

MFCB

MEGA FIRST CORPORATION BERHAD

Reg. No. 196601000210 (6682-V)



SUSTAINABILITY REPORT 2022

2 About This Report

Mega First Corporation Berhad (“MFCB” or “the Group”) is proud to present our 2022 Sustainability Report. 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 2022 to provide a complete overview of our operations.

Reporting Frameworks

This report has been prepared with reference to the 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 Bursa Malaysia Index and the United Nations Sustainable Development Goals (“UN SDGs”).

Reporting Scope and Boundaries

This report covers the operations of the Group’s three largest divisions – Renewable Energy, Resources and Packaging Divisions across Malaysia and Laos. This comprises 90% of the Group’s revenue for the period 1 January 2022 to 31 December 2022 (unless otherwise stated) and where applicable, comparative data from the preceding year(s) have been included. In the future we will look to providing a report covering all our divisions.

Restatements

Energy and emissions data has been restated for 2020 and 2021 due to a difference in calculation methodologies. The Group is working to standardise conversion factors and calculation methodologies across the Divisions for greater consistency in data collection.

Assurance

We recognise the importance of assurance to provide our stakeholders confidence in our data and for our continuous improvement. We are working on enhancing our internal reporting processes and will consider obtaining external assurance in the future.

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 my great pleasure to present to you our Sustainability Report for the year ended 31 December 2022.

Sustainable Development and Long-Term Value Creation

At MFCB, we recognise that sustainable development and long-term value creation are closely intertwined. Sustainable development to us means meeting the needs of the present generation without compromising the ability of future generations to meet their own needs. We do this by committing to operate in a way that is environmentally, socially and economically sustainable over the long term.

From an environmental standpoint, sustainable practices help to protect the environment by preserving natural resources, reducing waste and reducing emissions. Being socially responsible ensures that our employees and the communities around the areas we operate continue to grow and prosper, creating positive societal impact and increasing their resilience in the face of pressure. From an economic standpoint, adopting sustainable practices can lead to improved efficiencies, reduced costs associated with waste, energy use and resource consumption. It can also create new markets, drive innovation and meet the changing expectations of customers and regulators who are increasingly demanding that businesses operate in a responsible and sustainable manner. Taking action now enables MFCB to keep up the long-term viability and success of the group, contributing to a better future for all stakeholders involved.

Sustainability Strategy and Targets

MFCB’s sustainability efforts have always been focused on the Environmental, Social and Governance pillars of sustainability and we have committed to sustainability targets specific to these three pillars.

For the environmental sustainability pillar, MFCB aims to achieve net zero emissions by 2050 in line with the Paris Agreement adopted in 2015 under the United Nations Framework Convention on Climate Change (UNFCCC). Slowing down and limiting global warming is important to reduce the impacts of climate change that is increasingly wreaking havoc on the world. Closer to home in Malaysia, extreme weather events and natural disasters are increasing in frequency every year. In the last year, heavy consecutive days of rain caused floods that displaced people, caused landslides and loss of lives. As responsible corporate citizens, we are determined to play our part to pursue operational GHG reduction via various initiatives such as:

- i) Performing feasibility studies and gradually introducing solar as a source of energy in our operations. At present, the Group has installed a total of 2.7MW of solar PV systems within our subsidiaries operations, with an estimated energy generation of 3,484 MWh annually and this would have avoided approximately 2,417 tCO₂e.
- ii) Reducing waste by adopting a circular economy approach with a focus on recycling. This is done in various ways such as proper separation of materials for recycling and reducing waste.
- iii) Installing new equipment that improves operational efficiency and reduces wastage.
- iv) Innovating new products especially in the Packaging Division that are recyclable and biodegradable.

For the social pillar of sustainability, MFCB recognises that it has a responsibility to all the people it interacts with, be it the people within or outside the organisation. We believe that social responsibility is tied to the longer-term sustainability of the business and thus our target is to enhance the livelihoods of 300,000 people by the year 2030 through investments in the communities nearby our operations. We have over the years run many programmes to improve the livelihoods and quality of life of the people surrounding our business operations. In Laos for example, we have improved the lives of many by building essential infrastructure such as roads and bridges that has improved livelihoods and enabled easier access to education and healthcare. We have also amongst other initiatives, refurbished schools, built healthcare centres and up to this day continue to provide scholarships and school transport to students in the community. Our goal in the coming years is to continue to invest in strategic community projects such as this across all our operations in order to achieve positive societal impact.

In terms of the sustainability pillar for governance, MFCB is committed to prioritizing ethics and good governance practices to ensure that a company is managed effectively and responsibly, ensuring a strong foundation for long term viability and success. We hold not only ourselves to this standard but also hold our suppliers to this standard and as such, our target is to have 100% of our Tier 1 suppliers comply with our responsible sourcing policy by year 2030. In the coming year, we intend to roll out supplier ESG training progressively to ensure suppliers understand our values and conduct their business in line with these values.

Moving Towards a Sustainable Future

At MFCB, we thank you for your continued support of our sustainability efforts. We will continue to prioritise sustainability in our operations and commit to continuous improvement across our ESG pillars while delivering value to our stakeholders. With your support, we believe that we will be able to play a role and become part of a broader solution to build a sustainable future for generations to come.

Who We Are And What We Do

Mega First Corporation Berhad (“MFCB”) was established in 1966 and is headquartered in Petaling Jaya, Selangor, Malaysia. MFCB has grown over the years into a diversified group of companies via its various subsidiaries, joint ventures and associates with interests in the Renewable Energy, Resources, Packaging, Property, Plantation, Oleochemical and Automation Equipment Manufacturer industries.

Today, the Group employs close to 1,110 employees across all its operations in Malaysia, Laos and Cambodia.

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. The remaining 20% is owned by EDL-Generation Public Company.

The project is located at the end of the Sahong channel, a 100m wide channel within the Mekong river area known as Siphandone that flows over a geological feature called the “Great Fault Line”. Sahong channel is one of seven major channels, which braid the Siphandone area, where the Mekong river is over 10km 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 20m across the “Great Fault Line” to generate over 2,000 GWh of renewable energy in the past two years mainly for export to Cambodia.

The project commenced operations on 7 January 2020 and generates approximately 2,028 GWh per annum. Given that there is planned major overhauls between the years 2025-2028 where one unit will be out of service for four months each year, a decision was made to construct a fifth turbine to ensure that DSPC will be able to deliver sufficient energy to its customer, Electricite du Laos. A new powerhouse annex is being constructed to house the fifth turbine generator and construction is expected to be completed by the third quarter of 2024. The total capacity of the DSHP once this expansion project is completed is 325MW and total energy generation is expected to be approximately 2,200 GWh per annum.

Solar Power

Since 2019, MFCB has been involved in solar photovoltaic (“PV”) investment in Commercial and Industrial (“C&I”) solar projects in Malaysia, Cambodia and the Maldives. These solar projects are primarily 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 successfully completed various C&I Solar PV power projects with a combined capacity of 20.5MW. These solar plants have been commissioned, energised, and are running smoothly, proving MFP Solar’s expertise in solar power.

In addition to the above, the Group has also secured an additional 19.9MW in PPAs from C&I companies, including a 11.4MW PPA with a state-owned utility company in Maldives which will be operational by the second half of 2024, bringing the total solar portfolio of the Group to 40.4MW.

The Group is also in the final stages of negotiating 7.1MW of solar C&I PPAs, that would further expand the Group’s total solar portfolio to 47.5MW, upon signing of agreements.

Location	Installed Capacity
Malaysia	
Perak	12MW rooftop and ground-mounted solar system
Klang Valley	2.9MW rooftop and ground-mounted
Penang	3.7MW rooftop and ground-mounted
Batu Kawan, Penang	1.5MW rooftop solar system
Cambodia	
Phnom Penh	1.0MW rooftop solar system

Resources Division

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

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. 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.

RCI owns multiple limestone reserves and operates eight modern lime kilns in Perak, Malaysia with a total rated capacity of 1,960 tonnes per day. It also has the largest hydration capacity in the region, ensuring sustainable supply to customers.



Packaging Division

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

Based in Malacca, the Hexachase Group is divided into three subsidiaries that are involved in the manufacturing of various products. Hexachase Flexipack Sdn Bhd ("Hexachase Flexipack") specialises in the conversion of primary flexible materials into laminated flexible packaging. Hexachase Packaging Sdn Bhd ("Hexachase Packaging") manufactures a wide range of paper bag products and Hexachase Labels Sdn Bhd ("Hexachase Labels") produces a wide range of high-quality printed labels and stickers.

In 2023, Hexachase Flexipack will start construction of a new double-storey warehousing and production site on a 10.4 acre plot of industrial land in Durian Tunggal, Malacca. Completion of this expansion project is expected to be completed in the first half of 2024. Upon completion, the new site (including office and production blocks) will add an additional 305,644 sq. ft. of total space to the current existing space of 106,969 sq. ft. This new factory will install state of the art machinery including four units of double header/high speed production lines. This expansion is expected to add an estimated total capacity of 30,000MT per annum from 10,000MT currently.



Hexachase Packaging is in the midst of constructing a new double storey factory warehouse due to be completed by the end of 2023. This new factory warehouse will add another 31,754 sq. ft. of space to the existing space of 83,281 sq. ft. The new warehouse has the capacity to cater for up to 1,200 pellets of finished goods while three units of high speed SOS bag machines will be added in line with this capacity expansion adding a total capacity of 240MT to its existing 270MT capacity currently.

Stenta is a leading flexible packaging film manufacturer of Biaxially Oriented Polypropylene Film ("BOPP") and Linear Low Density Polyethylene films ("LLDPE") in Malaysia. These films have a variety of applications for industrial uses and consumer good items such as food, general overwrap, labels, adhesive taps and others. Stenta's operations are based in Bandar Baru Bangi, Selangor, Malaysia and in 2023, a new expansion project is planned to commence. This expansion project will be mostly dedicated to the production of LLDPE and will in total add an additional 121,593 sq. ft. of total space to existing facilities. It is expected that this new plant will increase production output from 10,000 MT to 45,000 MT per annum when fully operational in 5 years time.



Property Division

The Group's portfolio includes a number of investment properties in Malaysia which generates rental income for the Group. MFCB is not actively involved in developing any new properties.

Plantation Division

MFCB is developing a coconut and macadamia plantation in Mondulkiri, Cambodia via its subsidiary, Mega First Plantation (Cambodia) Ltd ("MFPC"), on a plot of concession land measuring 6,420 hectares. The term of the concession is 50 years, commencing from 29 April 2013. In 2022, a total area of 345 hectares was planted contributing to a cumulative planted area of 2,500 hectares as at year end. Another 300-400 hectares is planned to be planted in 2023 depending on weather conditions and full completion of planting is expected to be at the end of 2025.

We are in the process of evaluating various downstream processes. This Division is not expected to contribute positively to earnings until after 2026.

8 Where we operate

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



Industry and membership associations

- Bangi Industry Administrative Association
- Federation of Malaysian Manufacturers
- Malaysian Employers Federation
- Malaysian International Chamber of Commerce & Industry
- Malaysian Photovoltaic Industry Association (“MPIA”)
- Malaysian Plastics Manufacturers Association (“MPMA”)
- Perak Quarry Association
- Sustainable Energy Development Authority (“SEDA”)

Awards and Recognition

MFCB won two awards at The Edge Billion Ringgit Club 2022 awards. The two awards were for Highest Returns to Shareholders over three years as well as Highest Growth in Profit after Tax over three years in the Utilities sector. This is the fifth consecutive year that that MFCB has been winning awards at this event, demonstrating the Group’s ability to consistently create long term sustainable value for its shareholders.



