run-of-river project, the impact on the environment is much less compared to a hydropower project with large reservoir. However, fisheries are of particular significance at Khone Falls and upstream in Siphandone, where the natural habitats, hydrology and supply of aquatic foods are very favourable for production of wild fish.

About 850 species of fish are found in the Mekong River basin; of these about 200 are found in the Khone Falls area and about 20-30 species are commonly caught in catches at Khone Falls. Some species are endemic to the Siphandone and northern Cambodian region (down to Kratie), and as such their populations are more vulnerable to regional fishing pressure or environmental changes. These fishes include *Aptosyax grypus* (pa sanak nyai) *Mekongina erythrospila* (pa sa-ee), *Labeo erythropterus* (pa va souang), and *Gyrinocheilus pennocki* (pa ko).

The fisheries industry supports livelihoods and is an important source of nutrition for the local community. Significant quantities of fish are exported from the region, but over the years there has been a decline in fish catches due to increased fishing pressure and environmental changes. Due to drought and other new hydropower plants wet season and dry season flows have been altered since 2000 resulting in reduced flooding. This in turn causes reduced fish production, which leads to regional impacts on catches, including at Khone Falls, because many fish migrate to Khone Falls after feeding and growing on the Tonle Sap and other floodplains in Cambodia.

Extensive research and work have been done since 2008 to understand and mitigate any impacts to the fisheries industry. In addition, we have developed a long-term adaptive management strategy called the Don Sahong Fisheries Management Plan (DSFMP) which has been implemented since 2015 and will continue until at least 2030.

To oversee the implementation of the DSFMP, the Don Sahong Fisheries Management Committee (DSFMC) was established in 2016. The DSFMC comprises representatives from organisations as specified in Article 51 of the Fisheries Law as follows:

1. Representatives of village, district or provincial fisheries organisations.
2. Representatives of fishers.
3. Representatives of village or district social organisations.
4. Village, District or Municipal Security Officers.
5. Representatives of other relevant sectors as deemed necessary.

The objectives of the DSFMP are to:

- reduce fishing pressure, especially on migrating fish, to allow them to migrate through the alternative channels which will mitigate the loss of fish passage through the Sahong Channel;
- protect, preserve and manage fisheries resources in the Don Sahong Fisheries Management Area (“DSFMA”), in particular, species of aquatic fauna that are endangered or in decline; and
- ensure sustainable management of aquatic fauna in the DSFMA.

We engage closely with communities from the local villages as they play a key role in the DSFMC. They are responsible for monitoring fishing activities in the area as well as helping to protect important habitats. Over the next 10 years, some of the key activities that will be undertaken by the DSFMC are as follows:

Activities	Update as of 31 December 2021	Plan for 2022
Registration of fishers and fishery organisations	Completed registration for 8 main fish traders, 2 retail traders (5 traders from Nakasang, 3 traders from Veun Kham, and 2 retail traders from Hang Sadam)	• Register fishers at 6 villages in the project area first and continue registering any new fish-traders and any related fishery organisations.
Permitting activities for fishers and traders	Disseminated Don Sahong fishery regulations.	• Produce fish-passage rules and regulations, and submit for endorsement from related departments
Surveys of aquatic fauna	Due to COVID-19 prevention measures this could not be organised.	• Carry out market surveys and catch surveys at Khone Falls and in Khong district.
Awareness raising	Organised fish release day at Khong district; released 35,000 fish fingerlings; more than 60 people attended from offices of Khong District.	<ul style="list-style-type: none"> • Organise awareness raising activities on impact of eating raw fish at 7 schools in the project area. • Organise awareness raising on impact of using destructive and big gears for fishing. • Organise meetings on fish passage rules and regulations at 6 villages in the project area. • Organise the fish release day at Khong district.

Activities	Update as of 31 December 2021	Plan for 2022
Technical training and workshops	Due to COVID-19 prevention measures this could not be organised.	• Organise training and workshops for 11 patrol teams on fish passage regulation after obtaining approval from related parties.
Identification, mapping, demarcation of conservation zones, protected areas, spawning grounds and important habitats	Completed identification of 9 protected areas for fish-passages at Khone Falls.	• Create maps and prepare, for submission to Khong district authority for onward endorsement. • Continue identification of spawning grounds and important habitats in Siphandone area.
Rehabilitation of important habitats	DSPC stabilised riverbank erosion at Khone Yuak and planted 250 plants.	• DSFMC will grow 3000 indigenous plants and plant them on riverbanks near fish-passages and important habitats.
Education activities and scientific research	DSPC supported Ban Hat fish hatchery station for wild fish breeding by funding for fish food and buying brood stock.	• DSPC will continue to support technical activities and support budget for breeding indigenous fish species at Ban Hat hatchery.
Enforcement	Completed identification of 9 protected areas for fish-passages at Khone Falls.	• Continue site inspections at risky locations; and check fish markets once per week.

Note: all activities are by DSFMC unless otherwise stated. DSPC provides financial and technical support as required.

In addition, DSPC has been participating in the Joint Environmental Monitoring (JEM) Programme pilot project since November 2019, which aims to further understand the impact of hydropower development on the Mekong River on water flow and quality as well as fisheries resources.

Under the JEM Programme, the Mekong River Commission (MRC) delivers awareness and training workshops to our employees on specific topics and skills such as ecological health and fish larvae identification. The workshops aim to build capability and knowledge in these areas to perform better data collection on key data points across hydropower projects. For DSHP, the training has been especially useful in helping our employees acquire new knowledge and methods in environmental monitoring which should yield better monitoring results. We also participate in knowledge-sharing workshops to share information on the data that has been collected for DSHP, which helps improve communication between MRC and hydropower projects on key trends and impacts occurring at various sections of the Mekong River. The JEM Programme pilot project was completed in December 2021 and the project report will be released soon.

Key Workshops in 2021	Objective
Fish Larvae Identification training workshop	Participants learned about fish larvae monitoring in various aspects, including the development stages of larvae, application of monitoring tools, key points for reporting and various laboratory and taxonomic techniques, for successful identification of Mekong fish larvae.
Passive Integrated Transponder (PIT) training workshop for Fish Pass Monitoring	Participants learned how to set up and operate a PIT system to monitor fish migration. The training also provided theoretical and practical knowledge on how to tag fish, set up antennas for PIT tag system as well as fisheries database management.
National Consultation Workshop	Hydropower projects are encouraged to share and exchange data on agreed indicators and update their process on the national inventory list of existing and planned monitoring stations. DSHP and the Xayaburi hydropower projects shared their data for the JEM pilot project.
Regional Workshop on JEM's Integrated Data Analysis, Reporting, and Sharing	A follow-up workshop from the National Consultation Workshop to build upon and share further insights and initial conclusions on the JEM data and to support the preparation for the finalisation of the JEM Programme.

Fisheries Monitoring Action Plan (FishMAP)

The FishMAP was developed in 2013 when we began field works. The FishMAP is complementary to the DSFMP and aims to directly mitigate the impact of blocking the Sahong Channel by physical improvements to other channels to facilitate passage of migrating fish.

Up to 2019, DSPC has improved fish passage at nine locations in Sadam, Xang Pheuk, Som Yai, Sompordan and Don Lai Channels. Although DSPC has invested heavily in improving fish passages and rehabilitating important fish habitats during construction, we are conscious that there is still some impact to the migration of fish and local impacts on the flow of water at Khone Falls. Since 2016, when fish migrations up Sahong Channel have been blocked, there has been a loss of riverine habitat along the channel which has been inundated by the project's headpond, a small reservoir. The DSHP alters the distribution of flows at Khone Falls, by diverting some water from Phapheng Channel into the Sahong Reservoir for power generation. DSPC has, since 2013, improved other channels to provide fish passage which included deepening their upstream inlets by about 1m in anticipation of reduced water levels during operations.

