

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## OUR SUSTAINABILITY STATEMENT (102-1)

### ABOUT THIS STATEMENT

In 2019, Hap Seng Consolidated Berhad (“the Group”) focused on operationalising sustainability across the Group to create long-term value for our stakeholders. In our statement, we demonstrate our purpose in action and report on how these activities have positively impacted our value chain. Highlights include the reassessment of our material sustainability matters with input from all our business divisions and, introducing our value creation in the context of the six capitals.

### SCOPE AND BOUNDARY

(102-2, 102-3, 102-4, 102-46, 103-1)

This statement addresses the sustainability performance of these five business divisions in Malaysia, namely, Property Investment and Development (“Property”), Credit Financing, Automotive, Trading and Building Materials as well as our corporate headquarters located in the city of Kuala Lumpur. Our disclosures are limited to the Group’s operations in Malaysia as it constitutes 80% of the Group’s revenue.



<b>Property Investment &amp; Development</b>	Hap Seng Land Development Sdn. Bhd.
	Hap Seng Properties Development Sdn. Bhd.
	Hap Seng Land Sdn. Bhd.
<b>Credit Financing</b>	Hap Seng Credit Sdn. Bhd.
<b>Automotive</b>	Hap Seng Star Sdn. Bhd.
	Hap Seng Trucks Distribution Sdn. Bhd.
	Hap Seng Trucks Sdn Bhd
<b>Trading</b>	Hap Seng Trading (BM) Sdn. Bhd.
	Hap Seng Fertilizers Sdn. Bhd.
	Hap Seng Chemicals Sdn. Bhd.
	Hap Seng (Oil & Transport) Sdn. Bhd.
<b>Building Materials</b>	Hap Seng Clay Products Sdn. Bhd.
	Malaysian Mosaics Sdn. Bhd. (“MMSB”)*
	Quarry Operations and Asphalt Plants

\* As MMSB is currently restructuring towards becoming a trading company with no manufacturing operations, only selected data has been disclosed for this company

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The Group’s plantation division, Hap Seng Plantations Holdings Berhad (“Hap Seng Plantations”), is a public-listed entity and therefore publishes its own sustainability report. A summary of the division’s performance is provided in this statement as part of the Group’s disclosures. The full sustainability report is available at <https://www.hapsengplantations.com.my/sustainability-report.html>. Similarly, Hafary Holdings Limited., which is listed on the Singapore Exchange Ltd, reports its sustainability performance within its Annual Report.

 <p><b>REFERENCES &amp; GUIDELINES</b></p>	 <p><b>REPORTING PERIOD</b> (102-50)</p>	 <p><b>FEEDBACK</b> (102-53)</p>
<p><b>Legal Requirements</b></p> <ul style="list-style-type: none"> <li>Bursa Malaysia Securities’ Berhad Main Market Listing Requirements (“MMLR”)</li> </ul> <p><b>Guidelines</b></p> <ul style="list-style-type: none"> <li>Bursa Malaysia’s Sustainability Reporting Guide 2<sup>nd</sup> Edition</li> </ul> <p><b>Reporting Framework</b></p> <ul style="list-style-type: none"> <li>Global Reporting Initiative (“GRI”) Standards - Core Option</li> </ul> <p>Throughout this statement, the relevant GRI indicator has been denoted against the corresponding material matter section and has also been indicated in the GRI Content Index available on page 103 to 106 and 137 to 139 respectively.</p>	<ul style="list-style-type: none"> <li>1 January to 31 December 2019 (“FY2019”)</li> </ul>	<p>We are fully committed to our stakeholders and thus welcome any feedback on this statement and any aspect of our sustainability performance.</p> <p>The HTML and PDF of this statement is made available at our corporate website at <a href="https://www.hapseng.com.my/en/sustainability-statement.html">https://www.hapseng.com.my/en/sustainability-statement.html</a></p> <p>For any queries, suggestions or comments on the contents of this statement, kindly address it to the contact details below:</p> <p><b>Ting Choon Kiong</b> Senior Manager Corporate Social Responsibility Email: <a href="mailto:tingck@hapseng.com">tingck@hapseng.com</a></p>

KEY SUSTAINABILITY ACHIEVEMENTS FY2019



Embedding Sound Governance

**ZERO**   
incident of corruption

**ZERO**   
Whistleblowing cases



Principle of  
**CODE OF CONDUCT**



Our Environmental Responsibility



**SOLAR PANEL PROJECT**

at Kinrara Autohaus achieved a reduction of **62%** in consumption since FY2017



**ZERO-WASTEWATER**

approach is underpinned at Automotive division



**6.5%** reduction in virgin raw materials usage in bricks manufacturing from replacement with waste materials



Of the **4.7 MILLION** rejected bricks produced, **48%** were reused in bricks production, **18%** sold as byproducts and the rest were used for the repair of kiln chambers and landfill



Over **50%** of non-scheduled wastes were recycled at Automotive and Property divisions



Strengthening Our Economic Growth



A minimum of **THREE QUOTATIONS** are obtained in contract tendering process at Building Materials, Automotive and Property divisions

**100%**

of procurement on Malaysian suppliers within Property and Trading divisions



**78%**

of financial service assistance is provided to Small and Medium Enterprises ("SMEs")



Enriching Our People and Community



At least **35%** female employees



Over **4,000** total training hours for employees



Over **3,000** units of affordable homes launched



**NAGA SCHOLARSHIP** funding programme has helped **356** students from the Sabah Chinese High School and **687** students from the Vision Schools since 2011

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**SUSTAINABILITY HIGHLIGHTS FOR HAP SENG PLANTATIONS FY2019**

In 2019, Hap Seng Plantations’ sustainability focus was on strengthening its internal systems while continuously improve on our performance.

This can be seen with the introduction of new and updated policies such as the equal opportunity, freedom of association and collective bargaining, Malaysian Sustainable Palm Oil (“MSPO”) as well as the Sustainable Agriculture Policy.

Significant efforts and resources were also invested in external outreach. This effort to support the independent local out growers and smallholders within our supply chain to achieve Roundtable on Sustainable Palm Oil (“RSPO”) and MSPO certifications were largely positive. At the time of reporting, we were able to convince seven out of the 11 independent local out growers and smallholders (64%) to participate in obtaining the RSPO and MSPO certifications.

Another significant milestone in our sustainability journey was the acknowledgement accorded by the EU-Malaysia Chamber of Commerce and Industry (“EUMCCI”) on us for the Best Sustainability Reporting on 28 November 2019. The EUMCCI stated that the awards was its effort to recognise companies that have shown exemplary business excellence in the field of sustainability and contributed to the long term benefit of Malaysian society and economy. Our sustainability achievements for FY2019 are as follows:

<p><b>2019</b></p> <div style="margin-bottom: 15px;">  <p>Launched of <b>HALAL</b> Policy</p> </div> <hr style="border-top: 1px dotted #ccc;"/> <div style="margin-bottom: 15px;">  <p><b>ZERO</b> fatalities</p> </div> <hr style="border-top: 1px dotted #ccc;"/> <div style="margin-bottom: 15px;">  <p>Obtained <b>HALAL certification</b> for all mills</p> </div> <hr style="border-top: 1px dotted #ccc;"/> <div style="margin-bottom: 15px;">  <p><b>50%</b> reduction in lost time accidents since 2014</p> </div>	<div style="margin-bottom: 15px;">  <p><b>LAUNCHED</b> of updated Sustainable Agriculture Policy, Equal Opportunity Policy, Freedom of Association and Right to Collective Bargaining Policy, Labour Policy for Foreign Workers and MSPO Policy</p> </div> <hr style="border-top: 1px dotted #ccc;"/> <div style="margin-bottom: 15px;">  <p>Assisted <b>two neighbouring independent local outgrowers/ smallholders</b> to obtain <b>RSPO and MSPO certifications</b></p> </div> <hr style="border-top: 1px dotted #ccc;"/> <div style="margin-bottom: 15px;">  <p>Reduced GHG emissions intensity of <b>1.08 tonnes CO<sub>2</sub>e/tonne Crude Palm Oil</b>, ahead of target timeline of 2021</p> </div> <hr style="border-top: 1px dotted #ccc;"/> <div style="margin-bottom: 15px;">  <p>Amongst earliest to obtain <b>MSPO Supply Chain Certification Standard (“MSPO SCCS”) for all mills</b></p> </div> <hr style="border-top: 1px dotted #ccc;"/> <div style="margin-bottom: 15px;">  <p>Recognition by <b>EUMCCI</b> for <b>Best Sustainability Reporting</b> at the <b>EUROPA Awards 2019</b></p> </div>
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## SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

### AWARDS & RECOGNITIONS FY2019

The Group has earned numerous awards and recognitions that reflects its commitment to sustainability and the quality of the services we deliver to our customers.



Hap Seng Plantations Holdings Berhad bagged the Best Sustainability Reporting Award at the Europa Awards for Sustainability 2019. The award ceremony was organised by the EUMCCI.



Hap Seng Star Sdn Bhd was presented the MRCA Billion Dollar Club Award by the Malaysia Retail Chain Association ("MRCA") in recognition of its achievement in registering revenue of over billion Ringgit by sales turnover for FY2018.



#### Mercedes-Benz Malaysia Dealer of the Year Award

Hap Seng Star's Bukit Tinggi dealership was presented with the coveted, Mercedes-Benz Dealer of the Year 2019 Award. This was in recognition of its excellent achievement in the overall performance including sales, after-sales, customer satisfaction index, customer loyalty index, business excellence and financial services.

### OUR EXPANDING PARTNERSHIP AND MEMBERSHIP (102-13)

We maintained our participation in several associations and affiliations in industry trade groups to ensure active engagement with various stakeholders, while keeping abreast with best industry practices.

Our Business Sectors	Associations	Information
<b>Hap Seng Consolidated Berhad – Member</b>	Federation of Public Listed Companies ("FPLC")	FPLC provides the Group with a platform to interact and organise dialogues with the public as well as regulatory and other bodies such as the Minority Shareholders Watchdog Group.
<b>Hap Seng Consolidated Berhad – Member</b>	Malaysia-German Chamber of Commerce ("MGCC")	MGCC organises dialogues with representatives from the German government as well as companies based in the country for networking purposes and to explore opportunities in the Malaysian-German business community.
<b>Hap Seng Plantations Holdings Berhad – Member</b>	Roundtable on Sustainable Palm Oil ("RSPO")	The RSPO act as platforms for engagement on certified sustainable palm oil matters.
<b>Hap Seng Plantations Holdings Berhad – Member</b>	Malaysian Palm Oil Association ("MPOA")	MPOA to inspire the adoption of sustainable practices in oil palm plantations for long term profitability.

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Our Business Sectors	Associations	Information
<b>Malaysian Mosaics Sdn Bhd</b> <ul style="list-style-type: none"> <li>• <b>Council Member</b></li> <li>• <b>Chairman – FMM Malaysian Ceramic Industrial Group (“FMM MCIG”)</b></li> <li>• <b>Committee member – Construction Industry Transformation Programme (“CITP”) initiative Group on Materials Standards</b></li> </ul>	Federation of Malaysian Manufacturers (“FMM”)	The FMM acts as a voice for the manufacturing and industrial service industry; it is a key focal point for those seeking links with Malaysian manufacturers for investment, trade and services.
<b>Hap Seng Star Sdn Bhd – Treasurer – General</b>	Malaysia Retail Chain Association (“MRCA”)	A platform for Hap Seng Star to participate in regular dialogues with members and the government for better cooperation, networking and ideation in a concerted effort to promote healthy growth of the retail industry in Malaysia and abroad.
<b>Hap Seng Star Sdn Bhd – Commerce Committee</b>	Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (“KLSCCCI”)	Act as channel of communication between government and the private sector. It also promotes and enhances economic activities of Malaysia
<b>Hap Seng Star Sdn Bhd – Member</b>	Malaysian Automotive Association (“MAA”)	MAA assists and advises members regarding matters pertaining to the automotive industry and generally promotes, fosters as well as protects the interests of its members.
<b>Hap Seng Fertilizers Sdn Bhd – Committee Member</b>	Fertiliser Industry Association of Malaysia (“FIAM”)	FIAM works to promote Malaysian fertilisers, foster close cooperation between the government and other authorities; enhance trade facilities, improve product quality and standards and provide industry-related services.
<b>Hap Seng Land Development (Puchong) Sdn Bhd – Member</b>	Real Estate and Housing Developers’ Association (“REHDA”) Malaysia	REHDA is recognised as the leading representative body for private property developers, primarily involved in advocacy and governance.
<b>Hap Seng Properties Development Sdn Bhd – Member</b>	Sabah Housing and Real Estate Developers Associations (“SHARED”) (“SHARED”) (“SHARED”)	SHARED) brings together developers, pooling their expertise and resources to ensure that the industry takes up and plays its role as a key mover of the economy.
<b>Hap Seng Land Sdn Bhd – Member</b>	International Real Estate Federation (“FIABCI”) Malaysia	FIABCI Malaysia has grown since 1975 with its objective to foster goodwill and understanding with international organisations and promote progress in developments through better systems.
<b>Malaysian Mosaics Sdn Bhd/ Hap Seng Trading (BM) Sdn Bhd – Member</b>	Building Materials Distributors Association of Malaysia (“BMDAM”)	BMDAM is a national association for companies engaging in the supply and distribution of locally manufactured and imported building materials.
<b>Malaysian Mosaics Sdn Bhd/ Hap Seng Trading (BM) Sdn Bhd – Member</b>	Master Builders Association Malaysia (“MBAM”)	MBAM was founded in 1954, to represent the construction industry and service sectors in Malaysia. It is dedicated towards promoting and developing the construction industry.
<b>Malaysian Mosaics Sdn Bhd/ Hap Seng Trading (BM) Sdn Bhd – Member</b>	Malaysia Steel Association (“MSA”)	MSA works to promote the development of the Malaysia Steel Industry.