10 Sustainability at MFCB

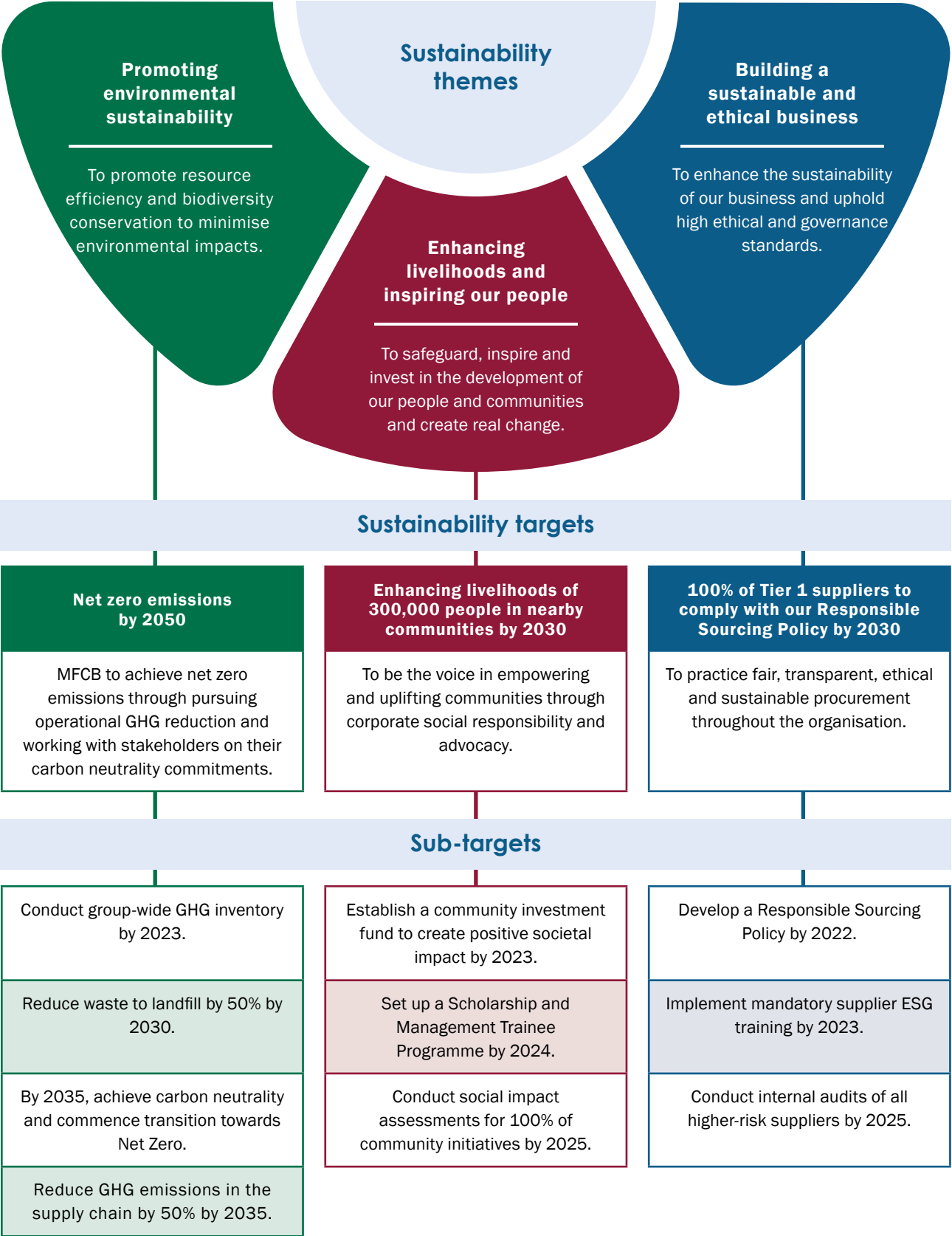
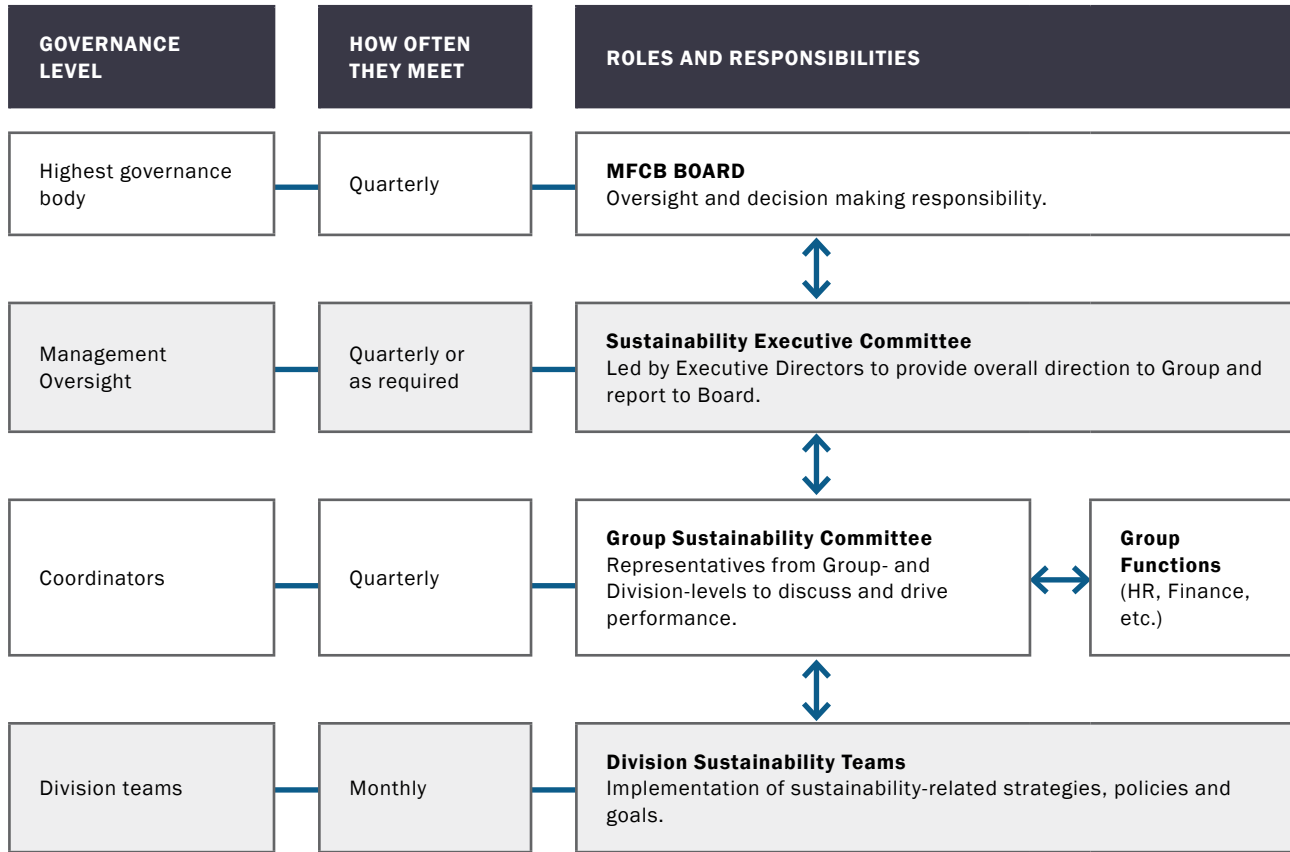
At MFCB, sustainability has always been embedded in everything we do. We take careful consideration of any potential or actual ESG impacts in our business and operational decisions and always look to minimise impacts as well as improve outcomes. This year we have focused on operationalising our new Sustainability Strategy that we detailed in our 2021 Sustainability Report. Developing and embedding our new Group ESG policies as well as close engagement with all our divisions, we are beginning to build the foundation of our sustainability response.

In 2023, we plan to appoint a Group Sustainability Manager/Officer who will be responsible for implementing our sustainability roadmap and ensuring the Group meets its sustainability goals. Our Resources Division is also progressing ahead with its own sustainability journey and is targeting to carry out a materiality assessment for their own division and developing their own sustainability roadmap, which will help identify specific activities and initiatives that will be the most impactful.

Sustainability governance

We are guided by our new Group Sustainability Policy that highlights our sustainability commitments and have established a number Group policies which ensure that all our stakeholders are aware of our commitments and expectations across the various ESG topics. One of these policies includes a new Biodiversity Policy which shares our commitments and approach towards biodiversity management and is especially relevant for our Don Sahong Power Plant.

This year, we began implementing a more structured process for managing sustainability through our new sustainability governance structure. Our Board of Directors has ultimate oversight and responsibility for the Group’s sustainability performance and have oversight over a range of ESG topics including overall ESG risks and the material issues identified on page 36. Board members are also regularly provided opportunities to enhance their knowledge on certain ESG topics through various trainings.



12 Material issues

This year a quick refresh of our material issues was conducted based on feedback from Group senior management and Division heads. We have also identified the significance of impacts by assessing the severity and likelihood of each material issue. Further details on the impacts of each material issue can be found in the respective sections of this report. We have also identified the relevant UN SDGs that we are contributing towards.

Material issues	Area of Impact		
	Environmental	Social	Governance
Biodiversity	Medium impact		
Energy consumption	Medium impact		
Ethics and compliance			Low impact
GHG emissions and climate change	Medium impact		
Local communities		Medium impact	Medium impact
Occupational health and safety		Medium impact	High impact
Sustainable supply chain			High impact
Customer satisfaction			High impact
Employee training and development		Medium impact	
Employee wellness and engagement		High impact	
Fair labour practices and human rights		Medium impact	Low impact
Innovation and product responsibility	Medium impact		Low impact
Risk and crisis management			Low impact
Waste management	Low impact		
Water and wastewater	Low impact		
Diversity and equal opportunity		Low impact	

**In line with the new GRI Universal Standards, we will no longer publish a materiality matrix. While the process for identifying and prioritising our material issues remain the same, we will instead provide a list of the most important material issues in order of importance (1 being most important).*

Stakeholder engagement

The Group is committed to building trust and developing long-term partnerships with all our stakeholders. We value the perspectives of all stakeholders and are highly cognizant of the impact that their views, decisions and actions can have on our business. We have continued to maintain regular engagement with our key stakeholders and this year, we have improved our reporting in this area by sharing some of the key outcomes of our engagements.