In December 2021, we conducted further works east of the Xang Pheuak inlet to try and increase inflows for the Xang Pheuak Noi and Nyoi Koong fish-passage. This involved deepening the upstream inlet and creating a bypass around two waterfalls. Prior to the works, the dry season flows were very low, however once the works were completed, dry season flows increased by about 2-7m³/s. Local communities have provided feedback and identified other areas where fish passage improvement is required and in 2022, DSPC will conduct works in these areas.



Planned fish passage works for 2021-2022		
Xang Pheuak (XP)	Nokkasum Noi (planned)	A significant cascade obstructs fish migration on the west channel of XP, and traps formerly caught fish as they turned back from that barrier. Traps were removed in 2016 by DSFMC and works are planned to reduce the obstruction which continues to obstruct fish during the dry season.
Xang Pheuak (XP)	West inlet	Once the DSHP is operational upstream water levels will be lower so inflow to XP will be reduced. Works are planned to maintain XP flows at or above baseline levels.
Li Phi	Khone Koc (LP) waterfall (planned)	A series of steep falls in Lphi channel severely obstruct upstream fish passage, with very limited passage reported by fishers. Works would improve a bypass channel on the eastern side of LP.

Under the FishMAP, we conduct regular monitoring of fish abundance through:

1. Catch Per Unit Effort (CPUE) Monitoring
2. Household catch fish monitoring
3. Daily fresh fish market monitoring
4. Visual monitoring/trapping in the dry season
5. Cast-netting for upstream migrating fish

These surveys help us to compare results upstream and downstream of waterfalls in each channel and can indicate whether the fish passages up the channels are impaired if fish levels are found to be lower than average. Over the year, the results have found that many fish are migrating through alternative channels. However, more attention is required during the dry season to ensure fish are able to migrate properly as the channels need sufficient flows and no disturbances from fishing activities.

We remain committed to ensuring that we do the best we can to preserve the natural flow of water and migration of fish as well as its habitats.

Enhancing Livelihoods And Inspiring Our People



Our Commitment

MFCB is committed to safeguard, inspire and invest in the development of our people and communities and create real change.

Our Strategy

At the heart of our business is our people and the communities that we engage with. We recognise the immense responsibility and ability that we have to improve the livelihoods of the communities within which we operate. Our 2030 commitment is to enhance the livelihoods of 300,000 people in nearby communities and be the voice in empowering and uplifting communities. This is underpinned by three sub-targets that will ensure we achieve this goal.

Our Targets

By 2030, MFCB will be the voice in empowering and uplifting nearby communities (300,000 people) through corporate social responsibility and advocacy.

To support this, we will:

01

Establish a community investment fund to create positive societal impact by 2023.

02

Set up a Scholarship and Management Trainee Programme by 2024.

03

Conduct social impact assessments for 100% of community initiatives by 2025.

Prioritising our people

Our people are the foundation of MFCB. In MFCB, we have a team of 989 employees and each employee is incredibly important to the Group. We do our best to ensure that we invest in the wellbeing and development of our people as we believe that happy employees are key to a motivated and productive workforce.

Diversity and equal opportunity

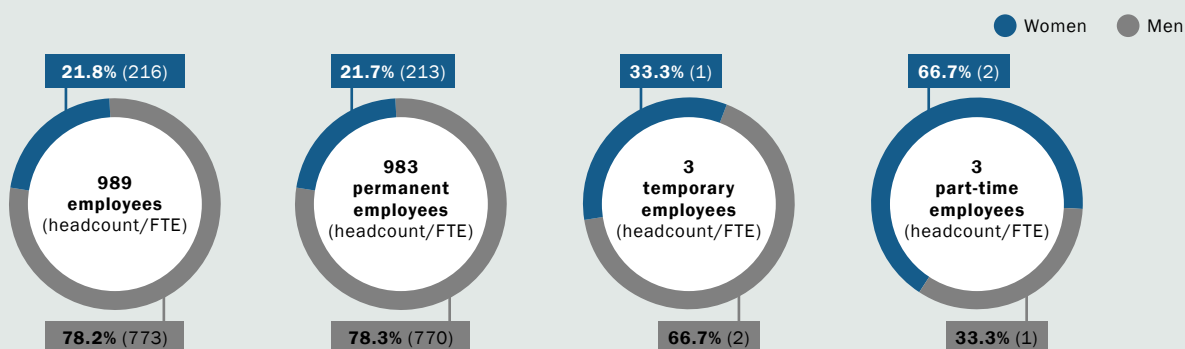
At MFCB, we celebrate diversity and do not discriminate against gender, age, ethnicity, disability, sexual orientation or religion. We value the different skills and knowledge that each unique individual brings to the business and believe this leads to better problem-solving and decision-making.

Our hiring practices are strictly merit-based and non-discriminatory. We have recruited employees with existing disabilities who are able to work in specific roles within our divisions, which provides them with financial stability. We also practice a staff mentoring system whereby new recruits are assigned to dedicated staff to help them climb the learning curve.

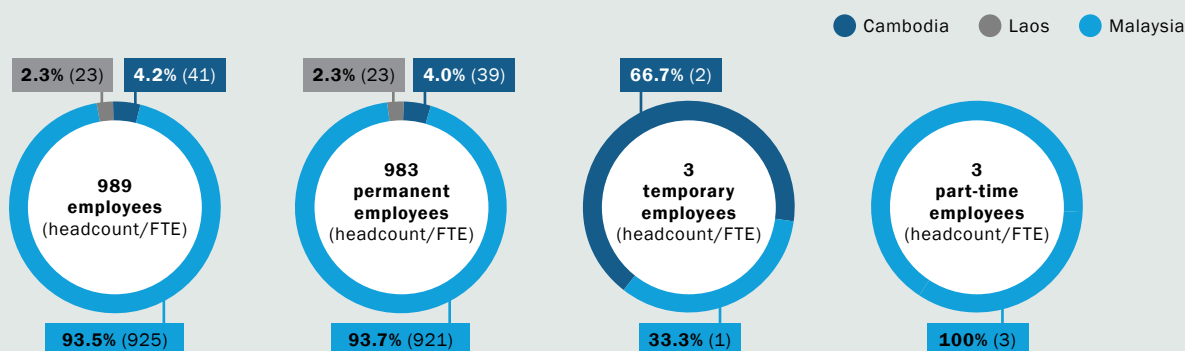
We recognise that the nature of the industries we operate in a male dominated workforce and this is reflected in our diversity numbers where 78% of employees are male and 22% are female. This is reflective of the more physically demanding nature of the job which naturally is advantageous to men. Moving forward, we will endeavour to create a more gender-balanced workplace and attract more women into our workforce. At present, we are planning to provide a more conducive working environment for nursing mothers by providing appropriate nursing areas and where possible, offering flexible working arrangements.

Our workforce as at 31 December 2021

Gender



Region



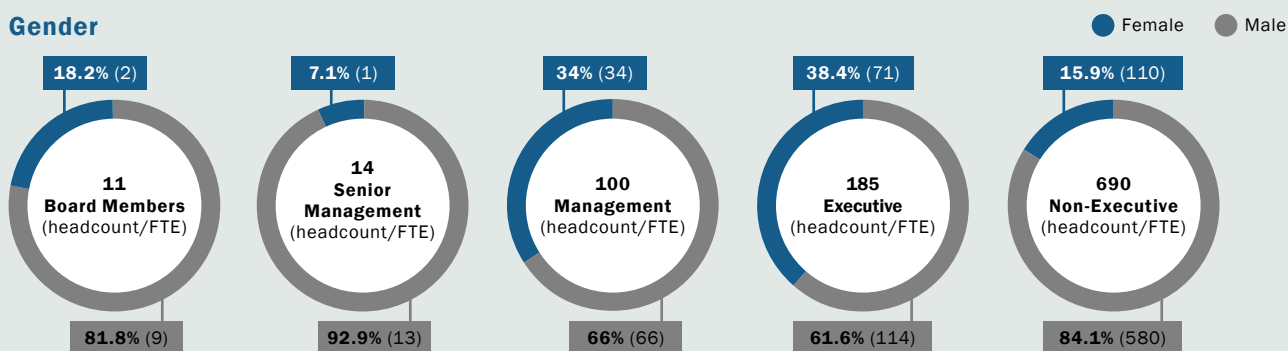
Note: Data includes all five MFCB divisions.