**OUR COMMITMENT TO SUSTAINABILITY**

**CORPORATE VISION AND MISSION (102-16)**

As a conglomerate, the Group is guided by our vision and mission statements as well as our core values which are integrated into our business strategy.

**Vision** ↓

**CREATING VALUE TOGETHER. TO A BETTER FUTURE**

**Mission** ↓



To provide quality products and excellent services that differentiates us from others.



To be the preferred partner and promote win-win business relationships.



To achieve sustainable growth and returns for our shareholders over the long-term.



To be the employer of choice.



To be a good corporate citizen in harmony with the environment and the communities we serve.



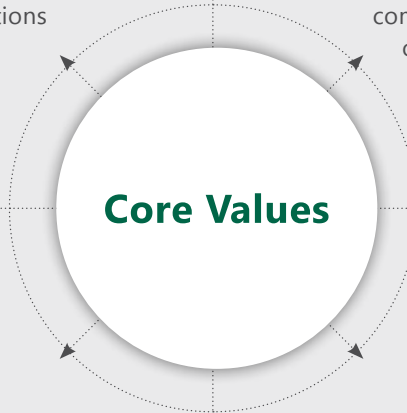
**Honesty and Integrity**

The success of our business is built upon the fundamental institution of trust and confidence. We value upholding the highest level of personal professionalism in all our business interactions and decisions with all our stakeholders.



**Responsible Conduct**

Our business success is dependent on our stakeholders and environment and as such, we value our stakeholders - customers, employees, shareholders, the overall community and the environment in which we operate in. Our business success is to ensure a responsible and sustainable business practices are put in place that benefits all our stakeholders.



**Core Values**



**Enterprising and Entrepreneurial**

The ability to identify opportunity and seize it with speed and determination is one of the cornerstones of our business value. We value creativity and innovative solutions in setting new levels of productivity and profitability for our businesses.



**Innovative Excellence**

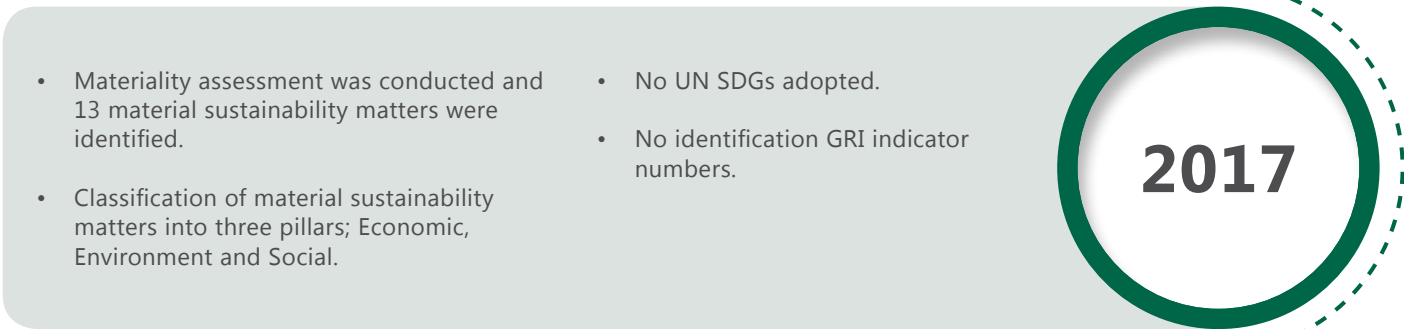
We pride ourselves as an innovative organisation that has set new benchmarks through our resolve to achieve outstanding results for our personnel as we as our profitability. We value our ability to symbiotically combine both innovation and excellence in strategic alignment to our business goal.

**OUR SUSTAINABILITY JOURNEY**



**2016**

- First materiality assessment was conducted and 11 material sustainability matters were identified and approved by the Executive Directors.
- Classification of material sustainability matters into three pillars; Economic, Environment and Social.
- No UN SDGs adopted.
- No identification GRI indicator numbers.



- Materiality assessment was conducted and 13 material sustainability matters were identified.
- Classification of material sustainability matters into three pillars; Economic, Environment and Social.
- No UN SDGs adopted.
- No identification GRI indicator numbers.

**2017**



**2018**

- Materiality assessment was conducted and 26 material sustainability matters were identified.
- Classification of material sustainability matters into three pillars; Economic, Environment and Social.
- Eight UN SDGs adopted.
- No identification GRI indicator numbers.



- Materiality assessment was conducted and 23 material sustainability matters were identified.
- Inclusion of new Governance Pillar and its material sustainability matters: Ethics and Integrity, Regulatory Compliance, Anti-Corruption and Risk Management.
- Nine UN SDGs adopted.
- GRI indicator denoted against the corresponding material matter section.
- Six Capitals of Value Creation: Financial Capital, Manufactured Capital, Human Capital, Social and Relationship Capital, Intellectual Capital and Natural Capital were introduced.

**2019**





## OUR CONTRIBUTION TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS


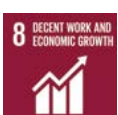



The United Nations' 17 Sustainable Development Goals ("SDGs") define sustainable development priorities and aspirations for 2030, and seek to mobilise global efforts around a common set of goals and targets. These SDGs' call for worldwide action among governments, business and civil society to end poverty and create a life of dignity and opportunity for all. In line with the aspirations of the United Nations, the Government of Malaysia has adopted these goals for inclusion in its national development plans.



As part of our contribution, in FY2018, we selected eight SDGs that were relevant to our operations (SDG 1: No Poverty, SDG 4: Quality Education, SDG 6: Clean Water and Sanitation, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 11: Sustainable Cities and Communities, SDG 12: Sustainable Consumption and Production and SDG 13: Climate Action). This year, we included SDG 16: Peace, Justice and Strong Institution to signify our commitment to ethical business practices.

In the table below, we have mapped the nine SDGs with our corresponding initiatives, activities, targets, policies and/or performance.

SDGs	Related Targets Number	Initiatives by the Group
	<b>SDG 1: No Poverty</b>	<ul style="list-style-type: none"> <li>Hap Seng Credit supported a total of 4,949 customers of which 78% comprised SMEs customers this year.</li> <li>Hap Seng Credit partnered with SimplyGiving.com and supported five social entrepreneurs namely Foodabox, AnB Agro, Batik Boutique, Women of Will and XUsed with credit financing value of RM 60,000.</li> <li>Since 2011, our Property division launched over 3,000 units of affordable homes.</li> </ul>
	<b>SDG 4: Quality Education</b>	<ul style="list-style-type: none"> <li>Hap Seng Star collaborated with the Dreamcatcher organisation to provide Technical and Vocational Education and training for 25 underprivileged youths.</li> <li>Hap Seng Fertilizers offered the funding of Naga Scholarship for 10 top Sabah Chinese High School students who achieved academic excellence in their Junior and Senior Malaysian Independent Chinese High School Unified Examination.</li> <li>The Naga Scholarship is also offered to the Vision schools by providing students with monetary incentives for every Grade "A" scored in each subject paper in the UPSR, PT3, SPM, Checkpoints and International General Certification of Secondary Education ("IGCSE") examinations.</li> <li>The Group collaborated with RITE Education to organise the EngagED programme for 29 teachers and trainers within the Pejabat Pendidikan Daerah ("PPD") Keningau, Sabah. The programme focused on improving teaching and learning through strategies that ensure improved student engagement.</li> <li>The Group as an active member of Malaysian Collective Impact Initiative ("MCII") contributed RM 50,000 to 14 primary and secondary schools in Klang for educational needs.</li> <li>The Group collaborated with Play United PLT to build a toy library at Kampung Tanjung Batu, Tawau, with the aim of early childhood care and education ("ECCE") for children including those with special needs.</li> </ul>

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SDGs	Related Targets Number	Initiatives by the Group
	<b>SDG 6: Clean Water and Sanitation</b>	<ul style="list-style-type: none"> <li>• Zero-wastewater approach is underpinned at Automotive division.</li> <li>• About 77% of the water used by quarry, asphalt and brick operations were from surface water.</li> <li>• Rainwater harvesting is installed at Hap Seng Star and the collection of rainwater is used for washing of vehicles.</li> </ul>
	<b>SDG 8: Decent Work and Economic Growth</b>	<ul style="list-style-type: none"> <li>• Invested a total of 4,276 training hours for four employment levels, namely Senior Management, Management, Executives and Non-Executives.</li> <li>• Organised festive events including Chinese New Year, Hari Raya, Deepavali and Christmas to celebrate multicultural background in Malaysia.</li> <li>• Safety, Health and Environmental Policy was established to ensure safety and health of employees throughout Trading and Property operations.</li> </ul>
	<b>SDG 9: Industry, Innovation and Infrastructure</b>	<ul style="list-style-type: none"> <li>• Bricks operations produced approximately 141.8 million bricks of which 59.0 million or 42% used waste materials.</li> <li>• Of the 4.7 million rejected bricks produced, 48% were reused in bricks production, 18% sold as byproducts and the rest were for our own use for landfill and repair of kiln chambers.</li> <li>• Bricks operations saved approximately RM 0.66 million through the use of 0.83 million litres of recycled fuel oil for the firing of bricks.</li> <li>• Hap Seng Star and Hap Seng Land have allocated 47 electric and hybrid car friendly parking facilities across Malaysia.</li> <li>• Installation of solar panel at Kinrara dealership by Hap Seng Star achieved a cost saving of RM 393,119 this year.</li> <li>• Property division emphasised the use of Industrialised Building System (“IBS”) in its construction.</li> </ul>
	<b>SDG 11: Sustainable Cities and Communities</b>	<ul style="list-style-type: none"> <li>• Property division increased the number of home owners through our affordable housing scheme that ensures safe and comfortable development through eco-solution, green development and resource efficiency.</li> <li>• Property division achieved Leadership in Energy and Environmental Design (“LEED”) and/or Green Building Index (“GBI”) certifications for its five projects.</li> </ul>
	<b>SDG 12: Responsible Consumption and Production</b>	<ul style="list-style-type: none"> <li>• Achieved 6.5% reduction in virgin raw materials usage in bricks manufacturing from replacement with waste materials.</li> <li>• Over 50% of our non-scheduled wastes were recycled at Automotive and Property divisions.</li> </ul>

SDGs	Related Targets Number	Initiatives by the Group
	<b>SDG 13: Climate Action</b>	<ul style="list-style-type: none"> <li>Total electricity consumption reduced by 7% at the Group level.</li> <li>Solar Panel Project at Kinrara dealership by Hap Seng Star achieved a reduction of 62% in consumption since FY2017.</li> <li>Property division encouraged biodiversity in its housing developments which includes the Orchid Garden which was set up as a part of the overall 15 acres Southern Lake Garden at Bandar Sri Indah, Tawau.</li> </ul>
	<b>SDG 16: Peace, Justice and Strong Institutions</b>	<ul style="list-style-type: none"> <li>Established Code of Conduct and Whistleblowing Policy.</li> <li>Zero whistleblowing cases reported.</li> </ul>

### SUSTAINABILITY GOVERNANCE (102-20, 102-32)

The Board of Directors (“BOD”) is the ultimate decision-making authority to determine the sustainability direction of the Group.

The Chief Executives from each business division, are responsible for managing sustainability issues within their business operations, who in turn will report to the Group Managing Director (“GMD”) on both sustainability and operational issues.

### CREATING VALUE FOR OUR STAKEHOLDERS (102-40,102-43,102-44)

Stakeholders are groups that our business has a significant impact on and those with vested interest in our operations. Key stakeholders include the shareholders, investors and analysts, employees, customers and suppliers. Other groups include regulators and government bodies, communities and media. Through the various engagement channels, we seek to understand their views, communicate effectively with them and respond to their concerns.