Engagement methods	Frequency	Areas of stakeholder concern	Outcome of engagements
Customer			
<ul style="list-style-type: none"> Emails and phone calls Meetings and site visits Website 	<ul style="list-style-type: none"> Annually Ongoing 	<ul style="list-style-type: none"> Competitive pricing Product quality On-time deliveries Ability to fulfil contracts Innovation Licensing and certifications Sustainability of products and services Ethical business practices 	<p>Proactive and progressive engagement with customers allowed for both the businesses and customers to pre-empt and review contracts in order to minimise the impact of cost increases brought on by the sudden sharp increases in production costs.</p> <p>MFCB continues to pursue licensing and certifications for our products to build trust among new and existing customers. For example, in the Packaging Division, Stenta obtained International Sustainability & Carbon ("ISCC") Certification in January 2023 while Hexachase Flexipack is on track to obtain Sedex certification during the year.</p> <p>We are also developing new innovative products in collaboration with customers, following feedback on the latest product trends. In the Packaging Division in particular, customers demand new products that are more environmentally friendly and sustainable that maintain the same qualities and properties as the original products.</p> <p>Please refer to page 59 for our product innovation efforts and accomplishments during the year.</p>
Employees			
<ul style="list-style-type: none"> Annual performance appraisal Interview Briefings Trainings 	<ul style="list-style-type: none"> Annually Ongoing 	<ul style="list-style-type: none"> Group financial performance Business strategy and direction Remuneration and benefits Training and career development Work life balance Workplace health and safety Ethical business practices 	<p>Employees are welcome to join the Group's quarterly performance updates and briefings to better understand the Group's financial performance as well as business strategy and performance. Regular engagement and opportunities to engage directly with management ensures that employee welfare concerns and expectations are understood by management. On work life balance, monthly company functions are held at the Head Office to foster staff interaction and camaraderie.</p> <p>Trainings are provided regularly to ensure employees are up to date with industry expectations of their jobs and are able to learn new skills. Time off is also provided for employees to attend trainings to maintain their professional associations and continuous professional development.</p> <p>In 2022, all employees underwent an annual performance appraisal.</p>

Engagement methods	Frequency	Areas of stakeholder concern	Outcome of engagements
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">• Legal and regulatory compliance• Community investment and development• Environmental management• Labour practices• Occupational health and safety record• Opportunities for local and foreign business investment in order to create employment opportunities and bring revenue to the state and country• Ethical business practices	<p>Report submissions to government and regulatory bodies ensures that we are up to date with all necessary reporting and any issues can be flagged and addressed immediately.</p> <p>Regular engagement with various government bodies better enables businesses to work together with the government to bring investment to the state and country.</p>
Local Community & NGOs			
<ul style="list-style-type: none">• Outreach programmes	<ul style="list-style-type: none">• Annually• Monthly• Ongoing	<ul style="list-style-type: none">• Community investment and development• Job creation• Charitable contributions• Environmental management and protection• Ethical business practices	<p>Engagement with the local community via outreach programmes enables us to better understand the needs of the community and how we can work together to meet them. Please refer to page 55-57 for further details of our community outreach efforts.</p> <p>This year we invested or donated RM1,266,000 to communities.</p>
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• Quarterly• Ongoing	<ul style="list-style-type: none">• Capability development and knowledge sharing• Ability to fulfil contracts• Innovation• Licensing and certifications• Sustainability of products and services• Ethical business practices	<p>Conducted regular engagement with suppliers to pre-empt and review contracts in order to minimise the impact of cost increases brought on by the sudden sharp increases in production costs.</p> <p>Collaboration with suppliers has helped our businesses to develop new products to keep up with changing consumer trends and improve processes/ source new equipment to enhance operational efficiency and cost effectiveness. For example, during the year, Hexachase Packaging engaged with suppliers to source various polyfluoroalkyl substances (“PFAS”) free paper as demanded by certain customers as PFAS is found to accumulate in the human body over time, leading to adverse health effects.</p>
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">• Group financial performance• Business strategy and direction• Transparency of information• Organisational growth• Sustainability efforts• Ethical business practices	<p>MFCB commenced regular quarterly results briefings (including an open Q&A session) to the general public during the year and was recognised as the first listed company on Bursa Malaysia to do so. The presentation shared in these briefings are posted on the company website for the public.</p> <p>This step was taken in the interest of transparency and good corporate governance for all shareholders and investors, current and potential.</p>

Promoting Environmental Sustainability

We prioritise environmental conservation across our operations and look to minimise our impacts where possible.

Our approach

WE WILL ACHIEVE
NET ZERO EMISSIONS
BY 2050.

This goal underpins our overall approach towards environmental sustainability and ensures that everything we do moving forward will contribute towards this goal. This includes our approach towards emissions reduction, resource efficiency and biodiversity conservation. In 2022, we developed a new Group Sustainability Policy that includes our approach and commitments for environmental sustainability and is applicable to all our stakeholders. In this respect, we will be looking to engage closely with our stakeholders on this policy to ensure that our expectations are communicated and adhered to.

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.

Across our various divisions, we impact the environment in a number of ways and recognise the need to mitigate and minimise our impacts. We operate in highly regulated industries with strict compliance requirements, and as such we have always prioritised good environmental conservation practices. All our divisions pursue relevant international certifications and standards to their division such as ISO 14001 to ensure that they maintain the highest environmental and safety standards.

Renewable Energy

In our Renewable Energy Division, DSPC is guided by its Environmental and Social Policy that details its commitments to environmental protection. As part of the operational requirements set by the Ministry of Natural Resources and Environment (“MONRE”), DSPC is required to implement an Environmental and Social Management and Monitoring Plan for Operation Phase (ESMMP-OP). The ESMMP-OP details DSPC’s commitments towards environmental protection, social investment and data monitoring commitments. In addition, DSPC complies with the IFC Environmental, Health and Safety General Guidelines 2007 as well as the Asian Development Bank (ADB) Standards.

Resources

RCI is committed to contributing to the Group’s goals and continue to implement environmental best practices. In November 2022, RCI obtained ISO 14001:2015 certification and received a 4-star rating (out of 5) from the Mineral & Geoscience Department (JMG) as part of their Sustainable Development Indicator Program (SDI). The SDI only applies in the Perak region for quarry operations and assesses the company’s regulatory compliance, best practices, employee welfare and contribution to communities. These are both good indicators that RCI has excellent ESG practices in place.

<p><u>The Environmental Regulatory Compliance Monitoring Committee (ERCMC)</u></p> <p>The ERCMC 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. The Committee is chaired by the Executive Director of RCI Lime and meets annually.</p>	<p><u>Environmental Performance Monitoring Committee (EPMC)</u></p> <p>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.</p>
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16 Packaging

Stenta has always prioritised good environmental practices and in July 2022, Stenta obtained ISO 14001 certification for their operations. Stenta underwent two independent ESG audits by Sedex and Unilever separately, which found zero non-compliance and is a testament to our continuous focus on improving our ESG practices and ensuring that we meet international standards.

This year we also pursued International Sustainability & Carbon (ISCC) Certification and following the final audit in December 2022, Stenta obtained ISCC Plus Certification at the end of January 2023. The ISCC is a voluntary sustainability certification scheme enabling companies to demonstrate that they are producing biomass in a manner that is environmentally, socially and economically sustainable. ISCC Plus, in particular, focuses on the traceability of raw materials within the supply chain, such as plastics, agricultural and forestry raw materials. This is a true testament to Stenta’s consistent implementation of sustainability best practices across its operations including its supply chain.

<p><u>Environmental Regulatory Compliance Monitoring Committee (ERCMC)</u></p> <p>The ERCMC is chaired by the General Manager of Operation Services and meets quarterly. The key responsibilities include:</p> <ul style="list-style-type: none">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.	<p><u>Environmental Performance Monitoring Committee (EPMC)</u></p> <p>The EPMC is chaired by the General Manager of Operation Services. The committee meets every month and their responsibilities include:</p> <ul style="list-style-type: none">Management of Scheduled Waste (Labelling, Storage, Inventory, Disposal and Reporting).Communicate on any hazard/spillage. <p><u>Sustainability Team</u></p> <p>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.</p>
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Our road to net zero

With our goal to achieve net zero emissions by 2050, we have been working to identify our pathway to a low-carbon economy. There is a clear recognition that everything we do will have an impact and as we move forward in our sustainability journey, we are taking careful consideration of all our potential and actual impacts. This not only applies to reducing our direct operational emissions, but also undertaking initiatives for sustainable resource consumption, waste management and biodiversity conservation, which will all contribute to indirect emissions reduction. In this respect, we are focusing on identifying key initiatives in each of these areas to implement over the next few years to enable us to achieve our goals. Further details will be shared in our 2023 report.

Climate change and emissions

The Group is committed to joining global efforts to mitigate climate change and minimise its impacts. Pursuing a net zero target will align our emission reduction efforts with national and global goals such as Malaysia’s carbon neutral by 2050 goal and the UN SDGs.

Climate change continues to impact our operations in a number of direct and indirect ways. The impact of more unpredictable weather patterns and extreme weather events has caused the frequency of natural disasters such as floods and landslides to increase. This is a trend that has been more noticeable globally as well as locally here in Malaysia.

The Group is committed to transitioning to a low-carbon economy and pursuing GHG reduction strategies to meet our goal, whilst ensuring we consider the socio-economic impacts of doing so.

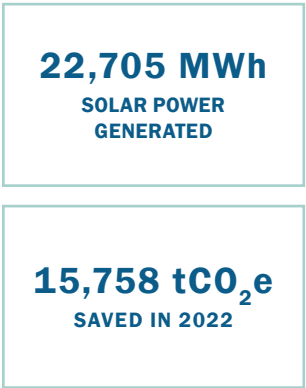
Our main areas of focus to reduce emissions lies within our operations. We are able to accurately measure our Scope 1 and 2 emissions and are therefore able identify areas for improvement. Whilst we have calculated our Scope 3 emissions, further research and engagement with our supply chain is required to better understand where we need to focus our efforts to make a significant difference.

MFCB has committed to reducing energy consumption and emissions by installing solar PV systems within its existing key operations in line with its efforts to promote sustainable development and reduce its environmental impact. The Company recognises the importance of transitioning to cleaner sources of energy and is taking proactive steps to reduce its carbon footprint.

As part of this effort, MFCB has installed a total of 23.18MW (as of first quarter of 2023) comprising:

- a) 2.7MW of solar PV system within our subsidiaries operations which generated 675 MWh in solar power and saved 469 tCO₂e in 2022. Since our last report, the Group has completed installation of 2 solar PV systems with total installed capacity of 2.15MW through its subsidiaries in the states of Selangor and Malacca.
- b) 20.5 MW of solar PV systems for MFCB’s C&I solar customers. In 2022, energy generation of 22,030 MWh was recorded. So far, this has avoided 15,289 tCO₂e.

In total, our Group has generated 22,705 MWh of solar energy and contributed to 15,758 tCO₂e in 2022. MFCB’s commitment to reducing energy consumption and emissions is in line with its efforts to promote sustainable development and reduce its environmental impact.





Renewable Energy

As a hydropower producer, we generate more than 2,000 GWh of renewable energy for export to Cambodia, which accounts for about 15% of the country’s total electricity consumption in 2022. To further reduce operational emissions, DSPC is planning to install a solar power system for its own consumption in 2023. The system is expected to generate up to 1 MWp, which will substantially cover all of its energy needs.

Through the installation of solar PV projects, our solar power business has helped to generate 22,030 MWh of solar power in 2022 for businesses in Malaysia and Cambodia.

In total, our renewable energy business has contributed to 15,289 tCO₂e in avoided emissions in 2022.

Resources

RCI is continuously seeking new ways to reduce emissions and have implemented a number of initiatives this year that will help to reduce our emissions across Scope 1, 2 and 3. We have also conducted energy management studies on all individual production lines and will be analysing the findings to identify further energy saving opportunities.

Sheltered storage for raw petcoke

We began construction of a new sheltered storage space for raw petcoke which will be five times the existing capacity once it is completed in early 2023. Previously, all petcoke was stored in an open air space, but with this new sheltered space, the petcoke will not be exposed to any wet weather. This will significantly reduce the moisture content of the petcoke and reduce the overall amount of energy required for the drying process, resulting in lower Scope 1 emissions.

Additional weighbridge

RCI’s existing weighbridge currently services an average of 6,000 vehicles weighing in and out every month. As the business grows, it is clear that having only one weighbridge is inefficient and causes long wait times and traffic congestion. To address this, we have nearly completed the construction of a second weighbridge that will enable us to designate one for weigh-in and the other for weigh-out. This will help to reduce wait times and ease traffic congestion and contribute to lower Scope 3 emissions.