Number of workers who are not employees

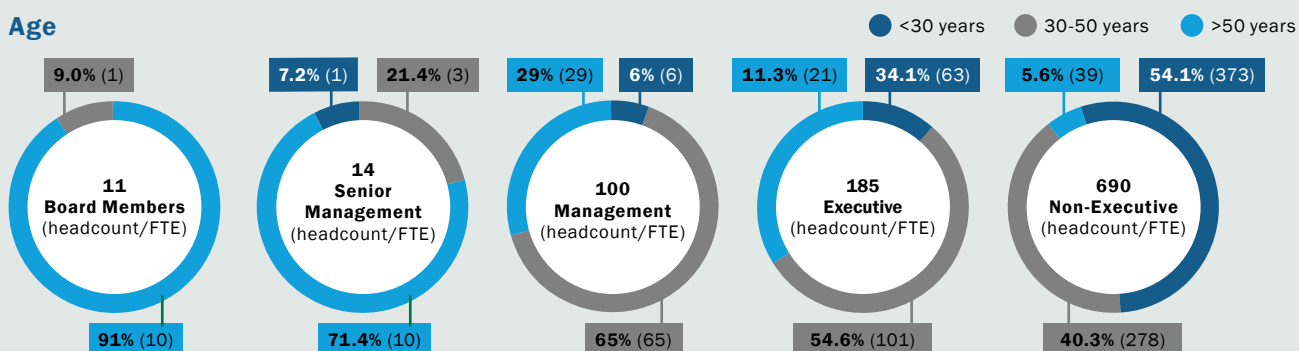
Direct Engagement	Indirect Engagement	Total
34	202	236

Governance bodies and employee diversity data as at 31 December 2021

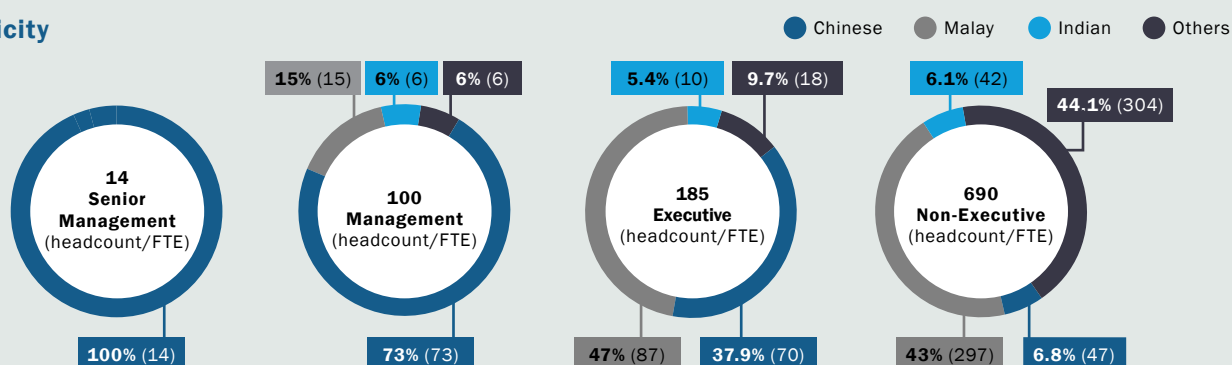
Gender



Age



Ethnicity

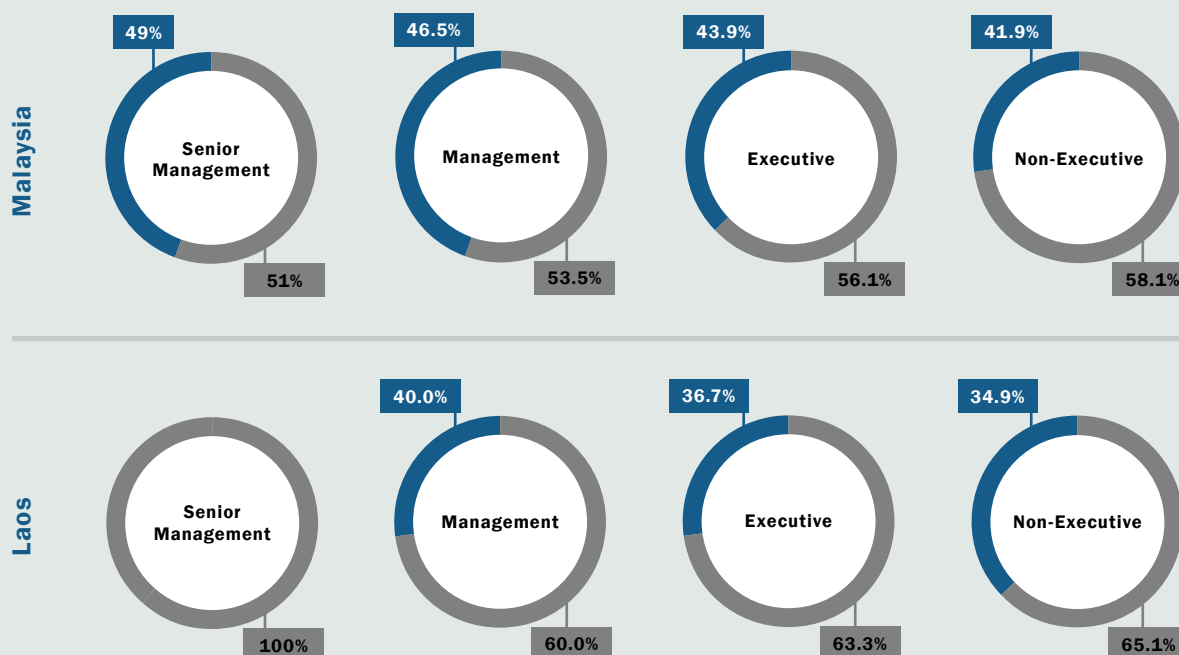


In terms of remuneration, it can be seen that there are no major discrepancies between the ratio of average total remuneration of males and females, which is an important measure of equal opportunity within the company. For Laos, the discrepancy between men and women is more pronounced. This is mainly due to the remote location and basic facilities of the project site where it is difficult to get suitable women employees. The annual increment and bonus is based on a fair assessment system with no bearing on age or gender.

In 2022, we intend to update our Employee Code of Conduct to address matters related to diversity and equal opportunity and ensure this is communicated to our employees.

Ratio of average total remuneration of women to men

● Women ● Men



Note: Data includes all five MFCB divisions.

Employee wellness and engagement

At MFCB we endeavour to create a healthy and supportive workplace to ensure our employees remain motivated and engaged. We provide a number of benefits to our full-time employees (that are not provided to temporary or part-time employees) such as medical benefits, personal accident insurance, hospitalisation and surgical insurance and maternity leave.

Before the COVID-19 pandemic, we used to conduct a number of events to maintain engagement with employees such as company dinners, festive celebrations, company trips and talks from external speakers, however, in view of the COVID-19 situation during 2021, such events have been temporarily suspended.

Total number of new employee hires for 2021 was 121 employees.

	Number of Hires	Rate of Hire
Gender		
Male	93	12.5%
Female	28	13.3%
Age Group		
<30 years	87	18.8%
30-50 years	31	7.7%
>50 years	3	3.3%
Region		
Malaysia	112	12.6%
Laos	4	13.8%
Cambodia	5	12.2%

Total turnover number for 2021 was 115 employees.