Stakeholder Groups	Area of Interests	Engagement Channels	Frequency of Engagements
<b>Shareholders, Investors and Analysts</b>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Risk management</li> <li>Good business conduct</li> <li>Corporate values and compliance</li> </ul>	Press releases	As and when required
		Analyst briefing	Quarterly and as and when required
		Annual general meeting	Annually
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee safety and health</li> <li>Talent development</li> <li>Attractive remuneration benefits</li> </ul>	Internal meetings, Communications	As and when required
		Performance review	Annually
		Conference	As and when required
		Interviews	As and when required

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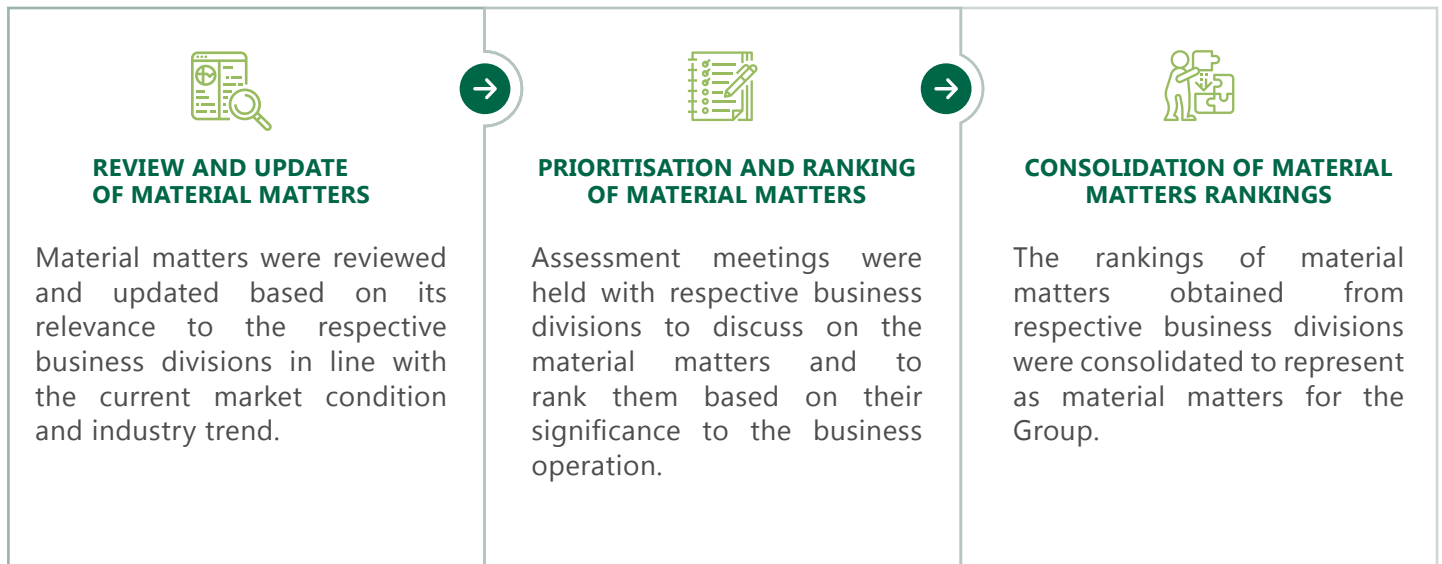
Stakeholder Groups	Area of Interests	Engagement Channels	Frequency of Engagements
<b>Customers</b>	<ul style="list-style-type: none"> <li>Quality of product and services</li> <li>Engagement opportunities and experience</li> </ul>	Suggestion box	Daily
		Social media	Daily
		Newsletters	As and when required
		Visitation	As and when required
		Feedback survey or complaints	As and when required
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Fair procurement practices</li> <li>Quality of goods</li> <li>Continuous collaboration</li> </ul>	Meetings	As and when required
		Phone calls and messages	As and when required
		Surveys	Biannual
<b>Regulators and Government Bodies</b>	<ul style="list-style-type: none"> <li>Compliance to laws, regulations and guidelines</li> </ul>	Conference	As and when required
		Meetings	As and when required
		Briefings	As and when required
		In-house seminar	As and when required
		Professional courses	Annual
		Site visit by officers	As and when required
		Surveys	As and when required
<b>Communities</b>	<ul style="list-style-type: none"> <li>Local community development and investment</li> <li>Impacts of the Group's operations on the surrounding communities</li> </ul>	Community development programmes	Monthly
		Press releases	As and when required
		Philanthropy	As and when required
		Seminar	As and when required
		Conference	As and when required
		Meetings	As and when required
<b>Media</b>	<ul style="list-style-type: none"> <li>Business reputation</li> <li>Product offerings</li> <li>Market presence</li> <li>Corporate responsibility</li> </ul>	Press release	Annual
		Advertisement	As and when required

**DEFINING OUR MATERIAL SUSTAINABILITY MATTERS** (102-46, 102-47, 103-1)

At the Group, defining our material sustainability matters (“material matters”) forms an integral part of our strategic planning process. We define our material matters as Economic, Environmental and Social (“EES”) matters that influence our ability to create value in the short-, medium- and long-term and, to develop our strategy, manage risks and maximise opportunities.

Our first materiality assessment was conducted in FY2016 where 11 material matters were identified and approved by the Chief Executives. The material matters were then reviewed in FY2017 and two additional material matters, i.e. Supporting Local Suppliers and Construction Waste Management were included. In FY2018, a reassessment was conducted and 26 material matters were selected for disclosure.

This year, we refined the material matters to 23 matters by soliciting internal feedback from all our business divisions. The process involved analysing the macro-environment, our operating context, the resources we rely on and the needs of our external stakeholders.

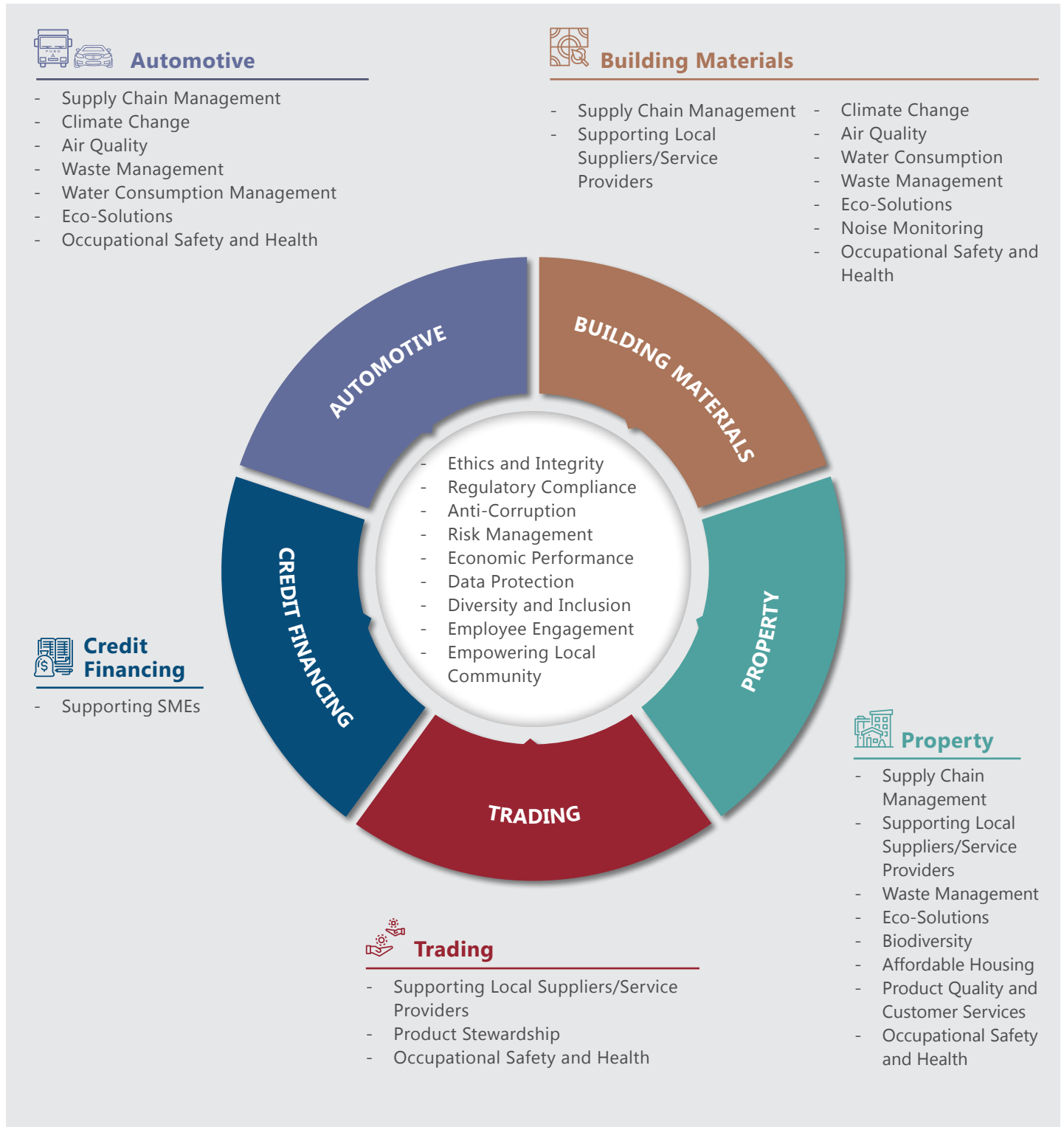


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To ensure we deliver sustained value to all our eight stakeholder groups, we have disclosed our sustainability performance by grouping the 23 material matters under our four pillars, namely Embedding Sound Governance, Strengthening Our Economic Growth, Our Environmental Responsibility and Enriching Our People and Community.



Of the 23 material matters, nine (Ethics and Integrity, Regulatory Compliance, Anti-Corruption, Risk Management, Economic Performance, Data Protection, Diversity and Inclusion, Employee Engagement and Empowering Local Community) are common to all five business divisions, while the remaining material matters are relevant to certain divisions as shown below.



# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## THE SIX FORMS OF CAPITALS




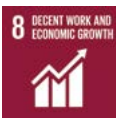

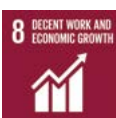


The Group creates value for its stakeholders by transforming its capital inputs into tangible and non-tangible outcomes in line with the Group's vision. In this reporting year, we have described our value creation within the context of six forms of capital in accordance with the Integrated Reporting Framework. The illustration below represents the relationship between the six capitals and our sustainability pillars:










## MAPPING OUR MATERIAL SUSTAINABILITY MATTERS

Understanding the relationship between our material matters and our stakeholder groups as well as the corresponding SDG is important to ensure the initiatives put in place are specific to the stakeholder concerned and meaningfully contribute to the SDGs.

No.	Material Sustainability Matters	GRI Indicators	Stakeholder Groups	SDGs
<b>Embedding Sound Governance</b>				
1.	<b>Ethics and Integrity</b>	102-16 Values, principles, standards, and norms of behaviour 102-17: Mechanisms for advice and concerns about ethics 103-2: Management approach	<ul style="list-style-type: none"> <li>Shareholders, investors and analysts</li> <li>Employees</li> <li>Regulators and government bodies</li> <li>Suppliers</li> </ul>	
2.	<b>Regulatory Compliance</b>	103-2: Management approach 103-3: Evaluation of the management approach	<ul style="list-style-type: none"> <li>Shareholders, investors and analysts</li> <li>Regulators and government bodies</li> </ul>	
3.	<b>Anti - Corruption</b>	103-2: Management approach 205-1: Operations assessed for risks related to corruption	<ul style="list-style-type: none"> <li>Employees</li> <li>Regulators and government bodies</li> <li>Shareholders, investors and analysts</li> <li>Suppliers</li> </ul>	
4.	<b>Risk Management</b>	102-29: Identifying and managing economic, environmental and social impacts 103-2: Management approach	<ul style="list-style-type: none"> <li>Shareholders, investors and analysts</li> <li>Employees</li> </ul>	 
<b>Strengthening Our Economic Growth</b>				
5.	<b>Economic Performance</b>	103-2: Management approach	<ul style="list-style-type: none"> <li>Shareholders, investors and analysts</li> <li>Suppliers</li> <li>Media</li> </ul>	 
6.	<b>Supply Chain Management</b>	102-9: Supply chain management 103-2: Management approach	<ul style="list-style-type: none"> <li>Suppliers</li> </ul>	


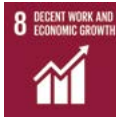
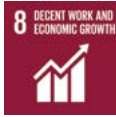

SUSTAINABILITY AT HAP SENG GROUP  
CREATING VALUE FOR ALL

No.	Material Sustainability Matters	GRI Indicators	Stakeholder Groups	SDGs
<b>Strengthening Our Economic Growth</b>				
7.	<b>Supporting SMEs</b>	103-2: Management approach  203-2: Significant indirect economic impacts	<ul style="list-style-type: none"> <li>Customers</li> <li>Communities</li> </ul>	
8.	<b>Supporting Local Suppliers/ Service Provider</b>	103-2: Management approach  203-2: Significant indirect economic impacts  204-1: Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Communities</li> </ul>	
<b>Our Environmental Responsibility</b>				
9.	<b>Climate Change</b>	103-2: Management approach  103-3: Evaluation of the management approach  302-1: Energy consumption with organisation  302-4: Reduction of energy consumption	<ul style="list-style-type: none"> <li>Regulators and government bodies</li> <li>Employees</li> </ul>	
10.	<b>Water Consumption Management</b>	103-2: Management approach  103-3: Evaluation of the management approach  303-5: Water consumption	<ul style="list-style-type: none"> <li>Regulators and government bodies</li> <li>Employees</li> </ul>	
11.	<b>Waste Management</b>	103-2: Management approach  306-2: Waste by type and disposal method	<ul style="list-style-type: none"> <li>Regulators and government bodies</li> <li>Employees</li> <li>Communities</li> </ul>	