Transition to electric (EV) forklifts

In March 2022, we began to trial the use of three EV forklifts for the packing and product dispatch and loading activities. The average CO₂ emissions from the EV forklifts were significantly lower (up to 95% lower) than those of diesel forklifts. The trial has proven to be successful and we will be conducting a feasibility study to evaluate the use of EV forklifts across our operations with the aim to gradually increase the use of EV forklifts and support our transition towards our Net Zero goal. One of the main constraints to fully switching to EV forklifts is the availability of suitable EVs for our operating environment as it will be exposed to different levels of dust and may impact its operability. As EV forklifts are still relatively new in the Malaysian market, reliable after-sales service and maintenance is also limited, which limits our ability to acquire more forklifts. Moving forward we will continue to identify more EV forklift suppliers that we can work with to full EV adoption. A full fleet of EV forklifts will reduce our Scope 1 emissions by 86 tCO₂e and our Scope 3 emissions by 59.1 tCO₂e resulting in a total reduction of 145.1 tCO₂e as we will no longer need to use diesel to fuel the forklifts¹.

	2022 (March to December)	
	EV Forklift	Diesel Forklift
No. of Forklifts	3	13
Total CO ₂ emissions	1.31 MT CO ₂ e	111.61 MT CO ₂ e
Average CO ₂ emissions ²	0.4 MT CO ₂ e/forklift	8.6 MT CO ₂ e/forklift

Upgrading to premium efficiency motors

As part of our long-term plan to reduce our energy consumption, we began upgrading our equipment motors used in blowers, grinding mills and hammer crushers to IE3 electric motors. IE3 motors have a higher efficiency and lower energy consumption (depending on operating conditions) and is expected to provide annual energy savings of up to 9,331 kWh per motor. In 2022, we upgraded five motor units (out of 72) and moving forward we will prioritise the upgrading of all mid-range powered motors. Upon completion of this initiative, we anticipate the total energy savings will be 671,836 kWh.

Packaging

To reduce our emissions and reliance on the grid, our Packaging Division invested in solar rooftop systems and other energy saving measures. At Stenta, we installed a 1,517 kWp solar rooftop system which generates about 151.5 MWh/month and will offset about 7% of our grid consumption (equivalent to 1,100 tCO₂e/year). Stenta also installed insulation jackets on its polyethylene blown film extrusion machines to minimise heat loss, which has contributed about 3% in energy savings.

At Hexachase Group, efforts have been made to reduce the energy consumption in our operations. For example, Hexachase Flexipack has during the year purchased 3 units of high efficiency hybrid chillers that consume 35% less energy than conventional air-cooled chillers. Each unit of these new chillers uses 934,613 kWh/year of energy compared to conventional air chillers that consume 1,521,180 kWh/year. Hexachase Flexipack has also equipped its printing machine dryers with energy saving heat pump machines that has reduced energy usage by 50%.

Hexachase Packaging has during the year purchased and installed in-line printing stations to eliminate the roll-to-roll printing process, increasing production output while reducing energy consumption.

1 Calculation is based on current diesel consumption of 16 forklifts.

2 Calculation assumption: The CO₂ emissions from the packing activity and product dispatch and loading activities utilizing electric forklifts is categorised under Scope 3 Indirect GHG Emissions (Electricity Emission Factor-Purchased). Thus, we refer to the emission factor in the Australian National Greenhouse Accounts Factors.

20 Air quality

Resources

We comply with the Environmental Quality Act 1974 and Clean Air Regulations 2014 and conduct continuous performance monitoring of our air pollution control system to ensure we are within the emission limits set by the Department of Environment (DOE). All our production lines are equipped with baghouse systems to remove pollutants from any emissions and we engage an accredited third-party laboratory to conduct isokinetic stack sampling monitoring for our kiln burning equipment.

In addition, we also conduct quarterly ambient air monitoring, which has shown an improvement from 93 µg/m³ in 2021 to 86 µg/m³ in 2022. We plan to also include PM10 monitoring in these quarterly ambient air monitoring assessments to provide more comprehensive data on our surrounding air quality.

Replacement of bag filters

From 2021 to 2022, a slight increase in emissions (but still very much within regulation limits) from some of our kilns was detected and pre-emptive action was taken by replacing the main bag filters for these kilns to improve the efficiency of the filters. Moving forward, we will be installing an alarm system for TSP emissions to ensure prompt action can be taken to manage the levels.

Parameters	Emission Limits (mg/m³)	Year 2022 (Jan-July) <i>*Before bag filter replacement</i>	Year 2022 (Aug-Dec) <i>*After bag filter replacement</i>
Total Suspended Particles (TSP)	50	30 mg/m³	26 mg/m³
Oxide of Sulfur, (SOx)	400	42 mg/m³	11.6 mg/m³
Oxide of Nitrogen, (NOx)	400	148 mg/m³	112 mg/m³

Packaging

The Packaging Division performs annual Stack Emission Monitoring for all the chimneys in their manufacturing buildings annually. 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 2022, the Division is in compliance with the regulation.

Water management

Water is a crucial resource for all our businesses. We do not operate in any water-stressed areas and are fortunate to have a consistent supply of municipal water.

Renewable Energy

For our hydropower plant, sufficient water flowing downstream is important so that all the turbines can function. To estimate the discharge (flow), we monitor water levels at seven locations on a daily basis. We also monitor the quality of the water flowing through four different locations across the river to ensure there are no significant changes in water quality during transit through the head-pond. The construction of the fifth turbine is isolated from the river system and has no impact on the water quality. In 2022, all water quality parameters met the National Environment Standard for Laos.

Resources

Water is an essential resource used to produce hydrated lime, which is one of our value-added products. Municipal water from Lembaga Air Perak is used for this process, as well as for our operational use. RCI also maintains a number of sedimentation ponds to capture and naturally filter runoff from rainwater, which is used for road-wetting to suppress road dust, landscaping and wetting of raw-kiln feed stones. This year, RCI increased the storage capacity of two of the sedimentation ponds to enable more rainwater to be captured during monsoon seasons.

To ensure we are in compliance with the National Water Quality Standards Class IIA and Class III and the Department of Environment (DOE) requirements, we engage an accredited third-party laboratory to perform water quality monitoring for our water discharge. In 2022, there were no incidents of non-compliance with water discharge quality.

In 2023, we plan to implement a Water Management Plan that will ensure best practices are embedded across our operations.

Packaging

At Stenta, we have set a target to reduce 5% of water by the end of 2025. To start, we have installed automatic faucets at hand washing areas and continue to conduct regular water audits to identify and eliminate any new leaks.

Circular economy

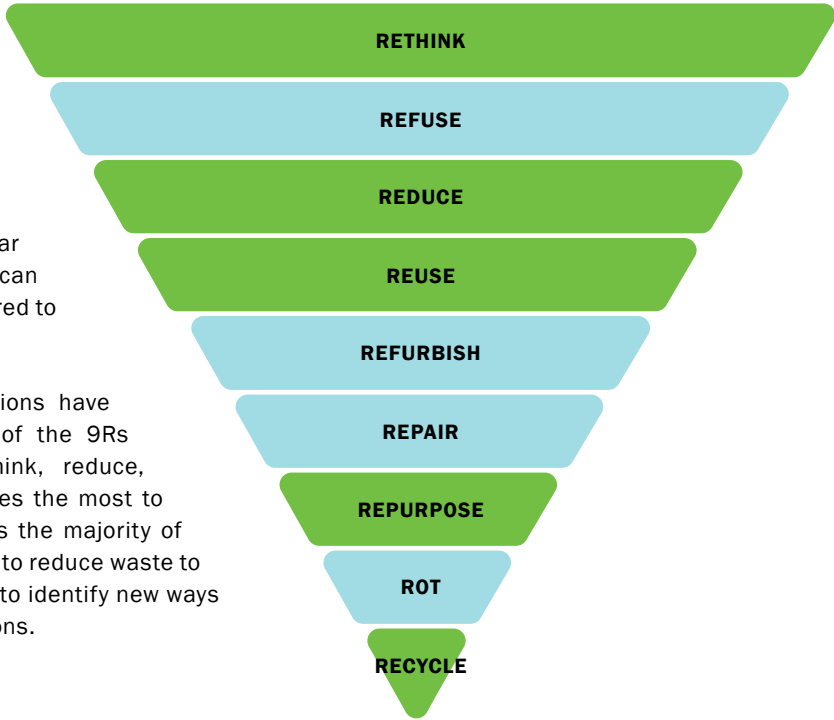
Across our operations, we have begun to implement a more conscious approach to waste management in support of the circular economy approach. Apart from the environmental benefits, adopting a circular economy approach towards our business can help drive innovation and be better prepared to comply with future regulations.

As part of existing practices, our divisions have implemented aspects of at least 5Rs of the 9Rs waste management framework – rethink, reduce, reuse, repurpose and recycle. This applies the most to our Packaging Division which contributes the majority of our waste. As we move towards our target to reduce waste to landfill by 50% by 2030, we will continue to identify new ways to implement the 9Rs across our operations.

Resources

In June, RCI launched a 3R Program in conjunction with the launch of our ISO 14001:2015 Environmental Management System. As part of the program we installed four different coloured bins to enable us to collect and recycle various recyclable materials such as paper, metal, plastic and e-waste. A total of 10 bins were installed at three different zones and as of 31 December 2022, 123.7 kg of recyclables have been collected.

We are in preliminary stages of repurposing deteriorated and collapsed fire bricks that line the inner body of kiln walls into planter boxes for landscaping. This is expected to help reduce our waste to landfill moving forward.



22 Packaging

Through a number of operational efficiency improvements, our Packaging Division continues to identify new ways to reduce the amount of waste in the production process as well as improving product recyclability.

Waste reduction

Hexachase

- Hexachase Packaging installed two new high-speed flat and satchel machines that includes a servomechanism (“servo”) that allows for the printing operation to have tighter registration, higher automation and have a faster response to error correction. This reduces machine downtime, improves quality and reduces waste.
- Installed four in-line printing stations for SOS bag production. This cuts down the roll-to-roll production process where wastage occurs. By eliminating this process, there is less downtime and paper wastage involved during the setting up process and adjustment of changing rolls. It is estimated that there is a reduction of paper waste by 3% after the installation of these printing stations.

Stenta

- Consolidation of runs and reduction of changeovers at Stenta contributed to a 4% reduction in waste by enabling better production planning through the optimisation of customer delivery dates.
- Raw material supplier pallets are recycled and reused as pallets for finished goods, contributing to an 18% reduction in the purchase of new pallets.
- All paper cores purchased must contain between 30-100% recycled paper, ensuring we do not purchase paper cores using 100% virgin paper.

Product recyclability

As concerns grow over environmental sustainability, there is an increasing push towards sustainable packaging materials that are recyclable or biodegradable. Stenta is moving away from multi-material multilayer packaging films to mono-material, monolayer films with the aim to improve recyclability and support a circular economy approach. We believe that a circular economy cannot be achieved without closing the loop on plastic waste. It has started producing mono-material structured films that not only improves end product recyclability but also reduces the amount of coating, ink, lacquers and adhesives required for production. The new films also have a lower density and packaging weight compared to multi-material films of equivalent thickness. In addition, we have also increased the amount of recycled materials used in the films where some films include 10-20% of post-consumer recycled materials and some include up to 40% of pre-industrial recycled materials. Ekolene, a product by Stenta is a fully biodegradable film that has been proven to achieve more than 90% biodegradation within 2 years as tested at Intertek under ISO 15985 (anaerobic) and ISO 17556 (aerobic). This is achieved without compromised functionality, with no creation of microplastics, no ecotoxicity residues and the film is fully recyclable.

Hexachase Flexipack on the other hand has been working on projects with customers to convert non-sustainable multilayer materials to sustainable multilayer materials with equivalent quality performance. An example of a project it has embarked on is producing multilayer high barrier films without the use of non-recyclable aluminium foils as the barrier layer.