	Turnover Number	Rate of Turnover
Gender		
Male	82	11.0%
Female	33	15.6%
Age Group		
<30 years	66	6.9%
30-50 years	42	10.4%
>50 years	7	7.8%
Region		
Malaysia	106	12.0%
Laos	3	10.3%
Cambodia	6	14.6%

Fair labour practices and human rights

MFCB is committed to fair labour practices and respects international human rights standards. We do not have any child labour or forced labour in our operations and provide all our employees fair wages and a safe and proper working environment that is free of discrimination, harassment or intimidation.

We are developing a Group Human Rights Policy that is aligned with the UN Guiding Principles on Business and Human Rights and will be available on our Group website by April 2022. The Policy will state our view on human rights and our commitments to ensure we respect the rights of all our workers. We will spend the second half of 2022 communicating the Policy across the Group. We recognise that this is an ongoing area of concern for many stakeholders and we intend to put in place processes to identify and assess our human rights risks, especially across our supply chain. We will work closely with our employees, suppliers and other stakeholders to ensure that our efforts and views are aligned in this area.

In 2021, there were no reported incidents of discrimination.

Renewable Energy Division

DSPC's HR practices reflect our deepest respect to human rights and our commitment to be in full compliance not only to labour laws and anti-trafficking laws, but also the full spectrum of anti-discrimination and anti-harassment policies. We operate the business, and recruit, train and compensate our workforce strictly in compliance with the above-mentioned laws and policies. All these are contained in our written Internal Regulations which has been approved by the Government of Laos.

As most of the operations and maintenance of the power plant has been outsourced to a specialist third party, we are able to operate with a relative lean and efficient workforce of 23 employees. While the workforce is diverse and multi-national, we also support local employment - 75% of our employees here are Laotian. In addition, we provide comfortable lodging and accommodation, meals, insurance protection and health and recreational facilities for our workforce. This is on top of other legal and regulatory requirements such as a social security fund and pension system, which we also provide.

We conduct annual performance reviews with employees to gain their input and feedback, to safeguard and improve their wellbeing and talent development, in order to make sure they enjoy a safe, healthy, and encouraging working environment.

Resources Division

RCI is aligned with MFCB Group's policies on non-discrimination, harassment, minimum wage and child or forced labour. We do not discriminate and treat all employees equally and with respect. We have 73 foreign workers in our workforce and provide comfortable accommodation with all the necessary furniture. They have large communal areas for cooking, dining and recreation as well as open space for exercise and gardening. All our foreign workers keep their own possessions and have their own free time outside of work. All employees and stakeholders are provided in-person training on our Whistleblowing Policy, which forms part of our ISO37001:2016 ABMS Standards, and are able to raise any concerns or grievances through the processes highlighted to them.

Employees in the Resources Division are free to join the collective agreement with the trade union. Currently, 13% of our employees are covered by the collective bargaining agreement.

Packaging Division

Hexachase has a company HR Policy that states its zero-tolerance policy for any form of discrimination and harassment as well as child or forced labour. It also states Hexachase Packaging's commitment to fair labour practices such as the right of workers to join trade unions and have decent work hours and pay. All employees and suppliers are made aware of this policy and expected to abide by it.

We have both local contract workers and foreign workers who live in an estate area near the factory. For our local contract workers, we provide transportation to the factory. All our foreign workers are provided accommodation as per the regulations and are free to go out after working hours and hold their own passports. They are also given good working conditions and have the same benefits as all our employees such as a yearly bonus, monthly advance salary, promotion and increment opportunities, medical leave, annual leave, overtime and SOCSO (social security for foreign workers).

Stenta has a Labour Practices, Human Rights, Ethical Conduct Policy that includes elements on forced labour, underage employment, minimum wage, anti-discrimination, whistleblowing, privacy and health and safety. Employees in Stenta are free to join trade unions. Currently, 59% of employees are covered by the Collective Agreement. Stenta is required by some of our key multinational customers to undertake audits of their operations and in 2021 they conducted a 4-pillar Sedex Members Ethical Trade Audit (SMETA). The audit highlighted some areas for improvement such as improving some of our internal systems and processes in relation to supporting documentation and communication with external service providers. We value the insights and feedback received from such audits and will continue to work to improve our operations.

Training and development

At MFCB, we give continuous support to our employees in their personal and professional development through on-the-job training, internal and external courses and seminars. We believe in continuous improvement of our workforce and that only a well-trained workforce will ensure high productivity which will benefit the company and ultimately, our stakeholders.

Renewable Energy Division

Our operations require all our employees on site to be up-to-date on all health and safety training to ensure our hydropower plant can operate smoothly. In 2021, training was provided on a number of topics such as Emergency response management, Management of flammable and combustible materials and Special equipment management. We also provide essential technical training pertaining to the operation of specific areas of the DSHP like turbine operations, cooling water systems and maintenance of generators.

Resources Division

We prioritise the training and development of our staff, as we believe with the right training and knowledge, our employees will be able to succeed at their jobs. This is ingrained in our Quality Policy and is a KPI that is tracked monthly for HR.

Due to the pandemic, the majority of training at RCI has been focused on meeting mandatory training requirements. However, additional training needs continue to be assessed on an annual basis based on feedback from annual appraisals. Skills and knowledge-based training are provided both internally and externally to develop staff competency.

Internally, we have employees who are competent and experienced in special skill sets who are able to conduct in-house training for other employees. We also have a 'library' (also via network) with relevant reference books and reading materials that are accessible to all staff. External training is provided for specific courses and professional certification programs such as Environmental Management, ISO 14001:2015 EMS training and Certified Environmental Professionals. RCI provides funding for external courses through HRDF or will provide company funding.

Over the next few years, we will be ramping up our training program to make it more comprehensive and cover more aspects and topics.

Packaging Division

Hexachase Packaging conducts mandatory training on Forest Stewardship Council (FSC) awareness and Emergency Preparedness for all employees. Our production team is especially involved in various trainings on production standards and quality and has a key focus on ensuring that employees are up-to-date on their FSC Chain of Custody (CoC) knowledge. In 2021, production employees were sent for FSC CoC training on Version 3-1 of FSC-STF-40-004. This training involved learning about the FSC rules and regulations for FSC CoC certification, discussing the core labour requirements of the Standard and implications of the EU Timber Trade Regulation (EUTR).

At Stenta, one of our missions is to achieve a lifelong learning culture. The management believes employees need to have the right skills and knowledge to achieve the company's vision. An annual training needs assessment is carried out to identify skill gaps and training required to close these gaps. We provide mandatory training as required by regulators such as fire-fighting, first aid and chemical spillage, as well as training on Safety Management Systems (ISO 9000, HACCP and GMP). We conduct internal training, which is delivered either by internal or external subject matter experts, as well as provide opportunities to participate in external training. Stenta contributes to the Human Resource Development (HRD) Corporation and all external training (whether held in-house or externally) is funded through HRD Corp.

Employees also undergo on-the-job training on SOPs for their respective jobs as well as an understanding on Product, Quality & Customer Applications. Stenta has also invested in soft skills development of executives by providing training on Supervisory and Leadership, Problem Solving Methodologies, Project Management, Performance Management and Operational Management.

Percentage of employees receiving regular performance and career development reviews

	2019	2020	2021
Gender			
Male	100%	100%	97%
Female	100%	100%	94%
Employment Category			
Senior management	100%	100%	100%
Management	100%	100%	100%
Executive	100%	100%	100%
Non-Executive	100%	100%	94%

Note: Data includes all five MFCB divisions. Figures in 2021 are not 100% because the performance reviews for the Plantation division will only be carried out in April 2022.

Occupational Health and Safety

The occupational health and safety of our employees is a top priority at MFCB. Our operations each have their own occupational health and safety policies, management systems and committees.

With the implementation of our new strategy, the Group has developed new Group Occupational Health and Safety Policy in 2022 that will ensure all our subsidiaries are aligned with the Group's health and safety management goals.

Renewable Energy Division

DSPC has a Standard Operating Procedure and Emergency Response Plan which all employees are aware of. The SOPs help to prevent any occurrence of accidents that would disrupt operations and in the event of any emergency, the Emergency Response Plan provides a clear action plan for all employees to follow. Since commercial operation began, there have been no emergency events.