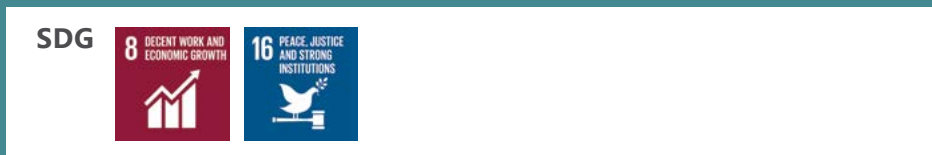
SUSTAINABILITY AT HAP SENG GROUP  
CREATING VALUE FOR ALL

No.	Material Sustainability Matters	GRI Indicators	Stakeholder Groups	SDGs
<b>Our Environmental Responsibility</b>				
12.	<b>Noise Monitoring</b>	103-2: Management approach	<ul style="list-style-type: none"> <li>Regulators and government bodies</li> <li>Employees</li> <li>Communities</li> </ul>	
13.	<b>Air Quality</b>	103-2: Management approach 305-7: Nitrogen oxides, sulphur oxides and other significant air emissions	<ul style="list-style-type: none"> <li>Regulators and government bodies</li> <li>Employees</li> <li>Communities</li> </ul>	
14.	<b>Biodiversity</b>	103-2: Management approach 304-3: Habitats protected and restored	<ul style="list-style-type: none"> <li>Regulators and government bodies</li> <li>Employees</li> <li>Communities</li> </ul>	 
15.	<b>Eco-Solutions</b>	103-2: Management approach 301-2: Recycled input materials used	<ul style="list-style-type: none"> <li>Communities</li> <li>Media</li> </ul>	   
<b>Enriching Our People and Community</b>				
16.	<b>Product Quality and Customer Service</b>	102-43: Approach to stakeholder engagement 103-2: Management approach 103-3: Evaluation of the management approach	<ul style="list-style-type: none"> <li>Shareholders, investors and analysts</li> <li>Regulators and government bodies</li> <li>Customers</li> <li>Suppliers</li> </ul>	
17.	<b>Product Stewardship</b>	103-2: Management approach	<ul style="list-style-type: none"> <li>Customers</li> </ul>	  
18.	<b>Affordable Housing</b>	103-2: Management approach	<ul style="list-style-type: none"> <li>Communities</li> <li>Customers</li> </ul>	
19.	<b>Data Protection</b>	103-2: Management approach	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> </ul>	

SUSTAINABILITY AT HAP SENG GROUP  
CREATING VALUE FOR ALL

No.	Material Sustainability Matters	GRI Indicators	Stakeholder Groups	SDGs
<b>Enriching Our People and Community</b>				
20.	<b>Diversity and Inclusion</b>	102-7: Scale of the organisation 103-2: Management approach 401-1: New employee hires and employee turnover 405-1: Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>Employees</li> </ul>	
21.	<b>Employee Engagement</b>	102-43: Approach to stakeholder engagement 103-2: Management approach	<ul style="list-style-type: none"> <li>Employees</li> </ul>	
22.	<b>Occupational Safety and Health</b>	103-2: Management approach 403-1: Occupational health and safety management system 403-2: Hazard identification, risk assessment, and incident investigation (HIRARC) 403-4: Worker participation, consultation, and communication on occupational health and safety 403-5: Worker training on occupational health and safety 403-9: Work-related injuries 403-10: Work-related ill health	<ul style="list-style-type: none"> <li>Employees</li> <li>Regulators and government bodies</li> </ul>	
23.	<b>Empowering Local Community</b>	103-2: Management approach 413-1: Operations with local community engagement	<ul style="list-style-type: none"> <li>Employees</li> <li>Communities</li> </ul>	

# EMBEDDING SOUND GOVERNANCE



As a responsible corporate citizen, we strive to demonstrate transparency, responsibility and the highest ethical standards to enable the Group to prosper while safeguarding our stakeholders.



## ETHICS AND INTEGRITY (102-16, 102-17, 103-2)

Ethical business practices are the foundation of a successful conglomerate as it builds reputation and strengthens stakeholders' trust. We actively manage our brand and reputation, driving accountability through our values, ethics and mindful governance principles.

### Code of Conduct

We are guided by our Code of Conduct ("CoC") which comprises five principles and highlights the Group's expectations on ethical practices and standards of conduct.

#### 5 Principles of Code of Conduct

1 Honesty and Integrity	2 Confidentiality	3 Compliance with Laws	4 Whistle-Blowing	5 Conflict of Interests
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The CoC is available on our website at <https://www.hapseng.com.my/en/governance.html> and it is communicated to our employees at the headquarters either during the employee induction or orientation programme or as refresher courses.

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## Whistleblowing Policy

Our Whistleblowing policy encourages employees to disclose any malpractice or misconduct that they may be aware of without fearing any reprisal. All reports are treated with confidentiality and employees who report such an alleged malpractice or misconduct are protected. In FY2019, there were no whistleblowing cases reported.

## ANTI – CORRUPTION (103-2, 205-1)

We continue to manage the Group’s exposure to corruption risks by applying and emphasising good corporate governance, business ethics and transparency. As outlined under our CoC, any case of corruption or bribery is to be reported promptly to the chief executive of the relevant business division.

## REGULATORY COMPLIANCE (103-2, 103-3)

We ensure that all our operating divisions adhere to all applicable rules, laws and regulations and do not deviate from the Group’s policies. The regulations we adhere to, include but are not limited to the following;

- The Companies Act 2016;
- Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) together with the Corporate Governance Guide (“CG Guide”);
- The Malaysian Code on Corporate Governance (“MCCG”);
- The Capital Markets and Services Act 2007; and
- The Constitution of the Company.

Our aim is to mutually benefit the Group and its valued stakeholders.

## RISK MANAGEMENT (102-29, 103-2)

To ascertain if the Group is exposed to risks that may have a material effect on its business, we conduct risk assessments annually which are led by the Group Risk Management Committee. The key risks related to sustainability include unfavourable economic factors,

corruption risk, regulatory risks, environmental, health and safety risks and information and cyber security as illustrated in the table below. Based on the extent and severity of these risks, control measures were formulated to ensure our risks are mitigated to achieve sustainable growth.

Risks	Control Measures
<b>Unfavourable Economic Factors</b> <ul style="list-style-type: none"> <li>• Slowdown of the economy</li> </ul>	<ul style="list-style-type: none"> <li>• To conduct regular research and analyse industry-related data to detect the trend and changes in the market.</li> <li>• To adjust overall strategies and execution.</li> </ul>
<b>Corruption Risk</b> <ul style="list-style-type: none"> <li>• Due to giving and accepting bribery and corruption</li> </ul>	<ul style="list-style-type: none"> <li>• To keep abreast with latest guidelines and regulations on anti-corruptions.</li> <li>• Timely investigation of any reported cases on bribery or corruption.</li> </ul>
<b>Regulatory Risk</b> <ul style="list-style-type: none"> <li>• Non-compliance to the applicable laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Perform regular internal checks.</li> <li>• Ensure regular audit.</li> </ul>
<b>Environment, Health and Safety Risk</b> <ul style="list-style-type: none"> <li>• Poses financial impacts and business disruption from safety risk during operations</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to health and safety measures issued by Department of Occupational Safety and Health Malaysia (“DOSH”).</li> </ul>
<b>Information and Cyber Security</b> <ul style="list-style-type: none"> <li>• Issues of data breach</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Security Audit by external Cyber Security companies.</li> <li>• Constant monitoring of security network for any potential threats.</li> </ul>

Please refer to page 80 to 86 of this report for full details on our Risk Management and Internal Control Framework section.

# STRENGTHENING OUR ECONOMIC GROWTH



The Group strives to deliver sustainable returns to our shareholders and investors, by strengthening the Group's diverse businesses and by leveraging on growth opportunities. We are also committed towards contributing to local economic developments in areas where we operate.



## ECONOMIC PERFORMANCE (103-2)

The Group strives to generate sustainable economic and financial returns to create value for stakeholders. As an established conglomerate, we understand that we have a large impact on our stakeholders, including the communities that we operate in.

Please refer to page 3 to 5 of this report for full details on our financial highlights.

## SUPPLY CHAIN MANAGEMENT (102-9, 103-2)

It is the Group's aim to lead our supply chain in a customer-focused, cost-saving and environmentally friendly manner to achieve long-term business values. We have put in place responsible sourcing practices across our Automotive, Building Materials and Property divisions where in each tender process, a minimum of three quotations are obtained.

SUSTAINABILITY AT HAP SENG GROUP  
CREATING VALUE FOR ALL

**Procurement Policy by Hap Seng Truck Distribution**

Serves to facilitate procurement practices at the most competitive terms without compromising the quality of goods and services.



**Standard Operating Procedure (“SOP”) for Contract Tendering Process by Building Materials division**

A key document that ensure fairness and integrity in contracts tendering process.



**Contractor Selection at Property division**

Selection is in accordance with the minimum requirements decided by the Malaysian Construction Industry Development Board (“CIDB”).



We conduct pre-assessments on suppliers to evaluate their compliance, business experience, workmanship, and quality of services prior to inviting them to the tender process. This is to avoid potential business disruptions that may result from supplier non-compliance with statutory requirements.

At these divisions, we also evaluate, monitor and assess the supplier performance annually based on a set of pre-determined criteria including product and service quality, cost and performance.

**SUPPORTING LOCAL SUPPLIERS/SERVICE PROVIDERS** (103-2, 203-2, 204-1)

We maintain partnerships with a variety of local suppliers to develop mutually-beneficial and long-term business relationships which will lessen risks and promote supply chain excellence across our diverse operations. This year, the Group is pleased to announce that 100% of our procurement budget was spent on local suppliers within our Property and Trading divisions. By procuring locally, we not only contributed to the domestic economy but also reduced our carbon footprint.

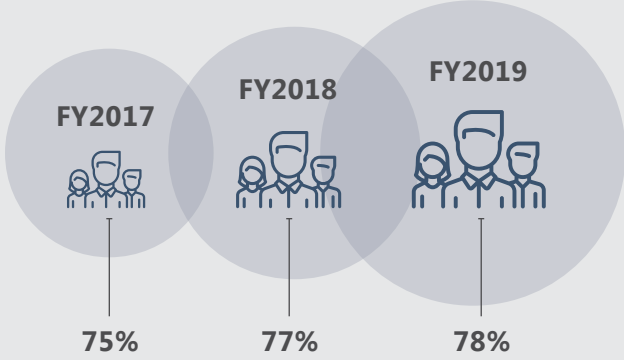
**SUPPORTING SMALL TO MEDIUM ENTERPRISES** (103-2, 203-2)

Apart from large corporations, SMEs play a significant role in driving Malaysia’s economic growth by contributing to the national revenue and offering employment opportunities. However, SMEs are most exposed to financial challenges during their launching and initial stages of establishing their enterprises. Our Credit Financing division, Hap Seng Credit offers alternative financial service schemes in the form of Industrial Hire Purchase, Leasing and Term Loans, primarily aimed at SMEs.

With our strong market presence in the industry since 1982, we are able to serve a wide range of sectors from manufacturing, transportation and logistics to property and agriculture.

The division supported a total of **4,949 customers** of which 78% comprised SMEs this year.