Hexachase Packaging has Forest Stewardship Council (“FSC”) certification and this certification indicates that its products are produced from sustainable materials and are produced using responsible practices. At present, 90% of the products produced are 100% recyclable and we actively encourage customers to move to 100% recyclable products.



Biodiversity conservation

Biodiversity conservation is a key priority for MFCB's Renewables Division, which operates a run-of-river dam within the Mekong River. Our strategy has always involved close engagement with relevant stakeholders, including the local community, fisheries industry and government regulators. Any measures taken are based on scientific research and is aimed at minimising any potential impacts as well as rehabilitating and enhancing existing habitats.

Renewable Energy

The Don Sahong Hydropower Plant (DSHP) is situated within an important area for fisheries, which support the livelihoods and diets of many local people. Since project development began in 2008, DPSC has conducted extensive research to identify project impacts and has taken the necessary steps to mitigate and manage negative impacts. The area around Khone Falls and upstream in Siphandone is particularly rich in fish species because the natural habitat, hydrology and availability of food supply are optimal for aquatic productivity and biodiversity. About a quarter of all fish species in the Mekong River basin are found in the Khone Falls-Siphandone area, where some species are endemic, such as *Aptosyax grypus* (pa sanak nyai), *Mekongina erythrospila* (pa sa-ee), *Labeo erythropterus* (pa va souang), and *Gyrinocheilus pennocki* (pa ko).

To ensure minimal impact to fisheries, we developed a long-term adaptive management strategy in 2015 called the Don Sahong Fisheries Management Plan (DSFMP). The Plan will be in place until 2030 and aims to ensure the sustainable management of aquatic fauna in the Don Sahong Fisheries Management Area (DSFMA). The DSFMP is overseen by the Don Sahong Fisheries Management Committee (DSFMC) which comprises representatives from various villages, fisheries, local government and other relevant sectors and organisations.

During 2022, we continued to work with the DSFMC to implement measures which support the productivity and diversity of native fish fauna, such as controlling illegal and destructive fishing, breeding and stocking indigenous fish, cultivation of indigenous plants for revegetation of riverbanks, management of Fish Conservation Zones and natural spawning grounds, and other measures as tabulated below. In 2023, we will be developing a 5 to 10 year biodiversity strategy that will outline our targets and approach towards managing and enhancing biodiversity within the Don Sahong Fishery Management Area.

Activities of the DSFMC

Update as of 31 December 2022	Plan for 2023
Registration of fishers and fishery organisations	
In 2022 DSFMC registered three new fish traders; 1 at Don Esom village and 2 at Hang Khone village.	Continued registration of fishers and fishery organisations.
Permitted activities for fishers and traders	
DSFMC completed producing fish-passage rules and regulations, which are waiting for approval from GoL departments.	Dissemination of permitted activities for fishers and traders after endorsement.
Awareness raising	
<ul style="list-style-type: none">DSFMC implemented awareness-raising activities on impact of eating raw fish at 4 schools and 4 villages.DSFMC implemented awareness-raising activities on impact of using destructive and big gears for fishing at 4 schools and 2 villages.DSFMC organised and released 30,000 indigenous fish to the Mekong River in the Khong district.	<ul style="list-style-type: none">Organise awareness-raising activities on impact of eating raw fish at 3 schools and 2 villages in the project area.Organise awareness-raising on impact of using destructive and big gears for fishing at 2 schools and 2 village.Organise meetings on fish passage rules and regulations at 11 villages in the project area.Organise the fish release day at Khong district.
Technical training and workshops	
GoL agency (PAFO) is in the process of reviewing and approving fish passage rules and regulations.	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	
In 2022 DSFMC completed identification of 68 Fish Conservation Zones (FCZs) and 3 spawning grounds in the Siphandone area.	Create maps and prepare for submission to Khong district authority for endorsement.
Rehabilitation of important habitats	
DSFMC discussed, identified and decided to grow 3 species of local plants that stabilise river banks, create habitat and provide feed for fish. DSFMC is producing 3000 plant seedlings.	In 2023 DSFMC will plant the 3000 indigenous plants on river banks near fish-passages and important habitats.

Update as of 31 December 2022	Plan for 2023
Education activities and scientific research	
DSPC provided 15 million kip for Ban Hat hatchery station for purchasing wild fish brood stock and feed.	DSPC will continue to support technical activities and support budget for breeding indigenous fish species at Ban Hat hatchery.
Enforcement	
<ul style="list-style-type: none">DSFMC inspected 21 risky locations, made 65 trips and removed 72 rebuilt big gears.DSFMC checked 2 markets, and made 15 trips.DSFMC processed 3 offenders for use of illegal gears, 2 for use of electrofishers and 2 for use of poisons.	Continue site inspections at risky locations; and check fish markets once per week.

Fisheries Monitoring Action Plan (FishMAP)

The FishMAP complements the DSFMP to mitigate the impact of blocking Sahong Channel and to facilitate the passage of migrating fish. Since 2011 we have continuously invested in improving fish passages to ensure that fish are able to move freely upstream and downstream. We also regularly monitor fish abundance and diversity through various methods:

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



After additional deepening works were completed in early January 2022, flows through Sadam Channel were >10 m³/s throughout the dry season, and adequate to support fish passage. In 2022 the minimum flow down Xang Pheuak Channel was about 20 m³/s, and much greater than 20 m³/s for most of the dry season. Fish could move freely upstream via Hou Wai sub-channel, but Xang Pheuak Noi sub-channel had little water.

Many people were catching fish throughout 2022 in Sadam and Xang Pheuak channels using legal methods. Monitoring revealed similar species and sizes of fish present along those channels, consistent with free fish passage. However, during the dry season, fish are attracted to and accumulate in the DSHP tailrace discharge. Further action is needed to improve attraction flows, so that these migrating fish will swim from the tailrace into Xang Pheuak Channel through which they can migrate upstream.

We are committed to improving fish passage across Khone Falls and controlling illegal and destructive fishing to support sustainable fisheries.

Fish passage works in 2022

Channel	Location	Work conducted
Xang Pheuak	East inlet	DSPC deepened the eastern inlet of Xang Pheuak Channel to increase minimum flows.
Sadam	West Inlet and main channel downstream	Sadam Channel was excavated (1.5 m deep x 6 m wide x 1500 m long) to increase inflow.

In 2023, we will be monitoring a number of sites and implementing improvement works during the dry season as shown below.



Fish passage works planned in 2023

Channel	Location	Planned works
Xang Pheuak	Xang Pheuak West	Increase inflows by deepening upstream entrance and removing some brush which is blocking flows. Target to maintain Hou Wai flows at > 10m³/s during the dry season.
	Hou Wai Channel	Install 20 energy dissipation blocks to reduce current speed and provide rest areas for upstream-migrating fish.
	Xang Pheuak Noi	Construct instream barriers using gabions to divert more water into this lateral sub-channel and maintain a minimum flow of 2m³/s during the dry season.
Somphamit	Don Lai	Maintain the fish pass which was neglected during COVID lockdowns. Remove some vegetation, clear fish traps, block lateral overflows to impassable waterfalls and maintain a minimum flow of 1m³/s through the Don Lai fish pass during the dry season.
Liphi	Khone Koc	First works at this site. Remove fish traps, flatten barriers, deepen inlet to increase inflows.

26 Enhancing Livelihoods and Inspiring our People

We safeguard, inspire and invest in the development of our people and communities and create real change.

Our approach

WE WILL ENHANCE & UPLIFT THE LIVELIHOODS OF 300,000 PEOPLE IN THE COMMUNITIES WITHIN WHICH WE OPERATE BY 2030.

This is our goal and this is the commitment we are making to for our employees, communities and stakeholders that we engage with. We are committed to invest in the development of our people and inspire meaningful change within our communities. Through our corporate social responsibility initiatives, we have a significant opportunity to improve the livelihoods of communities nearby to our operations and we will continue to develop impactful community initiatives that will also benefit the wider community.

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.

The foundation of our approach and commitment is built upon our corporate people policies, which include our Diversity and Inclusion Policy, Employee Code of Conduct and Discipline and Human Rights Policy, all of which can be found on our corporate website. These policies serve as a guide of our expectations and commitments in these areas and we will be socialising these policies to our internal and external stakeholders in 2023 to ensure we communicate our expectations.

We are also taking steps to enhance our HR function to improve overall organisational performance. In our Resources Division, we are in the midst of digitalizing the majority of our Human Resource functions. This will be a significant step towards managing our human capital in the most efficient and effective way. It will be a great tool for organizing, optimising, and automating HR administration processes. It also provides a high degree of mobility and ease of access for employees as well as contributing towards environmental conservation as we will be going paperless. If proven cost-effective, other divisions may consider digitalizing their HR functions.

Prioritising our people

Diversity and equal opportunity

Diversity of people brings diversity of ideas. The Group values diversity and the different skills and knowledge that each unique individual brings to the business. Our new Group Diversity and Inclusion Policy highlights our commitment to creating and promoting diversity in the workplace and fostering a safe and inclusive work environment. We do not discriminate against any attribute, including gender, age, ethnicity, sexual orientation, religion or disability. Discrimination, bullying or harassment is not tolerated in any manner and stern action will be taken in the event of any incident.

The elements of our policy have always been embedded in the way we operate where our hiring practices as well as job-related decisions are strictly merit-based and non-discriminatory. We pride ourselves to be an Equal Opportunity Employer that does not discriminate against any employee or job applicant because of race, colour, religion, nationality, gender, physical or mental disability, or age.

We recognise the importance of gender diversity at the highest level as it can provide a more balanced approach to decision-making. As such, we will aim to continue improving the gender ratio of our Board of Directors and employees in the future.



Employee wellness and engagement

Our employees are our greatest asset and we are committed to ensuring they are happy, healthy and engaged in our workplace. We believe that when employees are happy and well, they are more productive and engaged in their work leading to higher levels of job satisfaction and employee retention.

We recognise the importance of a health work-life balance and have measures in place such as production planning and staff shift scheduling in advance to eliminate excessive working hours. We comply with all local regulations on working hours and overtime and do not force our employees to work overtime.

Renewable Energy

Due to the significant depreciation of the Lao Kip and rising fuel costs, DSPC raised the local wages of Lao employees to help them cope with inflation. In January 2023, we have restated their wages to USD, which will result in a further wage increase. It is envisaged that all these initiatives will help improve the financial situation of our employees in Laos.

Resources

In conjunction with the celebration of Malaysia Day, RCI organised a “Unity Night” event where employees were treated to a scrumptious dinner, treasure hunt and karaoke session. The event aimed to foster stronger relationships between all employees as well as management and was a huge success.

RCI organises weekly badminton game nights as well as occasional team nights with inter-department employees to encourage team bonding and camaraderie.

Fair labour and human rights

The Group published a formal Human Rights Policy in 2022 (available on our corporate website) that is aligned with the UN’s Universal Declaration on Human Rights (UDHR), UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights. We are committed to ensuring we uphold all laws and regulations in the jurisdictions we operate in and have a zero-tolerance policy on unlawful and unethical human rights abuse and discrimination. Our policy covers topics on children’s rights, forced labour, freedom of movement, expression and association as well as equal employment opportunities. At the end of the year under review, 15.8% of our employees were covered by collective agreements. We also support the right to a minimum wage and across the Group we pay above the minimum wage for all roles.

Our commitment to providing a safe and conducive workplace is a priority and we expect all our employees, business partners and suppliers to respect and adhere to our policy. In this aspect, we have shared our policy on our website where our stakeholders, including business partners, can learn about our expectations and all new employees are provided training on the policy. The policy also applies to the security guards that we have on-site, who help ensure the safety and security of our people and operations. We will be engaging with them closely to ensure they are aware of the boundaries with respect to the provision of security and human rights.