At the production site, we fully comply with all the international health and safety standards and regulations and industry standards of the country where we operate, formulate special safety, environmental protection, occupational health and emergency management systems, and strictly implement these systems to ensure the safety and health of the workers on the site during the production process.

Our partners are required to carry out multiple training and learning sessions on safety awareness and safety skills for employees every year and hold targeted thematic analysis meetings based on the safety events in the same industry and the actual situation of the company's production site to prevent the occurrence of similar unsafe incidents. We have special safety management personnel at the production site to be responsible for regularly organizing safety inspections on the production site, and to supervise and guide the behaviour of employees.

Measures are taken to reduce the risk of exposure to harmful environmental hazards and unsafe equipment and facilities that endanger personal health and safety in the production process. We do our best to prevent our employees and service site partners from occupational hazards and diseases and provide periodic occupational health examinations if required. We have occupational health monitoring files for company employees, and require our service providers to establish occupational health monitoring files for on-site workers to ensure we can monitor any changes in workers' health.

After the outbreak of COVID-19, in order to ensure the normal operation of the on-site power production business, special management measures and emergency treatment plans were developed. This included SOPs on social distancing, capacity limits on-site and quarantine requirements. We have also ensured that there is sufficient equipment on-site to help prevent the spread of COVID-19 such as PPE and hand-sanitising stations and require all production site employees to be vaccinated with three doses of an internationally-recognised COVID-19 vaccine.

Resources Division

The Resources Division is guided by the ISO45001:2018 Occupational Health and Safety Management System and plans to be certified by September 2022. OHS is overseen by the Safety and Health Committee which meets every 2 months. In addition, they have weekly toolbox briefings to communicate with all workers on OHS matters. Safety and compliance training is provided as required by regulations. In 2021 we invested RM98,500 in safety training programs covering topics such as ergonomic risk assessments, PPE & chemical handling, fire safety, hearing conservation and first aid.

We implement the Hazard Identification, Risk Assessment and Risk Control (HIRARC) process to identify work-related hazards and all department

managers have been coached to conduct HIRARC. We have clear SOPs for reporting work-related hazards and incidents, dealing with non-conformities and reviewing corrective actions. All accidents need to be reported within 24 hours to respective managers or departments and an Incident Investigation Report must be lodged. Any serious accidents must be reported online to DOSH within the stipulated timeframe. Corrective action must be monitored for its effectiveness and if a similar non-conformance re-occurs, another investigation is conducted to identify further action to eliminate or minimise the risk of the root cause.

In the Resource Division, workplace noise is considered a potential occupational hazard. Annual audiometric tests are carried out to monitor our employees' hearing over time (refer to the table below for the results).

	2019	2020	2021
Diagnosed with hearing impairment:	4 Out of four cases of hearing impairment, one case was due to aging. <i>(*no age correction done)</i>	8 <ul style="list-style-type: none"> The same four cases from 2019 were tested again. Four new impairments. Out of these, three were diagnosed with hearing impairment prior to joining our company (baseline testing). 	8 <ul style="list-style-type: none"> The same four cases from 2019 were tested. The same four cases from 2020 were tested. No new impairments were recorded in 2021.
No. triggered criteria for audiometric test	18	69	26
• Baseline	18	61	7
• Repeated annually/3 months	0	4	14
• Noise Risk Assessment	0	4	5

The employees who were found to have hearing impairments were reassigned to a different working environment that has less exposure to loud noise (below the Noise Exposure Limit of 85.0 dB(A)). PPE and yearly audiometric tests are provided to these employees.

We deploy the Hierarchy of Control to determine ways to implement feasible and effective controls in reducing noise exposure. This approach groups actions by their likely effectiveness in reducing or removing the noise hazard. Engineering and administrative controls and PPE usage are widely implemented. In terms of PPE, we provide earplugs and earmuffs to all our employees. Areas with high levels of noise exposure are accentuated via signboards and hearing protection is made mandatory before entering such areas.

In terms of engineering controls, progressive actions are taken over the years. Currently, we have installed a silencer and inverter on the root blower at our production facility to reduce the noise level. More effective engineering control will be implemented in excessive noise areas in the future, gradually.

As part of the administrative controls, we conduct an annual Hearing Conservation Training, which covers:

- Occupational Safety & Health (Noise Exposure) Regulations 2019
- Adverse health effects of noise on hearing
- Purpose and benefits of the Hearing Conservation Program
- The purpose of earplug/earmuff, the advantages, disadvantages, and attenuation of various types of earplug/earmuffs, and instructions on their selection, fitting, use, and care.
- Purpose and procedures of audiometric results and preventive measures and
- The noise control plan and program at the place of work.

Over the past two years, the Resource Division has further prioritised the health and safety of all our workers. With the pandemic raging on, the division has invested in a number of initiatives to ensure that all employees remain healthy and safe:

- All COVID-19 vaccinations for employees and contractors are paid by the company, resulting in 100% of employees being vaccinated.
- Bi-weekly COVID-19 Rapid Antigen Tests were implemented for all employees in August 2021, shifting to weekly tests later in the year, to enable early detection and prevent any outbreak within the division. So far, all tests have come back negative, which has enabled us to continue operating.

- Free food is provided to all 73 of our foreign workers who are staying in accommodation provided by RCI to ensure that they do not need to leave the compound unnecessarily.
- Provision of free face masks, face shields and hand sanitiser to comply with our COVID-19 SOP.

The Resources Division continues to ensure our foreign workers are comfortable and regularly invest in upgrading their quarters.

Packaging Division

Hexachase has an occupational health and safety team that meets quarterly and is responsible for ensuring machinery are operated safely and that the organisation is up to date on its first aid and fire-fighting responses. They have a Health and Safety Policy and a Risk Assessment Procedure document that guides employees on their responsibilities for working safely and how to identify and report any safety risks. Health and safety training is provided to employees including Emergency Preparedness & Response Procedures, Control of Health Status & Disease Procedures and Personal Hygiene.

In response to the COVID-19 pandemic, Hexachase paid for all vaccinations and provided test kits every week for all employees. When required, all PCR tests were paid for as well as quarantine hotels for foreign workers. In our operations we provided oximeters, face masks, face shields and hand sanitisers to ensure our employees could continue to work safely. We also updated our Risk Assessment Procedure to include COVID-19 safety measures and SOPs and ensured all our employees were aware of them. In addition, all our employees are covered by medical insurance.

Stenta has an Environmental, Health and Safety (EHS) function that oversees all the OSH activities and regulations. In addition, we also have a Safety and Health Committee that meets every two months and is represented by both management and workers from the production floor. The workers, through their representatives are encouraged to provide suggestions/inputs to improve OSH within the company.

Stenta's Occupational Health and Safety Policy which is available in both English and Malay, ensure that our employees are aware of our commitment to safety and of their responsibilities. Our EHS Executive is certified as a Safety Officer by the National Institute of Occupational Safety & Health. We also provide standard training in key areas relating to confined spaces, chemical handling, forklift driving and waste handling.

We use the HIRARC method to identify hazards and assess risk. The results of any assessment are reviewed in the Safety Committee Meeting where areas for improvement are discussed and followed up on. In 2021, there were 4 recordable work-related injuries related to slip and falls, burns and cuts. Following these incidents, additional briefings were held with all employees to reiterate the importance of following occupational health and safety procedures.

On an annual basis, all employees undergo a health screening on-site to check their blood pressure, glucose and cholesterol level to ensure they are in good health. Employees working in areas exceeding the noise limit of 82db also undergo annual audiometric tests.