**Percentage of SME Customers**

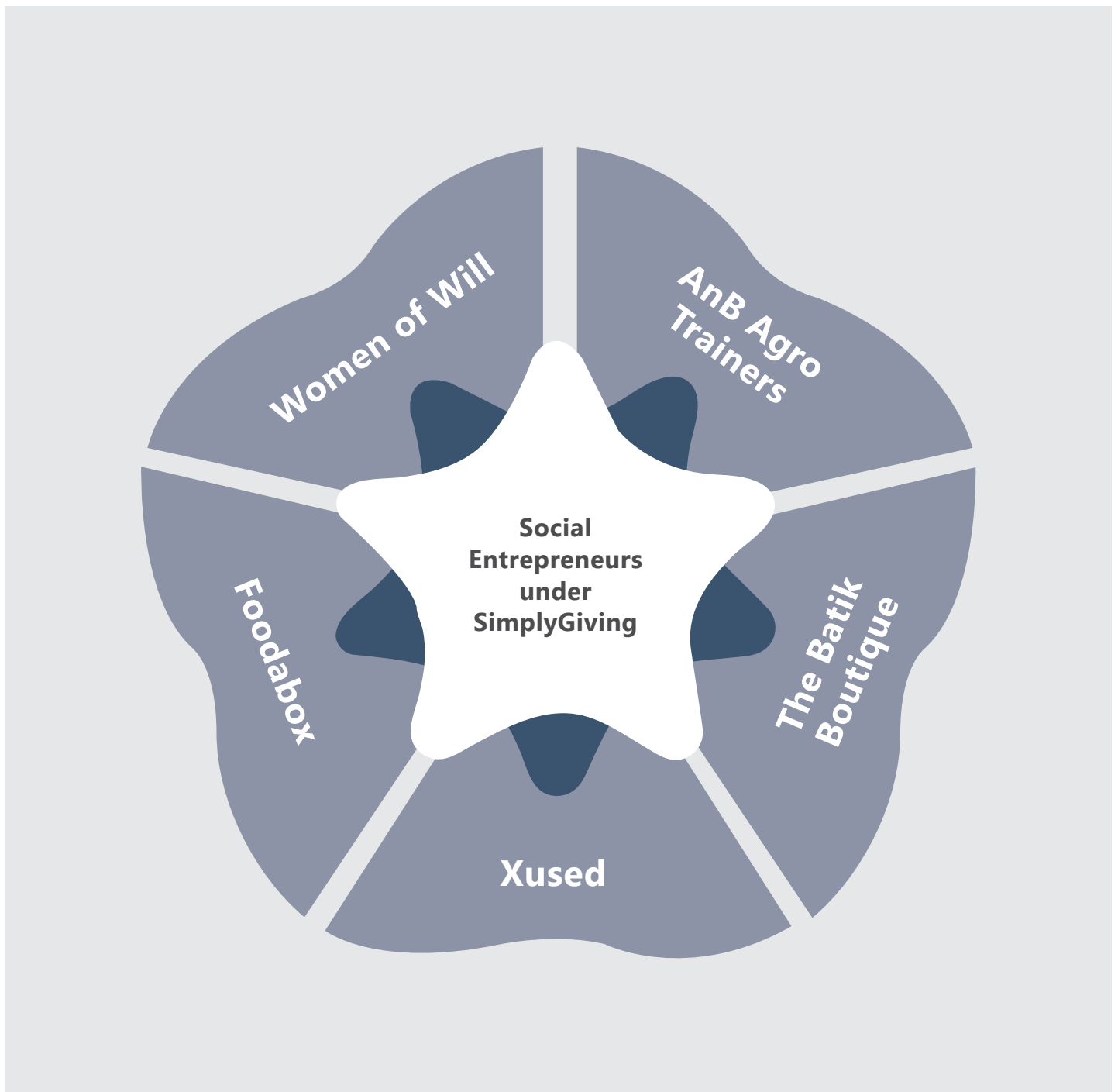


Fiscal Year	Percentage of SME Customers
FY2017	75%
FY2018	77%
FY2019	78%



In addition to our credit financing service, Hap Seng Credit partnered with an online crowdfunding platform, SimplyGiving.com, and offered social enterprises with working capitals. We supported five social entrepreneurs namely Foodabox, AnB Agro, Batik Boutique, Women of Will and XUsed under this social lending programme with a credit financing value of RM60,000.

This year, we received 50% of loan repayment from the supported entrepreneurs. Further details on the impact of our contribution to the social entrepreneurs is explained in the Empowering Local Community section.



# OUR ENVIRONMENTAL RESPONSIBILITY



The Group is committed to environmental initiatives. Across our operations, we regularly monitor our performance to ensure compliance to regulatory requirements and our internal targets.



## CLIMATE CHANGE

(103-2, 103-3, 302-1, 302-4)

The Group recognises the scientific consensus linking greenhouse gas emissions and climate change. As a responsible corporate citizen, we constantly engage with our business divisions to take proactive steps in reducing our carbon footprints.

## Energy Management

The Group monitors the electricity usage across our five divisions and the data for the last three consecutive years is presented below.

Business Divisions	Electricity Consumptions (kWh)		
	FY2017	FY2018	FY2019
Building Materials	26,068,099	25,034,231	<b>21,219,884</b>
Property	15,502,762	15,608,451	<b>15,261,970</b>
Automotive	4,027,139	3,815,106	<b>4,526,355</b>
Trading	643,040	642,413	<b>848,814</b>
Credit Financing	381,645	335,469	<b>326,530</b>



### Property

Covers Menara Hap Seng, Menara Hap Seng 2 and Plaza Shell



### Credit Financing

Covers all Malaysian branches



### Building Materials

Covers quarry, brick and asphalt operations



### Automotive

Covers Hap Seng Star, while assembly and manufacturing operations at Hap Seng Truck Distribution are contracted out to DRB Heavy Industries Corporation of Malaysia Berhad (HICOM)



### Trading

Covers Hap Seng Chemical, Hap Seng Fertilizers, Hap Seng Trading and Hap Seng (Oil & Transport)



## AUTOMOTIVE

Division

At our Automotive division, we regularly monitor our electricity consumption at the showrooms to ensure optimum usage. The division experienced an increase of 19% in total electricity usage as compared to last year. This is due to the inclusion of electricity usage at the newly established Kinrara pre-owned centre and new Setia Alam Branch as well as the high business volume Body and Paint centre at Balakong Branch in Selangor region.

However, the division has implemented a solar panel project to reduce reliance on electricity supply from the grid.



### Solar Panel Project at Kinrara Dealership

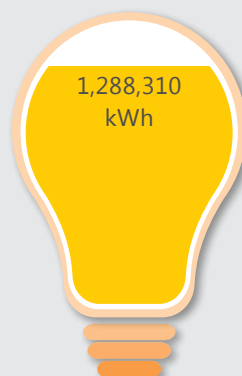
In May 2017, Hap Seng Star implemented the Solar Panel Project for Kinrara Dealership in order to minimise electricity usage from the national grid (non-renewable source). The solar panel generates up to **840,000 kWh** of clean and renewable electricity annually. Kinrara Dealership experienced a downward trend in electricity consumption with a reduction rate of **62%** since FY2017. This enabled a total savings of **RM393,119**



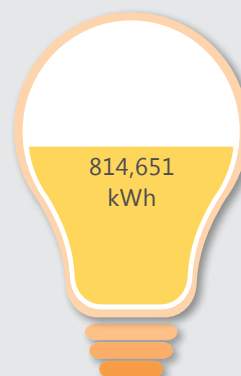
#### MOVING FORWARD

Hap Seng Star intends to install solar panels at Balakong and future Shah Alam Body and Paint centres to reduce our dependency on electricity from non-renewable sources.

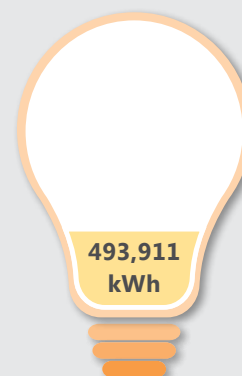
### Total Electricity Consumption At Kinrara Autohaus



FY2017



FY2018



FY2019

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## AIR QUALITY (103-2, 305-7)

Monitoring our air emissions and maintaining the quality of indoor air at our workplace are vital for us to minimise adverse impacts on the surrounding natural environment and to provide safe and healthy working environment for our employees.



### BUILDING MATERIALS

#### Division



One of the primary factors to air pollution is dust or suspended particulate matters arising from the quarry operations as well as from the asphalt and bricks plants. We ensure compliance with the permissible limits prescribed in the Environmental Quality (Clean Air) Regulations 2014 and the Malaysia Ambient Air Quality Standards (MAAQS) 2000. The division has engaged an accredited laboratory to conduct periodic tests on the emission of dust at its operating plants. Based on the data obtained, the average emission of particulates was 47.3 ppm for our quarry operations and 12.6 ppm for our asphalt operations. These concentrations are within the regulatory permissible limits. Mitigation measures that we have put in place at some quarries include enclosed conveyors and dust suppression systems as well as periodical surface dampening to trap airborne dust.



### AUTOMOTIVE

#### Division

Hap Seng Star conducts air emission monitoring biannually at its service centres. The monitoring locations include the body and paint work areas to monitor air emission. We observed that the total particulate matter and gaseous substances emitted at Hap Seng Star are within the permissible limits of Environmental Quality (Clean Air) Regulations 2014.

In addition, we performed inspection of the bay exhaust vents at the workplace according to the Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000. This is important to protect our employees from exposure to hazardous substances including vapour, mist, dust and other airborne contamination at the work areas.



**WATER CONSUMPTION MANAGEMENT** (103-2, 103-3, 303-5)

The Group continues to monitor its water usage to ensure responsible consumption. Our water usage data across the five divisions for the last three consecutive years is presented below.

**Water Consumption (m<sup>3</sup>) by Division**

Business Divisions	Water Consumptions (m <sup>3</sup> )		
	FY2017	FY2018	FY2019
Building Materials	216,405	237,415	<b>215,500</b>
Property	188,547	166,594	<b>182,818</b>
Automotive	49,810	37,229	<b>51,446</b>
Trading	9,457	16,351	<b>14,055</b>
Credit Financing	1,995	889	<b>688</b>

**Property**  
Covers Menara Hap Seng, Menara Hap Seng 2 and Plaza Shell

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**Credit Financing**  
Covers all Malaysian branches

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**Building Materials**  
Covers quarry, brick and asphalt operations

**Automotive**  
Covers Hap Seng Star, while assembly and manufacturing operations at Hap Seng Truck Distribution are contracted out to DRB Heavy Industries Corporation of Malaysia Berhad (HICOM)

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**Trading**  
Covers Hap Seng Chemical, Hap Seng Fertilizers, Hap Seng Trading and Hap Seng (Oil & Transport)



BUILDING MATERIALS

Division

Water is used for various activities at our quarry sites, asphalt operations, bricks manufacturing and for dust suppression. We keep track of our water consumption to manage water resource efficiently. About 77% of the water used by quarry, asphalt and brick operations were from surface water. This has reduced our dependency on piped supply for our operations.



AUTOMOTIVE

Division

At Hap Seng Star, we underpin the zero-wastewater approach and regularly monitor our water consumption at showrooms as well as service centres. This year, we experienced an increase of 38% in our consumption since FY2018 due to the inclusion of water usage data at the newly established Kinrara Pre-owned centre, Setia Alam, Klang as well as the service centre at Balakong, Selangor.

As part of our efforts in efficient water consumption, we installed rainwater harvesting to collect rainwater which is used for washing of vehicles at our service centres.

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

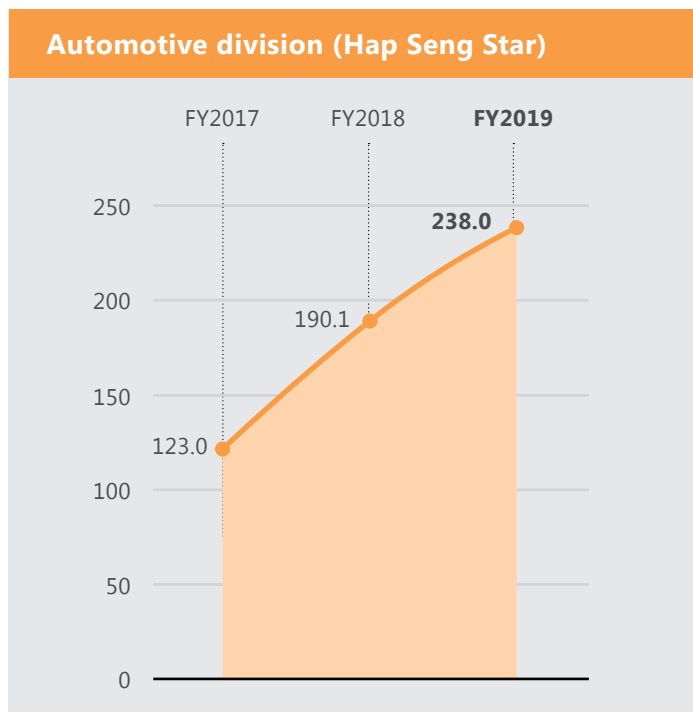
## WASTE MANAGEMENT (103-2, 306-2)

Waste management is integral to the Group especially in the manufacturing, construction, mining, trading and office work which unavoidably generate solid wastes that require disposal. As a responsible conglomerate, we comply with the relevant regulations pertaining to waste management practices.

### Scheduled Waste

Scheduled waste management at our Automotive division which includes waste labelling, storage and disposal is strictly in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. The scheduled waste is collected by contractors licensed by the Department of Environment (“DOE”) for treatment and recovery.

### Total Amount of Scheduled Waste (tonnes)



At Hap Seng Star, we generated scheduled wastes which include SW 305 (spent lubricating oil), SW102 (lead acid batteries) and SW 307 (spent mineral oil-water emulsion) from vehicles routine maintenance and service. Hap Seng Star continues to expand its dealership network from year to year, resulting in the setting up of new dealerships in Selangor and Kuala Lumpur regions. In FY2019, waste generated significantly increased by 93% (since FY2017) due to the contribution from these new dealerships.