The Group proactively assesses our human rights impacts on an on-going basis as part of our commitment to ensuring compliance with relevant laws and regulations. In Malaysia, through our engagement with our workers, we have identified that some foreign workers have had to pay recruitment fees to agencies to come and work here. This is not something that we condone and we are looking at implementing new processes and procedures that will ensure we no longer support such practices. Stenta established their own set of Social Responsibility Policies which details their commitments on labour practices and human rights, among other topics. In this respect, in addition to supporting all basic human rights principles, Stenta has also committed to zero recruitment fees for hiring of foreign workers.

None of our sites are located on indigenous land and we do not impose on the rights of indigenous people. In the unlikely event that this may happen in the future, we are committed to respecting the rights of the indigenous people and ensuring we undertake the necessary steps to consult with them and obtain their free, prior and informed consent.

Provisions and commitments to workforce		
✓ Accommodation	✓ Keep own possessions including passport	✓ No discrimination
✓ Insurance cover	✓ Freedom of movement and association	✓ Grievance mechanism
✓ Social security / pension		

28 In the event of any grievances, any individual or organisation can raise it through our formal grievance mechanism which is covered by our Whistleblowing Policy. Any concerns about our operations, from environmental impacts to human rights or corruption, can be raised anonymously through this channel. Should there be any human rights impacts identified, MFCB is committed to remedy the affected parties.

In 2022, there were no reported incidents of human rights violations, discrimination or non-compliance with human rights laws.

Training and development

We encourage and support continuous personal and professional development of our workforce to maintain high productivity and engagement. Across the Group, all employees are provided internal and external training opportunities to enhance their skills and knowledge in their respective roles. Annual training needs assessments are carried out in each division to identify skill gaps and the training required to close these gaps. This is in addition to any mandatory training required by local regulators such as fire-fighting, first aid and emergency response management.

Renewable Energy

All new operation and maintenance employees are provided comprehensive technical and safety training while refresher courses are provided for existing employees. As part of the Mekong River Commission’s (MRC) Joint Environmental Monitoring (JEM) initiative, DSPC’s Environmental and Social Management Office (ESMO) participated in training on fisheries, water quality and sediment monitoring. In addition, the ESMO team also participated in other relevant training as below:

Training on fish tagging and passage monitoring Participants were introduced to the approach and methodology for designing and implementing fish passage monitoring and tagging techniques such as spaghetti tags, pit tags and acoustic tags.	Fish tagging training Participants received training on the technique to cut and insert tags in a fish including implementation of a fish tagging trial and data management. Participants were also trained to understand the logistics and river geomorphology conditions when installing the acoustic receivers in order to ensure the receivers are working properly.	Weather early warning system, via online platform for floods Participants were trained in undertaking risk assessments to set priorities for mitigation and prevention strategies and design an early warning system. This would help to provide timely estimates of the potential risk and deliver warning messages to the relevant local and regional governmental agencies.	Acoustic Telemetry Participants were introduced to acoustic telemetry and the different types of acoustic systems and tags.
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Resources

Employees at RCI receive training to develop their skills, knowledge and competency on various topics relevant to their roles. This year 40% of RCI’s workforce received training, which is a 10% increase from last year. The increase in the total workforce trained is contributed by all the training in preparation for the ISO 14001:2015 Environmental Management System certification.

Categories	Training/Courses		
Training on Skills Focuses on developing practical abilities	Forklift Safety Training		
Training on Knowledge Focuses on providing employees with theoretical understanding	<ul style="list-style-type: none">Halal Competency TrainingEffective Management of Environmental Aspect & Impact TrainingErgonomics & Manual Handling TrainingISO 14001:2015 Understanding of Environmental Compliance Obligations Training	<ul style="list-style-type: none">ISO 14001:2015 Internal Audit TrainingChemical Handling & Spill Management TrainingBasic Occupational First Aid (BOFA) & CPR TrainingHearing Conservation Training	
Training on the Development of Competency Focuses on developing specific competencies that are essential to the job or role	<ul style="list-style-type: none">Environmental Management CourseCertified Environmental Professional in Bag Filter Operation (CePBFO)	<ul style="list-style-type: none">Certified Environmental Professional in Scheduled Waste Management (CePSWaM)	

Packaging

A total of 2,870 hours of training were carried out in 2022. We provided a mix of internal and external training opportunities across a number of topics, with 49% being external training courses.

External	Internal
<ul style="list-style-type: none">Basic occupational first aid, SPR and AED trainingErgonomic & manual handling awarenessInternational sustainability & carbon certification (ISSC) plus awareness trainingNew staff induction, SEDEX training, ETI base code and stenta policy trainingPolyethylene blown films processThe insight of polypropyleneWorking at height training	<ul style="list-style-type: none">Executive presenceGMP & HACCP awareness trainingIdentification of COF testing (fresh, oven, aging)ISCC 203 requirementsISO 9001 : 2015 basic awareness trainingMetallised PE formulationRedefining performance management to drive impact

Occupational health and safety

At MFCB, we are committed to ensuring the health and safety of our employees. It is imperative that our employees are able to go home safely each day and remain healthy to maintain productivity. Our Group Occupational Health and Safety (“OHS”) Policy details our commitments to providing a safe work environment and complying with all local and relevant international health and safety standards. In this aspect, both our Resources and Packaging Divisions are working towards ISO 45001:2018 Occupational Health and Safety Management System certification by the end of 2023.

Subsidiary	Certification Standards			
	ISO 9001:2015	ISO 14001:2015	ISO 22000:2018	ISO 45001:2018
Hexachase Packaging			✓	
Hexachase Flexipack & Labels	✓	✓	✓	
Stenta Films	✓	✓		By end 2023
RCI	✓	✓		By end 2023*

**The OSH (Amendment) Act 2022 was gazetted by the Federal Legislation which required time to make the necessary adjustments to align our OSH system. Therefore, certification was delayed from September 2022 to the end of 2023.*

Each of our divisions have their own OHS management systems, OHS Committees and SOPs for managing and reporting work-related hazards. OHS Committees meet every two months and is represented by both management and employees who are encouraged to provide suggestions for improvement. We also provide OHS training for all new employees and for those working in our production and mining areas, OHS briefings are held regularly to ensure safety procedures and risks are communicated on a more regular basis.

Standard health and safety training is carried out in all divisions as well as other relevant mandatory industry training as required by regulators. These include (but not limited to):		
<ul style="list-style-type: none">Fire-fighting and prevention coursesFirst-aidEmergency preparedness and response procedures	<ul style="list-style-type: none">Control of health status and disease proceduresPersonal hygieneConfined spaces	<ul style="list-style-type: none">Chemical handlingForklift drivingWaste handling



OHS risks are identified using the Hazard Identification, Risk Assessment and Risk Control (HIRARC) process and all relevant employees have been trained to conduct HIRARC. The results of any assessment are reviewed during OHS Committee meetings where they will determine any follow up actions required. Safety is our top priority and employees are aware that they have a responsibility and duty to report any safety risk or hazard and to remove themselves from any potentially dangerous situations. All employees are encouraged to report potential safety risks or hazards directly to their managers or anonymously through our grievance mechanism, without fear of reprisal as managers are trained to manage such situations.

In the event of any incident, it needs to be reported within 24 hours to respective managers or departments and an Incident Investigation Report must be lodged. Serious accidents resulting in lost-time, must be reported online to the Department of Occupational Safety and Health (DOSH). All incidents are investigated within a certain timeframe to identify the root cause and corrective action in the form of additional training or physical improvements to eliminate similar safety risks is implemented to minimise the potential of another incident. This process is usually completed within one month of the incident occurring. We also monitor the outcome of the corrective action to assess its effectiveness and if a similar non-conformance re-occurs, another investigation is conducted to further assess the improvements required.

In 2022, there were eight recordable work incidents where workers experienced minor injuries or irritation to their hands and eyes as well as ergonomic issues. The majority of incidents were caused by worker negligence and the respective Divisions have taken the necessary steps to prevent future incidents.

Renewable Energy

As a testament to our exceptional OHS practices, the fifth turbine expansion project commenced construction in the fourth quarter of 2021 and until now has recorded zero lost time incidents.

In the Resources Division, workplace noise and chemical exposure are considered potential occupational hazards. We conducted a Noise Risk Assessment (NRA) in 2020 to identify the noise levels in all our work areas and therefore, the employees who are exposed to noise limits that exceed regulatory limits. The NRA found that 10 work areas (out of 13 work areas) exceeded the Noise Exposure Limit (NEL) of 85 dB(A), which affect 46 employees (out of 160). We have since implemented control measures on 5% of these areas and installed VSD controllers to reduce blower speeds and noise and created enclosures to try and reduce noise levels. Existing controls include Personal Hearing Protectors with a Noise Reduction Rating (NRR) of 24 dB – 25 dB, which are mandatory for areas exceeding the NEL, and implementing job rotation for affected workers.

All new employees are sent for Audiometric Testing within one month of joining RCI to establish a baseline of their hearing ability. For employees who have existing hearing impairments caused by other factors, we provide annual Audiometric Testing and annual Hearing Conservation Training to ensure their hearing does not further deteriorate.

We also conduct quarterly boundary noise level monitoring as part of our compliance requirements set by the DOE. In 2022, there were no incidents of non-compliance with boundary noise levels.

Long-term exposure to Crystalline Silica (quartz) dust can cause serious lung damage and lung cancer and exposure on a daily basis may cause irritation in the nose and throat. We minimise the risk of exposure to employees by implementing a number of measures using the Hierarchy of Control, such as controlling the workflow of employees to minimise their exposure to quartz and providing PPE that offers protection against contaminant gases, vapours and particulates.

Chemical Exposure Monitoring (CEM) was conducted for 17 sections in our plant to measure the levels of quartz and ensure it is below the permissible exposure limit of 0.1mg/m³. In 2022, all sections were below the PEL for quartz.

For the first time, we also conducted an Initial Ergonomics Risk Assessment for 15 potentially high-risk work units based on ergonomic risk factors such as poor posture, forceful exertion, static loading, static posture, contact stress and other environmental factors (heat and vibration). From the 15 work units, six work units were identified to undergo an Advanced Ergonomics Risk Assessment in 2023. The advanced assessment will further assess the risk levels and workstation configurations to set priorities for ergonomic improvements.

Packaging

Noise levels are also a potential occupational hazard for the packaging industry. The machines used for production generate a lot of noise and we conduct annual NRA's to identify any work sections that may exceed the NEL of 85 dB(A).

All employees involved in manufacturing are required to go for annual Audiometric Screening Tests to ensure their hearing has not been impacted.

Empowering communities

Our goal is to enhance the livelihoods of 300,000 people in nearby communities by 2030. At MFCB, we also strongly believe in supporting children's rights, which include preserving the environment for them and ensuring they have access to education, healthcare and adequate food and nutrition. It is in this light that we continue to invest in supporting the education of young children and in Laos, the Group continues to invest in the development of the local communities in the areas of healthcare access, education and livelihood opportunities.

In 2022, 100% of our sites had community development programs and we invested a total of RM 1,266,000 in our communities. Employees are also encouraged to participate in volunteer work and support our community outreach efforts. This year, a number of community events were organised and employees volunteered their time to assist.

In 2023, we will be focusing on establishing a community investment fund aimed at creating positive societal impact in the areas we operate in. We envisage that local communities and NGOs will be able to apply for funds to carry out projects that will benefit the wider community. This will form a large part of our community outreach efforts and help contribute to our greater goal of enhancing the lives of 300,000 people by 2030.