	Hexachase Packaging	Hexachase Flexible Packaging	Hexachase Labels	Stenta Films
ISO 9001:2015	-	✓	✓	✓
ISO 14001:2015	In progress	✓	✓	By July 2022
ISO 22000:2018	✓	✓	✓	-

Work-related injuries

	2019		2020		2021	
	Number	Rate	Number	Rate	Number	Rate
All Employees						
Fatalities as a result of work-related injury	0	0	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Recordable work-related injuries*	7	1.13	6	0.80	10	1.24
The number of hours worked	1,234,674		1,502,925		1,614,612	

* calculated based on 200,000 hours worked.

Work-related ill health

	2019	2020	2021
All Employees			
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	4	8	8
Main types of work-related ill health	Hearing impairment	Hearing impairment	Hearing impairment

Empowering communities

We are committed to enriching the lives of the communities we engage with and have invested substantial time and effort towards improving access to healthcare, education and livelihood opportunities.

Renewable Energy Division

As part of the Concession Agreement for DSHP, we made a commitment to contribute USD1 million (RM4.2 million) to the Laos Government every year for the next 25 years upon commercial operation. All projects under this fund has to be approved by a joint committee and any unused funds for the year is rolled over. On top of the formally-approved projects, the company also continues to engage with communities in nearby villages and contributes funds and technical advice to support other initiatives requested or required by the communities.

Community investment 2019-2021

2019 (RM)	2020 (RM)	2021 (RM)
6,134,000	1,076,000	2,072,000

Infrastructure development

Initiatives	Objectives	Outcome
Road expansion project at Nong Ping village, Pathoumphone district, Champasak province	To expand and improve the road and mobilise equipment for transmission line construction at Nong Ping village.	72 households and contractors can use the dirt-road for transportation and equipment mobilizing.
Transmission line construction project at Nong Ping village, Pathoumphone district, Campasak province	To expand power grid for Nong Ping village.	72 households including 373 villagers now have access to utility electricity supply.
Water supply system at Don Sahong, Hua Sadam and Hang Sadam villages**	To provide treated water supply to the villages including water intake structure, treatment plant & water supply pipelines to all households.	297 households and 1,602 villagers will have access to potable water.
Slope protection construction at Hang Khone Yuak island**	To ensure stability of the riverbank at Khone Yuak island.	12 families who live on the island will be protected from further erosion.

**have started but not completed yet



Road expansion project at Nong Ping village, Pathoumphone district, Champasak province.



Transmission line construction project at Nong Ping village, Pathoumphone district, Champasak province.

Health and education

Initiatives	Objectives	Outcome
Community health centre improvement program	To improve the quality and variety of medicine, materials, equipment and facilities to ensure that the health centre is more functional and able to handle extreme emergency situations and provide better health care for locals.	More than 4,000 people are closer to the health center and have better access to health care.
Food nourishment and protein supplement program for primary school level Grade 1 to 5 during daily break times	To provide a balanced and nutritious diet to increase/enhance the learning performance level of all students.	300 students from six (6) villages to benefit.
Provide educational learning and teaching reference materials for Sadam Island Secondary School	To increase the standard of education with access to better reference teaching/learning educational materials.	84 students to benefit.
School bus transport services and enrolment fee program for selected high school students	To enable poor students who have completed secondary school to continue high school at a different location.	30 students from four (4) villages to benefit.
Provide scholarships for selected top students to continue higher/tertiary education	To provide financial aid to students who completed school and obtained an average score of 40 points to continue higher/tertiary education.	Two (2) top students each year will receive the scholarship.



Community health centre improvement program.



Provide scholarships for selected top students to continue higher/tertiary education.



Provide bicycles and school bus transport services for selected high school students.

Livelihood support

Initiatives	Objectives	Outcome
Revolving fund program Provided funds to be distributed across each village	To create additional steady income of local villagers from 6 villages in project areas.	The program has been running since 2016. Household income of six villages, 492 households, 2,698 people have been improved. A formal income survey will be conducted once COVID-restrictions are lifted.
Dry-season rice production DSPC provided the funds to construct appropriate irrigation. Technical training on dry season rice production was provided by DSPC's Social Team and Khong District Agriculture and Forestry Office. High-yield rice varieties were recommended.	To provide an alternative income stream for communities who are usually dependent on the fisheries industry.	In 2020, 53 households participated in dry-season rice production, yielding 125 tonnes of rice. In 2021, 98 households (47% increase) participated and managed to harvest 200 tonnes of rice.
Technical advice and financial assistance for agricultural production Assistance was provided to farmers who were growing organic vegetables, mushrooms, banana plantations, sugarcane plantation, cashew nut plantation and raising buffalos, cows, goats, pigs, chickens and ducks.	To assist farmers in sustaining existing livestock and fruit and vegetable production as well as improving productivity.	For farmers raising livestock, the assistance has helped to double the number of cows in most villages, while the number of goats has tripled.
Technical advice for small businesses The ESMO team made monthly visits to all the businesses run by participating households to monitor, supervise and check on their finances. These included retail shops, restaurants and other service shops.	To help families and households sustain their business.	By taking on the advice from the ESMO team to change product offerings, the small businesses have managed to sustain themselves despite the sharp drop in tourists to the area.



Technical advice and financial assistance to help double the number of cows in the villages.



Technical advice and financial assistance to improve productivity in agriculture.



Technical advice on how to improve bamboo yield.



Dry rice season production.

COVID-19

Laos was not spared from the COVID-19 pandemic and as part of our commitment to the Laos Government and districts within which we operate, we donated RM26,100 to the Champasak provincial government and RM11,186 to the Khong district government to assist in the prevention, control and containment of COVID-19. The money was used to test and quarantine migrant labourers entering from neighbouring countries. We also contributed a further RM55,928 to the Khong district government to help build a COVID-19 quarantine camp that will be able to house 100 people. This camp was completed in November 2021 and will be used to quarantine migrant labourers.



Packaging Division

Our Flexipack division has been donating RM50,000 to Pay Fong Middle School in Malacca to provide a better learning environment as well as to fund university scholarships for high school graduates. In 2021, MFCB Group also contributed RM50,000 for the school to acquire a 7-acre land for future development and in 2022 will be helping to support the construction of a student dormitory.

Stenta donated medical CPE isolation gowns to the Ministry of Health to support frontliners in managing COVID-19 cases in hospitals. During MCO1.0, Stenta ran a food bank project that raised RM44,000 to provide aid to its staff community as well as community around the area that were economically impacted by the prolonged lockdown.

Building A Sustainable And Ethical Business



Our Commitment

MFCB is committed to enhance the sustainability of our business and uphold high ethical and governance standards.

Our Strategy

A core component of building a sustainable business is ensuring that we cultivate a sustainable and resilient supply chain. In light of this, our overarching target in this area is to ensure 100% of our Tier 1 suppliers comply with our Responsible Sourcing Policy by 2030.

Our Targets

To practice fair, transparent, ethical and sustainable procurement throughout the organisation, MFCB will have 100% of Tier 1 suppliers to comply with our Responsible Sourcing Policy by 2030.

To support this, we will:

01

Develop a Responsible Sourcing Policy by 2022.

02

Implement mandatory supplier ESG training by 2023.

03

Conduct internal audits of all higher-risk suppliers by 2025.

Sustainable procurement

Building a sustainable supply chain is integral to long term value creation. As a Group with various operations across different countries, we source various raw material, services, equipment and machinery from a multitude of suppliers and vendors globally. We acknowledge that any wrongdoing and non-compliance by any one of our suppliers and vendors exposes our businesses to legal and reputational risk, especially as society becomes more concerned about and aware of environmental, social and governance issues.

At this point in time, stakeholders such as our customers and investors are calling for greater accountability in managing our supply chain risks especially in the areas of human rights, environmental impacts and occupational health and safety. We recognise the importance and potential impacts of these issues and are committed to ensuring that we manage these risks across all our businesses. Accordingly, we are partial towards suppliers who adopt sustainability practices in their organisations.