### Non-Scheduled Waste

The Automotive and Property divisions have implemented measures to minimise non-scheduled waste generation wherever possible in their respective operations. One of the common initiatives implemented by these divisions is the segregation of non-scheduled wastes into recycled and non-recycled wastes prior to disposal. We provide several recycling bins in our operations to store the recycled waste. Waste segregation is important to minimise the extraction of virgin resources and to reduce pressure on landfills.

Total amount of non-scheduled waste generated at Automotive and Property divisions were 16,596.9 and 818.7 tonnes respectively in FY2019. We are pleased to note that over 50% of this waste was recycled.

### Total Amount of Recycled Waste (tonnes) by Divisions

	Automotive*	Property**
FY2017	13.5	541.0
FY2018	21,134.0	639.0
<b>FY2019</b>	<b>16,596.9</b>	<b>430.3</b>

\* Data encompasses waste generated at Hap Seng Star which include scrap metal, carton box, oil drum and paper.

\*\* Data covers waste at the construction sites of The Aria Luxury Residences, Menara Hap Seng 3, Akasa Cheras South and Kuala Lumpur Midtown. Construction wastes consists of steel/metal, timber and rebar.

For Property division, we established a Waste Data Collection Report comprising waste data recorded from operations in Peninsular Malaysia which documents both amount of recycled and non-recycled waste. From our analysis, the total construction waste generated for this year was 818.7 tonnes, of which 53% and 47% were recycled and non-recycled waste respectively. At our project sites, we also practice reuse of waste such as concrete waste which was reused as ground slabs for the guard house and to stabilise walkways near the entrance, while rebar was used to make garbage bag holders.

**ECO-SOLUTIONS** (103-2, 301-2)

In the era of natural resource scarcity, companies are introducing improved products or processes that reduce or overcome the usage of natural resource. In light of this, business divisions at the Group, notably the Building Materials, Automotive and Property divisions have implemented several green innovation efforts in their products and services.



**BUILDING MATERIALS**  
Division

Building Materials division of the Group ensures material resource efficiency in the manufacturing of bricks that uses fewer virgin raw materials while delivering similar product quality and performance.

**Green Efforts for Bricks Manufacturing**

We incorporated several green solutions in our brick production process. Our bricks manufactured at the Sedenak Brick Factory in Johor uses waste materials. This method enabled us to see a 6.5% reduction in virgin raw materials usage this year.

We continue to use coffee waste in the bricks manufacturing. Coffee waste requires less fuel to fire the bricks due to its calorific value. The company produced approximately 141.8 million bricks of which 59.0 million or 42% used waste materials. Of the 4.7 million rejected bricks produced, 48% were reused in bricks production, 18% sold as byproducts and the rest were for our own use for landfill and repair of kiln chambers. In addition, we saved approximately RM0.66 million cost through the use of 0.8 million litres of recycled fuel oil for the firing of bricks.



**AUTOMOTIVE & PROPERTY**

Divisions

With the growing concern over environmental degradation and climate change, Hap Seng Star and Hap Seng Land have both built hybrid car charging stations at our dealerships and property investment buildings, enabling greater customers' accessibility. Thus far, we have allocated 47 electric and hybrid car friendly parking facilities across Malaysia.

**Our Commitments at Automotive Industry**

**MS ISO 9001: 2015** ↓ **MS ISO 14001: 2015** ↓

Quality Management Systems

Environmental Management Systems



**PROPERTY**

Division

**Green Building**

Today, green buildings are the solution to minimising the carbon footprint of the property sector. Our buildings in Kuala Lumpur are certified to the standards of the LEED scheme and GBI certification requirements. Thus far, the division achieved the GBI/LEED certification for a total of five of its development projects.

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## Industrialised Building System (“IBS”)

Apart from green buildings, we emphasise on the use of IBS for construction. Some of our projects that utilise IBS include the following three projects.



## NOISE MONITORING (103-2)

Sound management of noise is essential to ensure health of our workers and compliance with regulatory requirements. Our noise abatement initiatives at the Building Materials division are illustrated below.



## BIODIVERSITY (103-2, 304-3)

Our Property division commits not to operate within biodiversity critical sites or areas of high conservation. We acknowledge the importance of protecting the natural environment and encouraging biodiversity in our housing developments. For example, an orchid garden was set up as part of the overall 15 acres Southern Lake Garden at Bandar Sri Indah, Tawau. The Southern Lake Garden is a park featured with a man-made lake and filled with lush greenery, shady trees, shrubs and flowers. It also has recreational facilities including jogging and cycling paths and children’s playground. Our orchid garden is located at the side entrance of the park. It serves as a recreational garden and possesses an array of botanical and horticultural features with more than 50 orchid plants, collection of Borneo Island.



# ENRICHING OUR PEOPLE AND COMMUNITY



We recognise our responsibility to our people and the communities where we operate. In a bid to uplift the societal development, we undertook a number of measures such as promoting healthy lifestyle to our employees, organising donation drives, safety campaigns and providing education and employment opportunities for the local communities.



## PRODUCT QUALITY AND CUSTOMER SERVICES

(102-43, 103-2, 103-3)



### PROPERTY

Division

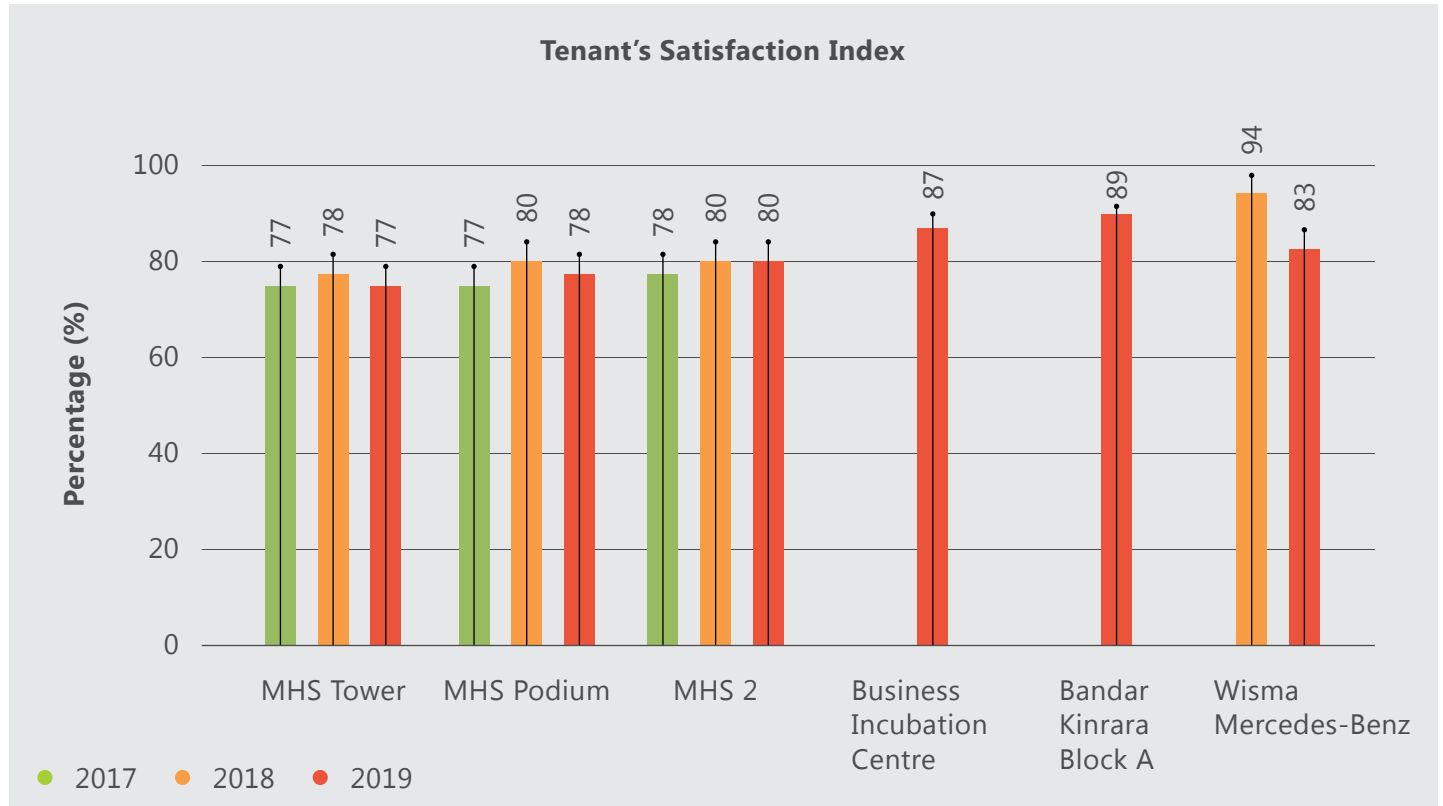
Product quality and customer satisfaction continue to be our core focus to remain competitive in the industry. In ensuring product quality and best customer service, we have implemented an internal Quality Management System.

Customer satisfaction surveys are conducted regularly for both our property investment and property development arms. Our customer survey for property investment focuses on five key areas which are:

- Appearance, Condition and Features of Property
- Leasing and Management team
- Customer Service team
- Building and Maintenance team
- Security and Safety team

SUSTAINABILITY AT HAP SENG GROUP  
CREATING VALUE FOR ALL

The results of customer satisfaction survey for this year are tabulated in the graph below.



	MHS Tower	MHS Podium	MHS 2	Business Incubation Centre	Bandar Kinrara Block A	Wisma Mercedes-Benz
2017	77	77	78	-	-	-
2018	78	80	80	-	-	94
<b>2019</b>	<b>77</b>	<b>78</b>	<b>80</b>	<b>87</b>	<b>89</b>	<b>83</b>

**Customer Service Excellence** (102-43, 103-2)



**AUTOMOTIVE**

Division

Hap Seng Star is continuously improving its quality services to meet customer's increasing expectations. Customer Satisfaction Index ("CSI") assessment is conducted annually since FY2016 to measure our service performance based on customers' experience.

This will help us identify gaps for improvements in our work, maintain service excellence, and ensure customer satisfaction and loyalty. Our results on the CSI assessment for this year are as tabulated below.

Indicators	FY2017	FY2018	FY2019
Average CSI result (%)	96.0	97.0	<b>97.0</b>
After-sales CSI (%)	91.0	94.9	<b>94.3</b>
Customer Loyalty Index	83.0	86.0	<b>86.0</b>

Note: Data covers all branches

Mercedes-Benz Malaysia organises an annual Dealer of the Year Award Programme to recognise and reward its 35 dealerships nationwide for their operational and customer service excellence.

It is a great honour for us to announce that Hap Seng Star's Bukit Tinggi dealership was presented with the most coveted, Dealer of the Year 2019 Award during the award programme. The award is in recognition of its excellent achievement in the overall performance including sales, after-sales, customer satisfaction index, customer loyalty index, business excellence and financial services.

Other dealerships of Hap Seng Star including Iskandar, Kuching, and Balakong dealerships have also won top positions for eight other categories as listed in the table below.

Awards	Champion	1st Runner Up	2nd Runner Up
<b>Dealer of the Year 2019</b>	Bukit Tinggi	-	-
<b>Best in Business Excellence 2019</b>	Kuching	Iskandar	-
<b>Best in Financial Services 2019</b>	Bukit Tinggi	Kinrara	-
<b>Best in 2019 Customer Satisfaction Index – Sales</b>	Balakong	Kinrara	Bukit Tinggi
<b>Best in 2019 Customer Loyalty Index</b>	Iskandar	Bukit Tinggi	Kuching
<b>Best in Customer Satisfaction Index and Customer Loyalty Index 2019</b>	Bukit Tinggi	Balakong	Kota Kinabalu
<b>Best in Sales 2019</b>	Bukit Tinggi	-	Jalan Ipoh
<b>Best in Customer Service 2019</b>	-	Puchong South	Bukit Tinggi
<b>Most Improved Dealer</b>	Iskandar	Bukit Tinggi	-

## PRODUCT STEWARDSHIP (103-2)



### TRADING

Division

At our fertiliser trading operations, in our effort to ensure that our customers are able to make the most out of our products, we are willing to customise special programmes that would specifically benefit them.

For example, we specifically customised several Fertibor (Boron) talks in FY2019 and held the knowledge sharing session in major hotels and in plantation offices throughout Sabah and Sarawak. In some instances, we even provided hands-on field demonstration of Fertibor application to many medium and small sizes oil palm smallholders.



### PROPERTY

Division

## AFFORDABLE HOUSING (103-2)

The involvement of the private sector in offering affordable housing is vital in meeting the needs of an increasing population in the country. As a responsible property developer, we strive to develop affordable housing for families in the low-income group, in support of the Government's agenda for Malaysians to own a decent and comfortable home.