32 Renewable Energy

Infrastructure

Initiatives	Objectives	Outcome
Widening of roads	Improved and widened 3km of dirt roads in Hua Sadam, Hang Sadam and Don Sahong villages.	In 2022, DSPC improved and widened 1,557m of dirt roads in three villages. More than 2,500 villagers from nearby villages and 1,000 visitors use the roads, enabling them to gain easier access to the local villages and support their businesses.
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.
Construction of toilets	To construct 92 toilets for families who currently do not have access to one.	92 families from six villages will have access to their own toilet.

*ongoing from 2021.

Health and education

Initiatives	Objectives	Outcome
Financial assistance for the community public health centre	To pay for the electricity bills so that funds can be better spent on healthcare.	DSPC paid all the electricity bills for 2022 (12,509,686 LAK equivalent to RM 3,360), freeing up funds for the health centre, which served 776 patients.
Provision of scholarships	To provide financial aid to students who completed school and obtained an average score of 40 points to continue higher/tertiary education.	In 2022, DSPC provided four full scholarships to underprivileged children who graduated from high school to study in university.
Bus service for high school students	To encourage and assist students to continue high school in other villages (60km+ away) as there are no high schools in the local vicinity.	DSPC provided a vehicle to pick up 35 students to attend high school for 225 school days.
Boat service for Don Phapheng primary students	To enable 21 students in Don Phapheng to travel to a primary school in another village as their own school closed down in 2021.	DSPC supplied petrol for the boat for 214 school days for 21 students, which enabled them to attend school.
Assisting underprivileged children	To assist underprivileged students experiencing financial hardship to return to school.	DSPC purchased bicycles, school uniforms, shoes, school bags, books and pens for five underprivileged children and also paid their school fees for them, enabling them to return to school.
Provision of primary textbooks	To provide new textbooks to primary schools that had insufficient and old textbooks.	DSPC purchased 115 textbooks for three primary schools in Hua Sadam, Hang Sadam and Don Sahong villages, benefitting 184 primary school students.



Livelihood support

Initiatives	Objectives	Outcome
Revolving fund program	To create additional steady income of local villagers from 6 villages in project areas.	The original budget of around RM 274,500 has been distributed across 105 families in six villages since 2017. Households are required to repay after two years and in 2023, we will be releasing new funds to 35 more families.
Technical support on dry-season rice production	To educate and advise farmers on the technical aspects for dry-season rice production.	In 2022, 64 tonnes of rice were produced. This is less than the previous two years because the number of households participating in this programme dropped by nearly 70 to 29. This is due to the rising costs involved in farming.

Technical advice and financial assistance for agricultural production

To provide assistance to farmers who were growing vegetables and livestock. The number of livestock continued to increase and farmers were able to sell their livestock at a profit. The estimated total value of livestock sold in 2022 was RM 273,829.



Resources

After being hampered by the MCO for the last two years, we took the opportunity to ramp up our CSR programs this year. We donated financial aid to six schools in Gopeng, Gunung Panjang and Jeram, which are all located in the vicinity of RCI, in conjunction with their respective school's Sports Day. We believe supporting local schools' Sports Day brings positive benefits to the development of physical education in schools and provides a platform for young talents to grow their capabilities. With respect to developing sports talent, we also supported one of our employee's children who is an emerging marathon runner. We provided sponsorship for his running gear, to motivate and support him to achieve his goal of becoming a state marathon runner.

Packaging

Hexachase Flexipack continued its support of the Pay Fong Middle School in Malacca, donating RM82,000 in 2022. Employees also volunteered their time to visit the Handicapped and Mentally Disabled Children Love Centre where they donated food and cash totalling over RM7,000 to assist the centre in caring for the children.

Stenta organised a Blood Donation Drive together with the National Blood Bank Centre, which saw employees volunteering their time to donate blood.

34 Building A Sustainable and Ethical Business

We enhance the sustainability of our business and uphold high ethical and governance standards.

Our approach

100% OF OUR TIER 1 SUPPLIERS WILL COMPLY WITH OUR RESPONSIBLE SOURCING POLICY BY 2030.

This goal highlights our commitment to enhancing the sustainability of our business, with a clear focus on building a sustainable and resilient supply chain. At the core of this goal, is our commitment to conduct our business with integrity and transparency. Strong corporate governance has always been a core principle across our operations and in 2022 we took that a step further by establishing a number of Group policies that will guide how we will operate responsibly in addition to complying with all applicable laws and regulations. The policies highlight our approach and commitments on important topics and these policies are available on our company website.

Group Corporate Policies

- Anti-Bribery and Corruption Policy
 - Anti-Money Laundering Policy
 - Board Composition Policy
 - Diversity and Inclusion Policy
 - Employee Code of Conduct and Discipline
- Fit and Proper Policy
 - Group Sustainability Policy
 - Human Rights Policy
 - Occupational Health and Safety Policy
 - Policy on Nomination & Assessment Process of Board Members
- Remuneration Policy and Procedures for Directors and Senior Management
 - Sustainable Procurement Policy
 - Waste Management Policy
 - Water Management Policy
 - Whistle-Blowing Policy

All Group policies can be found at <http://mega-first.com/corporate-governance/>

The development of our Sustainable Procurement Policy in 2022 was the first-step towards our goal of creating a sustainable supply chain. The policy details the environmental and social practices that we expect of our suppliers. We will review this policy on a regular basis to continuously improve the standards we set for ourselves and for our suppliers. In addition, we are working towards achieving the other two sub-targets that we have set for ourselves and look forward to reporting on our progress in future reports.

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

As supply chains become more complex and international regulations on the supply and use of certain products tighten, the Group is acutely aware of the need to have greater visibility and control on the sustainable performance of its suppliers. Any issues of non-compliance or wrongdoing in our supply chain will expose the Group to legal and reputational risk, which will impact our operations. As such, we are partial towards suppliers who adopt sustainability practices in their operations. By the year 2030, we intend for 100% of our Tier 1 suppliers to comply with our Responsible Sourcing Policy. During the year, the Resources Division took the first step in engaging suppliers by disseminating its Occupational Safety and Health Policy and Environmental Policy to Tier 1 suppliers and external providers. Written acknowledgement and commitment to adhering to our policies from 100% of the suppliers we engaged were received.

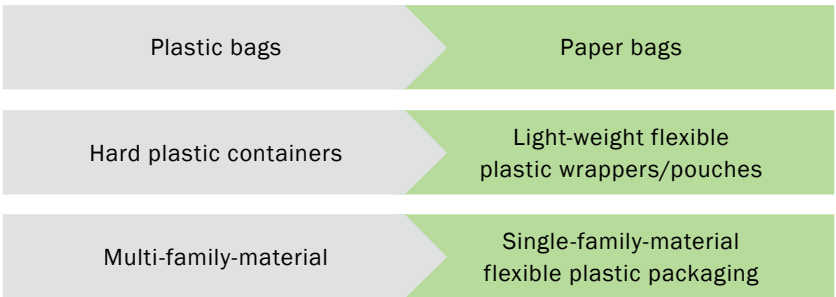
Another factor that contributes towards sustainable procurement is the procuring of local products and services wherever possible. The support of local suppliers promotes economic growth and creates employment opportunities while also being more environmentally friendly by reducing emissions associated with transportation. In 2022, our proportion of spending on local suppliers across the Group was 56.9%. This was less than in 2021 where spending on local procurement comprised 65.7% and is mainly attributable to the kick off of the fifth turbine expansion project that went on for a full year where equipment and construction materials were sourced from foreign suppliers.

Innovating for a more sustainable future

Innovation is a key driver for sustainability as it provides new and creative solutions to the complex environmental and social challenges we face today. Through innovation, we know we can maintain our competitiveness and meet our customers evolving needs, whilst growing sustainably.

At MFCB, innovation is embedded from the design stage through to operations and our divisions are always looking for ways to improve and enhance our products or the way we operate, through the use of new technologies, production processes and materials.

In 2022, the majority of our initiatives in this area were in our Packaging Division. Consumers and our customers are increasingly concerned with the damaging impact of packaging solutions to the environment. As a result, there has been a conscientious shift towards using recyclable and environmentally friendly packaging materials and moving away from plastic-based packaging. Some of the examples of the demand shift include:



In line with this demand shift, Hexachase Flexipack works in collaboration with customers to convert non-sustainable material to sustainable material such as producing multilayer high barrier films without the use of non-recyclable aluminium foils as the barrier layer. We are also Malaysia’s first and only manufacturer that only uses 100% toluene-free print ink and solvent free lamination processes to ensure the highest food safety standards. Solvent-free plastic packaging is a more sustainable and environmentally alternative to traditional plastic packaging as it reduces the amount of harmful chemicals released into the environment during production.

In Hexachase Packaging, work on the development of new sustainable products is actively ongoing. During the year, we engaged with suppliers to source various polyfluoroalkyl substances (“PFAS”) free paper with the same properties as conventional raw paper materials. Many customers are currently keen to use PFAS-free paper as PFAS has been found to accumulate in the human body over time, leading to adverse health effects.

- 36 Stenta is developing packaging solutions to future proof its expanding product portfolio, with a particular focus on mono-material structures including the likes of oriented PE, PP and coated films. We have developed a new product portfolio, under the brand names PotectA, Starlene and Ekolene, which includes recyclable high barrier mono-material structures that are biodegradable. During the year, we also launched a new heat resistant BOPP that is designed to replace biaxially oriented polyethylene terephthalate ("BOPET") to support recyclable mono-material structures. This material facilitates higher line speeds with its super thermal dimensional stability.

Customer satisfaction

We work closely with our customers to build trust and ensure that our products meet their needs. We conduct annual customer satisfaction surveys to obtain feedback on our performance and product quality. In the year under review, we implemented a number of initiatives to improve customer services such as providing multiple support channels for customer service and technical support and providing more competitive pricing through alternative sourcing methods. In 2023, we are aiming to have more regular engagements with our key customers to better understand their needs and requirements and to fulfil them as best as we can.

In addition, we take the privacy and security of our customer's data seriously. In line with our commitment to uphold strong governance and compliance across our operations, we have in place a number of systems and processes that ensure all corporate data remains safe.

In 2022, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

Renewable Energy

At the request of EDL, DSPC's sole customer, DSPC has deferred the annual maintenance schedule for August and September 2022 to February and March 2023 in order to help EDL meet its obligation to its customer. DSPC is continuously exploring ways to maximise energy production subject to water availability and energy demand from EDL.

DSPC's four existing turbine generators will be undergoing a major overhaul from 2025 to 2028 with one generator taken out for service for four months each year. To avoid potential energy production disruptions and ensure that EDL will be able to fulfill its energy contract with its customer, DSPC decided to build a fifth turbine generator which started construction in December 2021 and is expected to be completed in the second half of 2024. This is a crucial investment in order to help EDL avoid being penalised by its customer for energy shortfall from 2025 onwards.

Resources

In this division, customer satisfaction is surveyed twice annually, via a customer survey questionnaire. The survey categories were product, delivery, staff & service and other general areas. Appropriate action plans are formulated through these meetings, to improve any area where a complaint has been raised. For the year 2022, the annual customer satisfaction survey results was 87.4% (2021: 89.4%).¹

Packaging

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. In 2022, the average score was 89.42%, an improvement from 2021 of 87%.

An ethically responsible business

Anti-corruption and bribery

The Group has a zero-tolerance policy for corruption and bribery and have strict policies in place to ensure we comply with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. Our Anti-Bribery and Corruption (ABC) Policy is aligned with ISO 37001:2016 Anti-Bribery Management Systems (ABMS) and applies to all employees, regardless of position, as well as third-party individuals and organisations. In this respect, our Resources Division, who is ISO 37001:2016 certified, has shared the ABC Policy with all their business associates and have received written commitments from 100% of them. RCI also engages a third-party external auditor to conduct annual audits to ensure compliance with the standards.