Further to this, we recognise that a key to sustainable procurement involves procuring local products and services wherever possible. Procuring locally promotes economic growth in the domestic economies we operate in by supporting local suppliers, creating employment opportunities while also reducing emissions associated with transportation. In 2021, our proportion of spending on local suppliers across the Group was 65.7%. The main spending on foreign suppliers was for raw materials, equipment and machinery for the Packaging Division. This is due to limited raw material suppliers locally and as the division is expanding, specialised equipment and machinery that are unavailable locally are being purchased.

In 2022, we rolled out a Group Sustainable Procurement Policy that will address these concerns. In order to achieve our goal of 100% compliance to this policy by 2030, we aim to work closely with all our suppliers, first to instil sustainability awareness in them and then to provide ESG training and engaging with them on a more regular basis to discuss sustainability issues and performance against the Group's policies.

Renewable Energy Division

DSPC has engaged a local company to perform the operations and maintenance activities at the project site. Wherever possible, we require this company to hire local employees in Laos. Any foreign procurement mainly relates to the purchase of spares and consumables for our turbines, generator, control system and general plant equipment from General Electric, the supplier of the project's highly specialised custom designed equipment.

MFP Solar engages the services of local suppliers to perform the construction work on its C&I Solar PV investment projects. Wherever possible, emphasis is placed on local procurement and services.

Packaging Division

At Hexachase Group, the majority of raw materials purchased is for the manufacture of primary and secondary packaging. All raw material suppliers are required to provide Product Technical Data Sheets, Safety Data Sheets, FDA compliance documents, FSC Certification, FSSC 22000 Certification and other documents or declarations that ensure they meet environmental and food safety requirements. We have a Supplier Quality Assurance Program to ensure that materials are supplied in good order and moving forward, we will allocate increased resources to enhance this program.

At Stenta, the major percentage of raw materials, such as polypropylene and linear low-density polyethylene (LLDPE), are sourced locally for manufacturing of Biaxially Oriented Polypropylene (BOPP) and LLDPE Flexible Packaging Films. Suppliers are requested to sign a Letter of Undertaking to agree that they are meeting all requirements on labour practices, business conduct as well as best practices on environmental management.

Innovating for a more sustainable future

Across our operations, we are conscious of the importance of remaining competitive whilst identifying new ways of doing things. The world's needs and demands are constantly evolving and therefore, we firmly believe that innovation is key to a sustainable future. We are open to innovation in all forms whether it be in the form of the usage of new technologies, new manufacturing processes, new raw materials or the innovation of new products.

Renewable Energy Division

From the very beginning, MFCB has been committed to ensuring that we minimise any potential impacts of the DSHP. As such, we chose to use GE's fish friendly turbines that are designed to reduce main risk factors for fish such as collisions, jamming between components and turbulence. These turbines not only increase the survival rate of fish but are also more energy efficient and have been used in developed countries such as Norway and Sweden for many years. Since commercial operations began, we have not seen any evidence of fish being killed after going through the turbines. In fact, we have witnessed fish accumulating in front of the trash rack (before the turbines) to feed on insects. Some of the smaller fish will be able to pass through the turbines while the larger ones will turn back as they are unable to pass through the trashrack/fishscreen.

Resources Division

In our Resources Division, we are always thinking of new ways of how reduce our environmental impact especially on areas such as emissions and waste generated. During the year, we have installed a special stone crusher that helps to increase quarry yield and reduce unsuitable quarry by-product. This breakthrough project to optimise the crusher operation in the quarry scope by substituting the Impact Crusher for the Double Roller Crusher has resulted in an increased throughput with a 20% increase in the quarry yield for the right-sized kiln feed stones, whilst reducing fine particulars from the crushing operations. This has resulted in reduced emissions and higher quarry yield, promoting a longer lifespan for the quarry.

Packaging Division

The Packaging Division is committed to the continuous innovation of new products and sourcing of new materials that reduce environmental impact, which is in line with global packaging industry trends to create a circular economy that reduces the usage of packaging materials, converting packaging from a non-sustainable to sustainable structure as well as the usage of biodegradable materials.

It is critical to our business that all products maintain high quality standards that meet our customer's requirements. Our products comply with the relevant standards and certifications and we continue to engage with our customers and suppliers to ensure that the products we manufacture are in line with global sustainable packaging materials standards.

At Hexachase, we continually focus on the innovation of paper bag products and flexible packaging products with enhanced sustainable features and manufacturing processes. For example, for our paper bags products, all paper is sourced from FSC- or PEFC-certified paper mills and some products are manufactured from recycled paper depending on customer's requirements. Flexible packaging is manufactured via a number of more environmentally-friendly processes compared to traditional processes such as the use of 100% Non Toluene Ink in the printing line and the use of Solvent Free Technology in the lamination process. We also jointly collaborate with multinational companies and their R&D teams to develop more sustainable and innovative packaging solutions.

Stenta on the other hand has invested substantially to produce biodegradable and mono-material flexible packaging films that enable packaging to easily biodegrade in landfills or be fully recycled. This is relatively new as traditional flexible packaging films are made of multiple layers, with each layer being a different material, making it impossible to recycle. Mono-material films are made of one material which makes it easier to recycle. Some mono-material films are biodegradable, meaning that even if it is not recycled, it will have less of an impact if disposed.

Stenta has invested RM50,000 in a research collaboration with Universiti Kebangsaan Malaysia (UKM), a well-established university with a good reputation for industrial relationships with the private sector on the development of new environmentally-friendly films. We currently have two development projects with them, aimed at developing new types of films that will be more effective for packaging purposes. The projects are currently undergoing lab trials and upon completion in December 2022, we expect to use these films in our commercial productions.

Customer Satisfaction

Customer satisfaction is a top priority of the Group. Our divisions operate in highly specialised industries and we aim to create positive relationships by not only being responsive but also by being proactive to understand their needs and requirements and to provide solutions.

Resources Division

RCI has a large clientele base that encompasses multiple industries, with various applications. Industries that we serve locally, and export are as follows: steelmaking, mining industries, water and industrial wastewater treatment plants, sugar refineries, pulp and paper mills, flue gas treatment, chemical industries, building materials, aquaculture, and food industries.

For RCI, achieving customer satisfaction by meeting our customer's needs and expectations with the highest quality products and services is an aspect integrated into the very fibre of our operations. Customer engagement from the get-go right until after-sales service is maintained. Due to the global impact of COVID-19, online platforms are extensively used to engage with all our customers.

Customer satisfaction is surveyed twice annually, via a customer survey questionnaire. The criteria assessed include product quality and performance, delivery and service provided. Over the past 3 years, our results have improved year on year.

CRITERIA	2019	2020	2021 (ENDING JUNE)
Product	72.73%	76.57%	85.65%
Delivery	73.54%	78.99%	83.91%
Service	80.82%	82.83%	89.57%
Overall	77.22%	80.25%	86.85%

Annual reviews of customer satisfaction results are conducted at a minimum once per year. Appropriate action plans are formulated through these meetings, to improve any area where a complaint has been raised, or an improvement is required (low scoring areas).

Packaging Division

At Hexachase, we conduct an annual customer satisfaction survey that is emailed to our distributors who are our main customers. In 2021, our average customer satisfaction score was 3.94/5, scoring highest in the customer service area.

Hexachase	2019	2020	2021
Average customer satisfaction score (out of 5)	3.83	3.77	3.94

Stenta customer satisfaction is surveyed twice annually via Customer Satisfaction Questionnaires. Customers provide their feedback on Product Quality, Responsiveness and Delivery. Over the past three years, Stenta has achieved an average score of above 85%, and scoring above 90% with some of the major customers.

Stenta Films	2019	2020	2021
Average score on product quality, responsiveness and delivery (%)	89.14	89.71	87.00

The results of the surveys are reviewed by the Management team annually and continual improvements are formulated to address the specific areas where customer satisfaction were low. In addition, our Sales and Technical Service team regularly visit customers to engage with them and understand their needs and issues and provide solutions as needed.