Since 2011, we have launched over 3,000 units of affordable homes. In 2019, Phase 5c Block 2A of the Astana Height development in Sabah was launched to cater to this market segment.

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## DATA PROTECTION (103-2)

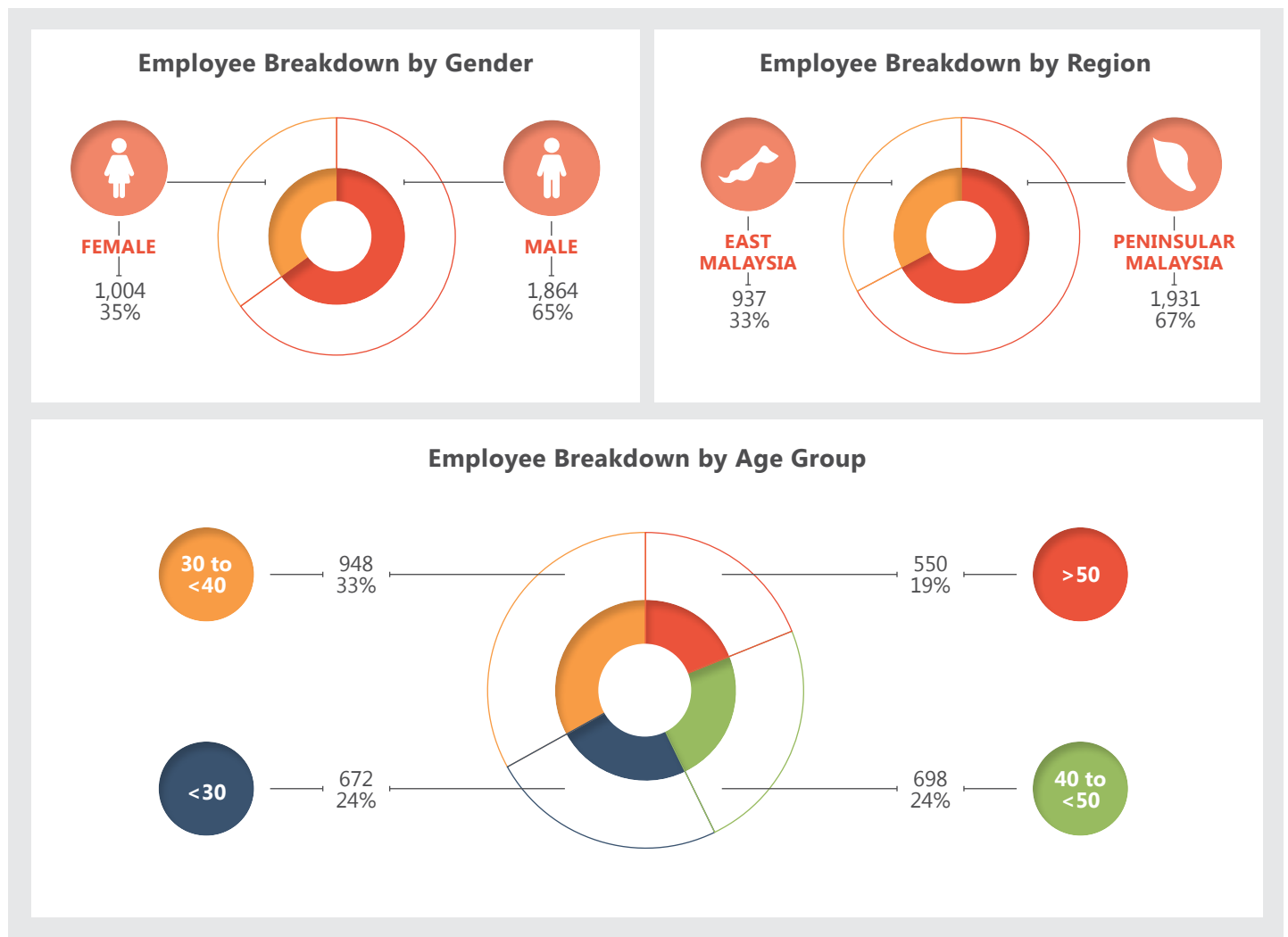
Data protection is one of our top priorities. The Group safeguards the information provided by customers in accordance with the requirements of the Personal Data Protection Act 2010 ("PDPA").

We ensure confidentiality in information relating to our customers and employees and strictly follow guidelines for the protection and management of their personal data. To ensure the safety of our customers' data, a PDPA committee was established in 2013. We have also revised our Personal Data Protection Management system in 2017, in which the manual outlines the roles and responsibilities of the PDPA Committee. Our Privacy Policy and Notice can be found in Bahasa Malaysia and English at our website, [hapseng.com.my/en/privacy-policy.html](http://hapseng.com.my/en/privacy-policy.html).

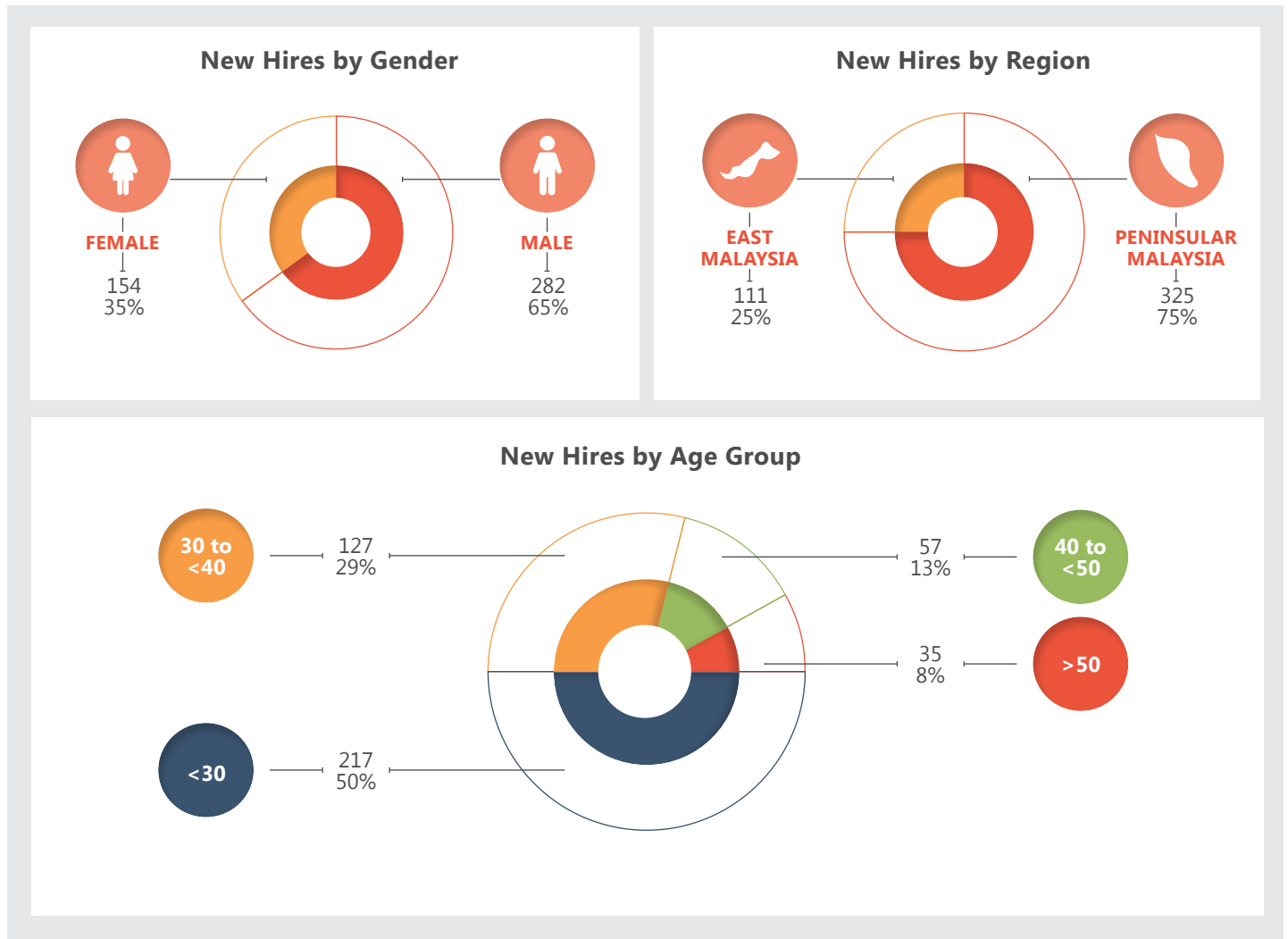
This guideline is in place to ensure zero incidents of non-compliance or breach of confidentiality.

## DIVERSITY AND INCLUSION (102-7, 103-2, 401-1, 405-1)

Employees are the backbone of the Group's business operations. Our employees come from various backgrounds, race, age and religions as we believe a diverse workforce gives us a competitive advantage. We promote a workplace that is inclusive, fair and foster mutual respect among employees.



During the year under review, we recorded a total of 436 new hires with a turnover rate of 17.5%. The breakdown of the new hires by gender, region and age group are as shown below:



# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## Embracing Diversity

Malaysia is a multicultural country populated by various ethnic groups which include Malays, Chinese, Indians and other minority ethnic groups.

In light of this, the Group creates a multicultural workforce and fosters an inclusive environment where there is mutual respect for diversities in ethnicity, culture, custom and religion. We organise annual festive celebrations such as Hari Raya, Chinese New Year, Deepavali and Christmas.

### Celebrating the Holy Month of Ramadan



Ramadan stalls selling Muslim delicacies at the lobby of Menara Hap Seng from 27 to 28 May 2019.



Ketupat weaving contest participated by employees of diverse background at Menara Hap Seng.



Hari Raya potluck gathering with Hap Seng Star and Logistics Department of Hap Seng Group on 14 June 2019.



Distribution of Ramadan gift bags containing assorted desserts to all Muslim employees and Muslim tenants at Menara Hap Seng.

### Celebrating the Hari Raya

Apart from employees, the Group spread the Raya cheer and celebrated diversity among our customers. Hap Seng Land Sabah organised Raya Open House and Hari Raya event to showcase its appreciation to loyal customers while fostering unity among them.



Performance by customers during the Hari Raya event at Astana Heights on 9 June 2019.



Raya Open House held at Bandar Sri Indah Tawau was attended by 200 customers.

### Christmas Celebration



Christmas Lunch and Gift Exchange was organised by Hap Seng Land on 17 December 2017 for employees to share the Christmas tradition of fellowship and giving.



A Christmas gathering was hosted for tenants of Plaza Shell, employees of Hap Seng Group, close family and friends on 6 December 2019 at Plaza Shell.

## SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

### Festival Of Lights Celebration

About 80 Deepavali gift bags containing assorted sweets were distributed to all our Indian employees and tenants on 23 October 2019.



### Summary of FY2017-FY2019 Performance Data: Diversity and Inclusion

	FY2017	FY2018	FY2019
<b>Total Number of Employees</b>	3,486	2,786	<b>2,868</b>
<b>Employee Breakdown by Gender, Region and Age Group</b>			
<b>(a) By Gender</b>			
Male	2,355	1,798	<b>1,864</b>
Female	1,131	988	<b>1,004</b>
<b>(b) By Region</b>			
Peninsular Malaysia	2,536	1,827	<b>1,931</b>
East Malaysia	950	952	<b>937</b>
<b>(c) By Age Group</b>			
< 30	1,005	667	<b>672</b>
30 – 40	1,082	919	<b>948</b>
40 – 50	841	674	<b>698</b>
> 50	558	526	<b>550</b>
<b>Total Number of New Hires</b>	856	563	<b>436</b>
<b>(a) By Gender</b>			
Male	617	382	<b>282</b>
Female	293	181	<b>154</b>
<b>(b) By Region</b>			
Peninsular Malaysia	695	356	<b>325</b>
East Malaysia	161		<b>111</b>
<b>(c) By Age Group</b>			
< 30	613	324	<b>217</b>
30 – 40	150	142	<b>127</b>
40 – 50	65	69	<b>57</b>
> 50	28	28	<b>35</b>
<b>Turnover Rate</b>	19.7%	39.5%	<b>17.5%</b>



**Training and Development** (103-2, 404-1, 404-2)

A conducive workplace is intrinsic to the Group. We are committed towards investing in our employees' training as we believe that this will improve productivity. The respective business divisions provide both soft skills and technical training that are relevant to specific job functions to improve competencies and provide exposure to employees.