Our ABC Policy covers topics on facilitation payments, donations, gifting and entertainment, among others, and describes the responsibilities of employees in raising any concerns or violations. Further, our Whistleblowing Policy details the channels which employees can use to report their concerns. All matters are directed to the Chairman of the Audit Committee who is responsible for investigating any substantiated claims.

Across the Group, new employees receive training on these policies during onboarding and are required to sign a declaration form upon joining certifying that they have read, understood and will abide by all our Group policies, including the Anti-Bribery and Corruption Policy. In addition, our Resources and Packaging Divisions conduct annual face-to-face training to provide employees with a refresher on relevant policies.

In 2022, no incidents of corruption were reported. There were also no significant non-compliance with laws and regulations (i.e. fines exceeding RM100,000 or restrictions imposed). There was one minor incident where we began construction of labour quarters before approval was received and a small fine of RM 6,792 was paid. We also did not make any political contributions in any of the countries we operate in, which is aligned with our Group policy to always remain apolitical.

¹ The figure for 2021 has been restated to reflect the average customer satisfaction score after two surveys as at the end of 2021. The previous figure in the 2021 Sustainability Report was based on mid-year scores.

Environmental

		2020			2021			2022						
		PKG ¹	RCI ²	REE	GROUP	PKG	RCI	REE	GROUP	PKG	RCI	REE	GROUP	
Energy		Unit												
Total energy consumption		GJ	35,342.50	123,068.49	-	158,410.99	234,910	127,241.38	-	362,151.38	189,534.73	141,962.49	-	331,497.22
Emissions ³														
Scope 1	tCO ₂ e		7.53	425,085.85	-	425,093.38	1,376	432,245.54	-	433,621.54	2,828.54	485,850.25	-	488,678.79
Scope 2	tCO ₂ e		2,381.48	11,137.46	-	13,518.94	11,786.56	12,191.84	-	23,978.40	18,440.69	14,285.86	-	32,726.55
Scope 3	tCO ₂ e		1,618.71	12,929.41	-	14,548.12	4,170.85	17,360.99	-	21,531.84	6,536.86	20,450.22	-	26,987.08
Total emissions		tCO ₂ e	4,007.72	449,152.72	-	453,160.44	17,333.41	461,798.37	-	479,131.78	27,806.09	520,586.33	-	548,392.42
Water and effluents ⁴														
Third-party water		megalitres	13.78	90.50	6.58	110.86	35.92	90.10	6.58	132.60	66.78	111.61	5.72	184.11
Waste diverted from disposal														
Hazardous														
Preparation for reuse	tonnes										-	-	-	-
Recycling	tonnes										703	-	-	703
Others	tonnes										25.89	-	-	25.89
Non-hazardous														
Preparation for reuse	tonnes										9,215.05	-	-	9,215.05
Recycling	tonnes										1,707.14	0.12	-	1,707.26
Others	tonnes										-	-	-	-
Waste directed to disposal														
Hazardous														
Landfill	metric tons	36.46	6.32	-	42.78	127.58	6.64	-	-	134.22	157.86	-	-	157.86
Non-hazardous														
Landfill	metric tons	672.3	31.1	29.5	732.9	1,140.4	32.6	35	1,208	807.22	18.12	21.8	21.8	847.14

PKG: Packaging, RCI: Resources, REE: Renewable Energy

1. Packaging Data for 2021 includes Stenta's data apportioned to 156 days from date of acquisition of 28 Jul 2021 to 31 Dec 2021.
2. Energy and emissions data has been restated for RCI due to miscalculations in 2021 for preceding years.
3. Emissions data has only been calculated for the Packaging and Resources Divisions. Scope 3 emissions include upstream and downstream transportation and distribution, waste generation (excl. RCI), business travel and commuting.
4. REE water consumption is estimated based on number of employees and type of activities.

Social

WORKFORCE DATA	2021		2022	
	No.	%	No.	%
Total workforce	989	100.0	1108	100.0
Male	773	78.2	851	76.8
Female	216	21.8	257	23.2
Malaysia	925	93.5	1026	92.6
Laos	23	2.3	25	2.3
Cambodia	41	4.2	57	5.1
Permanent full-time	983	99.4	1106	99.8
Male	770	77.9	850	76.7
Female	213	21.5	256	23.1
Malaysia	921	93.1	1024	92.4
Laos	23	2.3	25	2.3
Cambodia	39	4.0	57	5.1
Permanent part-time	3	0.3	2	0.2
Male	1	0.1	1	0.1
Female	2	0.2	1	0.1
Malaysia	3	0.3	2	0.2
Laos	0	0.0	0	0.0
Cambodia	0	0.0	0	0.0
Temporary	3	0.3	0	0.0
Male	2	0.2	0	0.0
Female	1	0.1	0	0.0
Malaysia	1	0.1	0	0.0
Laos	0	0.0	0	0.0
Cambodia	2	0.2	0	0.0
WORKERS WHO ARE NOT EMPLOYEES	2021		2022	
Direct engagement	34		71	
Indirect engagement	202		126	
Total	236		197	

GOVERNANCE BODIES AND EMPLOYEE DIVERSITY DATA	2021		2022	
	No.	%	No.	%
Board members	11	100.0	11	100.0
Male	9	81.8	9	81.8
Female	2	18.2	2	18.2
Aged <30 or below	0	0	0	0
Aged 30-50 years	1	9.1	1	9.1
Aged >50 years	10	91.9	10	90.9
Senior Management	14	100.0	16	100.0
Male	13	92.9	15	93.7
Female	1	7.1	1	6.3
Aged <30 or below	1	7.2	2	12.5
Aged 30-50 years	3	21.4	3	18.8
Aged >50 years	10	71.4	11	68.7
Chinese	14	100	16	100
Malay	0	0	0	0
Indian	0	0	0	0
Others	0	0	0	0
Management	100	100.0	104	100.0
Male	66	66	68	65.4
Female	34	34	36	34.6
Aged <30 or below	6	6	6	5.8
Aged 30-50 years	65	65	66	63.5
Aged >50 years	29	29	32	30.7
Chinese	73	73	73	70.2
Malay	15	15	17	16.3
Indian	6	6	8	7.7
Others	6	6	6	5.8
Executive	185	100.0	197	100.0
Male	114	61.6	119	60.4
Female	71	38.4	78	39.6
Aged <30 or below	63	34.1	69	35.0
Aged 30-50 years	101	54.6	108	54.8
Aged >50 years	21	11.3	20	10.2
Chinese	70	37.9	83	42.1
Malay	87	47	90	45.7
Indian	10	5.4	11	5.6
Others	18	9.7	13	6.6
Non-Executive	690	100.0	791	100.0
Male	580	84.1	649	82.0
Female	110	15.9	142	18.0
Aged <30 or below	373	54.1	421	53.2
Aged 30-50 years	278	40.3	328	41.5
Aged >50 years	39	5.6	42	5.3
Chinese	47	6.8	39	4.9
Malay	297	43	348	44.0
Indian	42	6.1	38	4.8
Others	304	44.1	366	46.3
GROUP TOTAL	989	100.0	1108	100.0

RATIO OF AVERAGE TOTAL REMUNERATION OF MEN TO WOMEN	2021	2022
Senior Management		
Malaysia	1.04:1	0.94:1
Laos	N/A	N/A
Management		
Malaysia	1.15:1	1.16:1
Laos	1.50:1	2.69:1
Executive		
Malaysia	1.28:1	1.43:1
Laos	1.72:1	1.38:1
Non-Executive		
Malaysia	1.39:1	1.22:1
Laos	1.87:1	1.83:1

NEW EMPLOYEE HIRES	2021		2022	
	Number	Rate (%)	Number	Rate (%)
Gender				
Male	93	12.5	210	27.2
Female	28	13.3	56	25.9
Age Group				
Aged <30 or below	87	18.8	178	40.2
Aged 30-50 years	31	7.7	82	18.3
Aged >50 years	3	3.3	6	6.1
Region				
Malaysia	112	12.6	246	24.9
Laos	4	13.8	2	0.2
Cambodia	5	12.2	18	1.8
TOTAL	121		266	

EMPLOYEE TURNOVER	2021		2022	
	Number	Rate (%)	Number	Rate (%)
Gender				
Male	82	11	122	15.8
Female	33	15.6	27	12.5
Age Group				
Aged <30 or below	66	6.9	78	17.6
Aged 30-50 years	42	10.4	59	13.2
Aged >50 years	7	7.8	12	12.1
Region				
Malaysia	106	12	140	14.2
Laos	3	10.3	0	0.0
Cambodia	6	14.6	9	0.9
TOTAL	115		149	

*Rate of turnover by category is calculated by dividing the turnover by the total number of employees at the beginning of the year.

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	2020	2021	2022
Gender			
Male	100%	97%	100%
Female	100%	94%	100%
Employment Category			
Senior management	100%	100%	100%
Management	100%	100%	100%
Executive	100%	100%	100%
Non-Executive	100%	94%	100%

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

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER AND EMPLOYMENT CATEGORY	2020	2021	2022
Gender			
Male	2.9	3.2	7.4
Female	5.1	5.2	8.3
Employment category			
Senior management	0.0	3.0	0.1
Management	5.7	7.0	15.1
Executive	6.1	7.2	13.7
Non-Executive	2.3	2.2	5.3

WORK-RELATED INJURIES	2020	2021	2022
All Employees			
Fatalities as a result of work-related injury			
Number	0	0	0
Rate	0	0	0
High-consequence work-related injuries			
Number	0	0	0
Rate	0	0	0
Recordable work-related injuries			
Number	6	10	8
Rate	0.80	1.24	0.75
Number of hours worked	1,502,925	1,614,612	2,125,365
Workers who are not employees but whose work and /or workplace is controlled by the organisation			
Fatalities as a result of work-related injury			
Number	0	0	0
Rate	0	0	0
High-consequence work-related injuries			
Number	0	0	0
Rate	0	0	0
Recordable work-related injuries			
Number	0	0	0
Rate	0	0	0

*All injury rates calculated based on 200,000 hours worked

WORK-RELATED ILL HEALTH	2020	2021	2022
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	8	8	3
Main types of work-related ill health	Hearing impairment	Hearing impairment	Hearing impairment
Workers who are not employees but whose work and /or workplace is controlled by the organisation			
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	0	0	0

COMMUNITY INVESTMENT	2020	2021	2022
Amount invested in community projects	RM 1,076,000	RM 2,072,000	RM 1,266,000

Governance

	2020	2021	2022
Confirmed incidents of corruption and action taken	0	0	0
Confirmed incidents of non-compliance with laws and regulations	0	0	1
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	0	0	0
Total number of substantiated complaints received concerning breaches of customer privacy categorised by:	0	0	0
<ul style="list-style-type: none"> complaints received from outside parties and substantiated by the organization; complaints from regulatory bodies. 			
Total number of identified leaks, thefts, or losses of customer data	0	0	0

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2-11	Chair of the highest governance body	Please refer to our 2022 Annual Report – Corporate Governance Overview Statement	70	
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2-13	Delegation of responsibility for managing impacts	Sustainability at MFCB	10	
2-14	Role of the highest governance body in sustainability reporting	Sustainability at MFCB	10	
2-15	Conflicts of interest	Please refer to our 2022 Annual Report – Corporate Governance Overview Statement	70-71	
2-16	Communication of critical concerns	Sustainability at MFCB	10	b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.
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