An ethically responsible business

MFCB has always implemented strong corporate governance across our operations. Similarly, we are also striving to establish good sustainability governance practices by developing a focused strategy that will be driven by the Board and senior management. In this light we have also taken the first steps to develop a number of Group-wide policies that will highlight our approach and commitments on key issues such as human rights, diversity and inclusion and sustainable procurement. These policies will be made available on our Group website by April 2022 and we will spend the rest of year communicating and socialising these policies to our employees as well as other stakeholders.

- Human Rights Policy
- Group Sustainability Policy
- Diversity and Inclusion Policy
- Sustainable Procurement Policy
- Anti-Money Laundering Policy
- Occupational Health and Safety Policy
- Water Management Policy
- Waste Management Policy

On top of these policies, the Group has a clearly defined approach on anti-bribery and corruption as stated in our Anti-bribery and Corruption Policy and Employee Code of Conduct, which can be found on our corporate website. Our Anti-Bribery and Corruption Policy is aligned with the requirements set out in the ISO 37001:2016 Anti-bribery management systems (ABMS). All employees are made aware of these policies during onboarding and are required to certify in writing that they have read, understood and will abide by these policies. MFCB also has a Whistleblowing Policy and employees are encouraged to report any behaviour or activities that are in violation of our policies through the channels provided in the policy.

The Group complies with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. We believe in conducting all our business transactions transparently and with integrity and have a zero-tolerance approach when it comes to bribery and corruption.

Our Resources Division has received ISO 37001:2016 ABMS certification and engages a third-party external auditor to conduct annual audits to ensure that we are complying with the standards. The division conducts annual face-to-face training on its Anti-Bribery Policy and also communicates its policy via the departmental toolbox briefing.

Stenta requires all employees to sign the Employee Code of Conduct and Business Ethics declaration form on an annual basis. The declaration form covers their Anti-Bribery and Anti-Corruption Policy, Protection of Confidential Information as well as Conflict of Interest of employees as well as family members. In 2022, Stenta plans to conduct annual briefings to inform all employees about its Labour Practices and Human Rights Policy, Business Conduct Policy, Anti-Bribery and Anti-Corruption Policy and Whistle-blowing Policy. This will be embedded in induction briefings for all new joiners.

In 2021, there were no incidents of corruption or non-compliance with laws and regulations. This is a testament of our strong compliance culture and commitment to operating with honesty and integrity.

Disclosure	Description	Where It Can Be Found	Page	Omissions
GRI 2: General Disclosures				
2-1	Organisational Details	Who we are and what we do	3	
2-2	Entities included in the organisation's sustainability reporting	About this report	ii	
2-3	Reporting period, frequency and contact point	About this report	ii	
2-4	Restatements of information	About this report	ii	
2-5	External assurance	About this report	ii	
2-6	Activities, value chain and other business relationships	Who we are and what we do	3	
2-7	Employees	Enhancing livelihoods and inspiring our people	30	
2-8	Workers who are not employees	Enhancing livelihoods and inspiring our people	30	
Governance				
2-9	Governance structure and composition	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	75-78	
2-10	Nomination and selection of the highest governance body	Please refer to our Policy on Nomination and Assessment of Board Members	78	
2-11	Chair of the highest governance body	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	76	
2-12	Role of the highest governance body in overseeing the management of impacts	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	75-77	
2-13	Delegation of responsibility for managing impacts	How we manage sustainability	10	
2-14	Role of the highest governance body in sustainability reporting	How we manage sustainability	10	
2-15	Conflicts of interest	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	75-76	
2-16	Communication of critical concerns	How we manage sustainability	10	b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.
2-17	Collective knowledge of the highest governance body	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	75-77	
2-18	Evaluation of the performance of the highest governance body	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	78	
2-19	Remuneration policies	Please refer to our Remuneration Policy and Procedures for Directors and Senior Management	-	
2-20	Process to determine remuneration	Please refer to our Remuneration Policy and Procedures for Directors and Senior Management	-	
2-21	Annual total compensation ratio	Not reported	-	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Message from the Chairman	1	
2-23	Policy commitments	Building a sustainable and ethical business	46	
2-24	Embedding policy commitments	Building a sustainable and ethical business	46	
2-25	Processes to remediate negative impacts	Enhancing livelihoods and inspiring our people; Building a sustainable and ethical business	33-34, 46	
2-26	Mechanisms for seeking advice and raising concerns	Enhancing livelihoods and inspiring our people; Building a sustainable and ethical business	33-34, 46	
2-27	Compliance with laws and regulations	Building a sustainable and ethical business	46	
2-28	Membership associations	Who we are and what we do	7	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	How we manage sustainability	15	
2-30	Collective bargaining agreements	Enhancing livelihoods and inspiring our people	33-34	
GRI 3: Material Topics				
3-1	Process to determine material topics	How we manage sustainability	11	
3-2	List of material topics	How we manage sustainability	12	
3-3	Management of material topics	How we manage sustainability; Promoting environmental sustainability; Enhancing livelihoods and inspiring our people; Building a sustainable and ethical business	10, 18-28, 30-41, 43-46	
Topic Management Disclosures				
GRI 201: Economic Performance				
201-1	Direct economic value generated and distributed	Please refer to our 2021 Annual Report	11-13	
GRI 203: Indirect Economic Performance				
203-1	Infrastructure investments and services supported	Enhancing livelihoods and inspiring our people	38-41	
203-2	Significant indirect economic impacts	Enhancing livelihoods and inspiring our people	38-41	

Disclosure	Description	Where It Can Be Found	Page	Omissions
GRI 204: Procurement Practices				
204-1	Proportion of spending on local suppliers	Building a sustainable and ethical business	43	
GRI 205: Anti-corruption				
205-3	Confirmed incidents of corruption and action taken	Building a sustainable and ethical business	46	
GRI 302: Energy				
302-1	Energy consumption within the organisation	Promoting environmental sustainability	20	
302-4	Reduction of energy consumption	Promoting environmental sustainability	20	
GRI 303: Water and Effluents (2018)				
303-3	Water withdrawal	Promoting environmental sustainability	23	Surface water; Groundwater; Seawater; Produced water
GRI 304: Biodiversity				
304-2	Significant impacts of activities, products and services on biodiversity	Promoting environmental sustainability	25-28	
304-3	Habitats protected or restored	Promoting environmental sustainability	25-28	
GRI 305: Emissions				
305-1	Direct (Scope 1) GHG emissions	Promoting environmental sustainability	19	
305-2	Energy indirect (Scope 2) GHG emissions	Promoting environmental sustainability	19	
305-3	Other indirect (Scope 3) GHG emissions	Promoting environmental sustainability	19	
GRI 306: Waste (2020)				
306-3	Waste generated	Promoting environmental sustainability	24	
GRI 401: Employment				
401-1	New employee hires and employee turnover	Enhancing livelihoods and inspiring our people	32	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Enhancing livelihoods and inspiring our people	32	
GRI 403: Occupational Health and Safety (2018)				
103-1/2/3	Management approach <ul style="list-style-type: none"> • 403-1 Occupational health and safety management system • 403-2 Hazard identification, risk assessment, and incident investigation • 403-3 Occupational health services • 403-4 Worker participation, consultation, and communication on occupational health and safety • 403-5 Worker training on occupational health and safety • 403-6 Promotion of worker health • 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 	Enhancing livelihoods and inspiring our people	35-38	
403-9	Work-related injuries	Enhancing livelihoods and inspiring our people	38	
403-10	Work-related ill health	Enhancing livelihoods and inspiring our people	38	
GRI 404: Training and education				
404-3	Percentage of employees receiving regular performance and career development reviews	Enhancing livelihoods and inspiring our people	35	
GRI 405: Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	Enhancing livelihoods and inspiring our people	30-31	
405-2	Ratio of basic salary and remuneration of women to men	Enhancing livelihoods and inspiring our people	32	
GRI 406: Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken	Enhancing livelihoods and inspiring our people	33	
GRI 413: Local communities				
413-1	Operations with local community engagement, impact assessments and development programs	Enhancing livelihoods and inspiring our people	38-41	