**4,276** total training hours with an average training hour of **1.5** per employee

**Automotive Division**

New Model Familiarisation Training at Daimler India Commercial Vehicles ("DICV") India

External Trainings at Worth plant, Germany and MFTBC, Japan

Soft Skill and Specialized Training: Customs Regulations

**Building Materials Division (Quarry, Asphalt and Brick Operations)**

Built Environment and Property Prospects Seminar 2019

Monitoring Noise Exposure

Optimisation of Quarry Operations

Crushing and Screening Course

Environmental Management Course

Quarry Planning and Development

Safe and Efficient Blasting in Quarries

Rock Tool Equipment and Drilling Product Briefing

Understanding, Evaluating, and Implementing Effective HIRARC at Workplace

ORICA Safe and Efficient Blasting Course

Seminar Pengurusan Buangan Terjadual

Strategic Rock Blast Trouble Shooting Course

**Property Division**

Road Safety Campaign

IBS Conference

Green Build Conference

Tax and Business Summit 2019

## SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL



Hap Seng Land’s CSR team collaborated with Jabatan Keselamatan Jalan Raya (“JKJT”) in launching a Road Safety Campaign conducted at Menara Hap Seng on 29 August 2019.

### EMPLOYEE ENGAGEMENT (102-43, 103-2)

Apart from talent development, we also encourage active engagements including events, teambuilding and festive celebrations among our employees.

Throughout FY2019, we organised a variety of engagement activities at our business divisions. At Automotive, we organised quarterly team lunches, birthday celebrations among employees and monthly meetings where employees were briefed the latest developments of the division’s performance. On 4 August 2019, 100 employees from our Automotive division participated in the 60th Anniversary IEM Engineering Run 2019.

To inculcate the importance of eating a balanced diet, Hap Seng’s Property division sponsored the distribution of fruits in the office every month.



Plant Cartridge Green Office Programme (“PCGO”), a programme subscribed by Hap Seng Property for a weekly delivery of “live” SAFE produce grown using modern farming technology. The programme was held on 17 June 2019



## OCCUPATIONAL SAFETY AND HEALTH

(103-2, 403-1, 403-2, 403-4, 403-5, 403-9)

The Group is committed to safeguarding the safety and health of employees, customers, suppliers and contractors, local communities and other relevant stakeholders. We strive to achieve zero accidents at all our divisions, through continuous monitoring and corrective actions.

We have demonstrated our commitment to Occupational Safety and Health ("OSH") through the establishment of OSH committee, comprising employer and employee representatives from business divisions with high risk work factors such as Property, Automotive, Trading and Building Materials. Our OSH committee provides a forum for employees and management to work together to address safety and health issues with a view to eliminate accidents at the workplace.

Guided by our Safety, Health and Environmental Policy, the Property and Trading divisions underlined their respective policies through effective management

systems and continuous efforts to enhance the relevant processes and procedures in their operations. The Automotive division complies with HICOM's BS OHSAS 18001:2007: Occupational Health and Safety Management Systems requirements. These policies are reviewed regularly to ensure that they remain relevant and are always aligned with our business objectives.

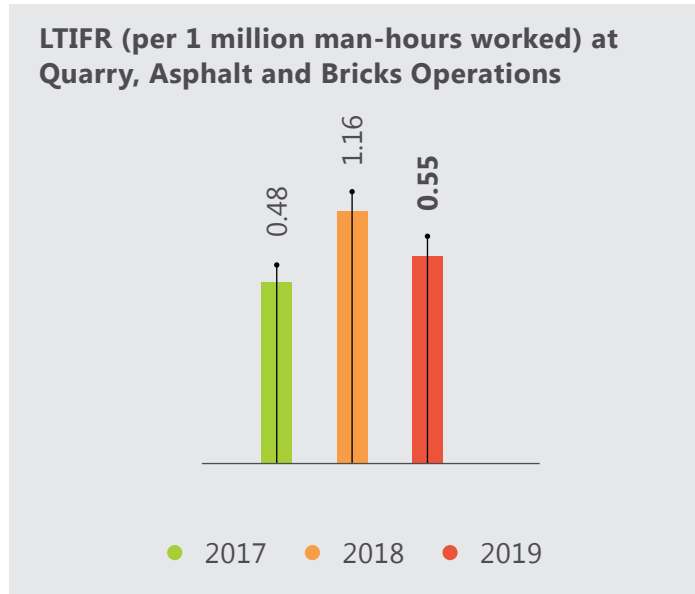
We provide safe and healthy workplace environment for employees. We have conducted Hazard Identification, Risk Assessment and Risk Control ("HIRARC"). Employees are empowered to stop work if there is a threat to self, equipment or the environment. The HIRARC is reviewed and assessed annually or whenever there are changes in the work process or in cases where accidents occur.

In accordance with the Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulation 2000, we conduct Chemical Health Risks Assessment ("CHRA") every five years for fertilizers and other chemicals. This is to monitor the health and any potential health risks of our employees due to chemical exposure.

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## Lost Time Injury Frequency Rate (“LTIFR”)

LTIFR refers to the amount of lost time injuries occurring in the workplace per one million man-hours worked. The table below summarises our LTIFR at our Building Materials division for three consecutive years.



Operations at this division have high potential to hazardous risks. Hence, our safety measures are further strengthened by inculcating safety knowledge through safety and health training to address potential safety and health risks.

The key safety and health training conducted at respective divisions are as follows:

### Building Materials Division (Quarry & Asphalt)

- Monthly Safety Briefing
- Workplace Quarterly Safety Audit
- HIRARC Training
- Work Instruction for Off Road Truck
- Emergency Response Plan Review
- Safety Data Sheet (“SDS”) Training

### Property Division

- Road Safety Campaign
- Healthy Lifestyle Cartridge

**EMPOWERING LOCAL COMMUNITY** (103-2, 413-1)

The Group supports the development of local communities where we operate in terms of enriching their lives and uplifting their socio-economic status. To achieve this, the Group engages with the local communities regularly and provides them with job opportunities and education initiatives.



**Simply Giving**

Hap Seng Credit contributed to various projects that includes programmes that help single mothers, low income backgrounds and start-up projects that aim to help people make a difference in their lives.



AnB Agro Trainers: Creating livelihood for Single Mothers

To date, we made changes in the lives of 57 ladies by creating livelihood via agriculture for single mothers and single breadwinners.



Batik Boutique: Fair fashion, home goods and gifts that empower the people behind each product

Hap Seng Credit contributed RM 15,000 to the award-winning social enterprise that train women from low-income backgrounds to product gifts and fashion accessories made from batik, a traditional Malaysian fabric.



Xused Global Solutions: Creating a marketplace for recycled waste

The Group assisted Xused in its start-up costs to implement projects in schools, "Earn to Learn @ School". This programme helps students, teachers and schools gain financial benefits from recycling waste.

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL



## Teach for Malaysia

Partnering with Teach for Malaysia (“TFM”), an independent, non-profit organisation that is known for its mission to give all children in Malaysia the opportunity to attain an excellent education, we supported the placement of four promising fellows to teach the English subject in four secondary schools in Semporna, Sabah.



## Toy Library in Kampung Tanjung Batu, Tawau

The Group with Play United PLT built a toy library at Kg Tanjung Batu, Tawau. The objective behind this initiative was early childhood care and education (“ECCE”), which would enable all children, including those with special needs, to play and interact in a safe and child-friendly environment.



## Digital Making: Internet of Things (“IoT”)

To ignite the Digital Making culture in primary schools and among teachers, we partnered with Chumbaka in selecting teachers and students from 12 primary schools in Sabah between FY2018 and FY2019. The three events conducted; Junior Innovate Tenom on 21 September 2019, Junior Innovate Kota Kinabalu on 28 September 2019 and Young Innovate Sabah State Level on 12 October 2019 served as a platform for students and teachers for the exposure of technology.



### Wordpower KK

We partnered with SPARKS for a three-day creative communications forum in Kota Kinabalu, Sabah besides organising a team-building day for the Hap Seng Group East Malaysia synergy team. The events were organised and facilitated by a locally and internationally experienced Theatre for Development practitioner, Ms. Susan Bansin and writer, editor and trainer, Ms. Sylvia Howe.



### Tanjung Batu Learning Community



The Group since 2015 has been an active member of MCII, a registered NGO aimed at achieving systematic educational and social change in Malaysia through cross sector partnerships. The programme focused on educational needs and creating a collective impact in schools and the community in an identified area.

### The Group in Malaysian Collective Impact Initiative (“MCII”)



We continued our commitment to supporting learning and development of youths and adults in Kampung Tanjung Batu, Tawau, via our partnership with Science of Life Studies 24/7 (“SOLS 24/7”), a humanitarian organisation. This programme which began in FY2017 aims to teach the community English language besides practicing Higher Order Thinking Skills (“HOTS”).



Contributed **RM50,000** to **14** primary and secondary schools in Klang

# SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

## Global School Leadership

Partnership with YTL Foundation to promote the Global School Leadership with a focus on school leaderships at 10 MCII schools in Klang. The school leaders were trained by Global School Leaders (“GSL”) Malaysia on a monthly basis with workshops and coaching sessions. The sessions have been customised to increase the students’ leadership skills and improve overall school performance.



## Hap Seng Star’s Technical and Vocational Education and Training (“TVET”)

Partnering with DreamCatcher, we followed the journey of 25 SPM leavers working on the TVET programmes at three Hap Seng Star’s centres. This programme aims to train the underprivileged youth and give them a second chance at higher education and a better future.

This TVET programme provides Malaysian Skills Certification (“SKM”) Level 2 and 3 certifications in a span of 18 months. It comprises 20% - 30% learning of theory in the classroom and 70% - 80% practical during on-the-job training.

## The Group in Supporting Education in Tawau

The **Naga Scholarship Fund** is an award scheme sponsored by Hap Seng Fertilizers aimed at forging a strategic relationship between the Group and the Tawau community via education aid.

**Objective:** To support and motivate students to excel in their studies.

This scholarship fund is offered to **10 top Sabah Chinese High School students** with academic excellence in their Junior and Senior Malaysian Independent Chinese High School Unified Examination.

For the Vision Schools, a **monetary incentive** is given to students for every Grade “A” scored in each subject paper in the *Ujian Pencapaian Sekolah Rendah* (“UPSR”), *Pentaksiran Tingkatan Tiga* (“PT3”), *Sijil Pelajaran Malaysia* (“SPM”), Checkpoints and International General Certificate of Secondary Education (“IGCSE”) examinations.

Since 2001, the Naga Scholarship funding programme has helped **356** students from the Sabah Chinese High School and **687** students from the Vision Schools since 2011.





### Tawau Leadership Programme by the Group

Partnering with Leaderonomics, we strive to deliver a leadership development programme that involves training parents, members of the community and our employees to become leadership mentors for youth in Tawau. The programme fits well with our ultimate goal of building a self-sustaining community in Tawau that generates and sustains a positive social impact.



### EngagED

We collaborated with RITE Education to organise a programme called EngagED, a capacity building programme that focuses on improving teaching and learning through strategies that ensure improved student engagement.

This programme which is in line with the Ministry of Education's emphasis on 21<sup>st</sup> Century Learning, is designed for teachers' trainers called School Improvement Specialist Coaches Plus ("SISC+") to coach selected teachers within the Pejabat Pendidikan Daerah ("PPD") Keningau, Sabah.



The year-long programme that included 29 teachers and teachers trainers ("SISC+") also focused on student engagement through Cooperative Learning ("CL") strategies, Positive Behaviour Management ("PBM") techniques and Assessment for Learning strategies ("AFL").

## SUSTAINABILITY AT HAP SENG GROUP CREATING VALUE FOR ALL

**Other relevant Corporate Social Responsibilities (“CSR”) programmes include:**

### Property Division

Merdeka Blood Drive

Toy donation drive

Donation drive for OKU centre

Zakat booth and Ramadhan Bazaar

Christmas Bazaar

Back to School campaign

### Building Materials Division

CSR Ulu Choh Temple Dinner

CSR Kg. Ulu Choh Basketball Competition

Kampung Binaung Baru Community Kaamatan Festival

CSR Kampung Baru Cina Minyak Beku – Program Merentas Desa

CSR Bukit Mor Temple Chinese New Year Dinner

CSR Kuan Tee Kong Temple Bukit Mor Anniversary Dinner

Donation to Balai Polis Kampung Babagon

Donation of 800mt of Quarry Waste to Unit Pembangunan Masyarakat N.20 Moyong

Donation of 3/4 aggregates and stone dust to The Basel Christian Church of Malaysia, Penampang

Cash donation to Kampung Madsiang Harvest Festival Celebration

Donation of 1500mt of quarry waste to Astenpave Sdn Bhd

Cash donation to Kampung Babagon Harvest Festival Celebration

Donation of 3/8" chipping and 3/4" aggregates to S.K. Babagon

NIOSH Safety and Health In Community

Donation of two pallets of bricks for "Zero Crime Project" at SMK Bugaya Semporna

## MOVING FORWARD

The Group recognises the rapid changes in global trends and industry specific issues. We are committed to addressing the evolving sustainability key material matters as well as our risks while strengthening our sustainability commitments. We will continue to prioritise the management of economic, environmental and social risks.

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# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company are responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- (a) used appropriate accounting policies and applied them on a consistent basis;
- (b) made judgements and estimates that are reasonable and prudent; and
- (c) prepared the audited financial statements on going concern basis.

The Directors are also responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act 2016 and take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.