

# PPB'S COMMITMENT TO SUSTAINABILITY

## ABOUT THIS STATEMENT

Our Statement details the sustainability journey of PPB Group Berhad ("PPB") and its subsidiaries ("the Group"), provides a summary of our key ESG activities and highlights, and is intended to be read in conjunction with the standalone FY2022 Sustainability Report ("the Report").

This year, the Report incorporates the International Integrated Reporting Framework, which includes the six essential capitals as well as our first Value Creation Model.

The Report encompasses our goals, achievements and contributions across our five main business segments in Malaysia: Grains and Agribusiness, Consumer Products, Film Exhibition and Distribution, Property, and Environmental Engineering and Utilities, as well as PPB's headquarters in Kuala Lumpur, covering the reporting period from 1 January 2022 to 31 December 2022 ("FY2022").

## REPORTING FRAMEWORK

The Report was prepared with reference to Bursa Malaysia's Main Market Listing Requirements and the Sustainability Reporting Guide (3rd edition). We also referred to the Global Reporting Initiative ("GRI") Standards when preparing the Report and have further aligned our ESG efforts with the United Nations Sustainable Development Goals ("UN SDGs").

## FEEDBACK

We welcome feedback from our stakeholders to improve our sustainable reporting and strategies.

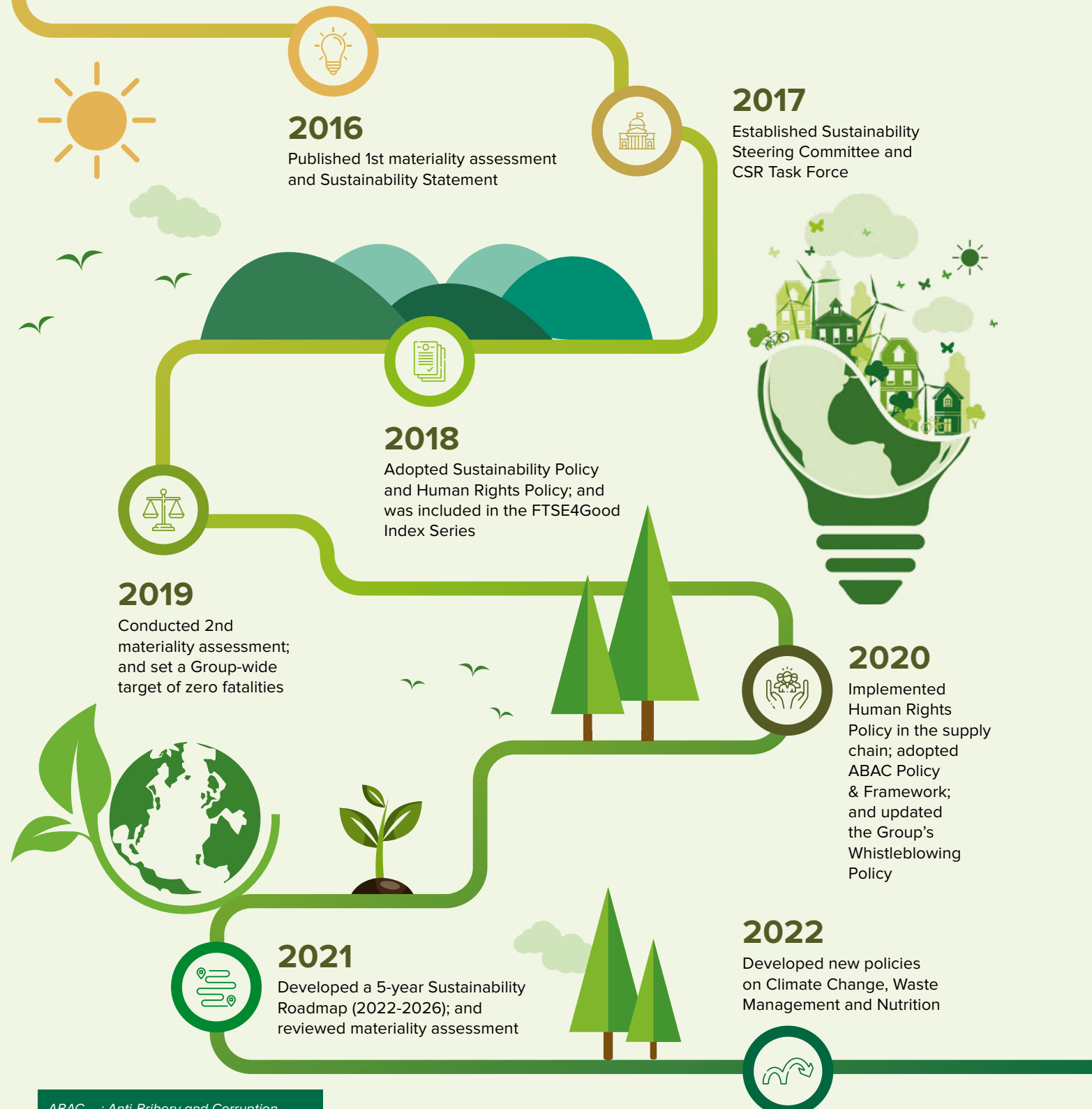
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# PPB'S COMMITMENT TO SUSTAINABILITY

## OUR SUSTAINABILITY JOURNEY AND KEY MILESTONES



ABAC : Anti-Bribery and Corruption  
 CSR : Corporate Social Responsibility  
 FTSE : FTSE Russell

# PPB'S COMMITMENT TO SUSTAINABILITY

## KEY HIGHLIGHTS OF FY2022

Listed on **FTSE4Good Index Series** since 2018 and has **improved overall score rating** in all three areas (i.e. environment, social and governance)

**> RM4 million** invested in **renewable energy**

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**Zero fatalities** recorded across the Group

**100%** of PPB Group's operations assessed for **Anti-Bribery and Corruption risks**

**Completed** the installation of **solar panels** at two operation sites

Invested **> RM3 million** into the community

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- GSC received the **Platinum award in the Entertainment Category, Putra Brand Awards 2022**.
- FFM Grains & Mills (Pasir Gudang) was presented with the **SIFIRI (See It, Fix It & Report It) award** by ARYZTA AG.
- Megah Rise Residensi awarded the **GreenRE Gold Certification**.

### SUSTAINABILITY POLICY

In FY2022, we updated our Sustainability Policy which is based on the three core aspects of Environment, Human Rights and Labour Practices, and Ethics and Marketplace. The policy was approved by the Board of Directors ("BoD") in February 2023 and is available on our corporate website at [www.ppbgroup.com](http://www.ppbgroup.com).

#### Environment

While environmental preservation has become part of the global agenda, it has also become an essential part of our everyday business operations which include compliance with environmental and biodiversity regulations, considering ESG practices in decision-making; improving operational efficiency, conducting assessments to minimise environmental and climate impact, as well as advocating environmental and biodiversity awareness among stakeholders.

### Human Rights & Labour Practices

The Sustainability Policy outlines our move towards a conducive workplace for employees based on the principles of non-discrimination, fair employment conditions, health and safety, workplace security, privacy/data protection, no child or forced labour or human trafficking, and community rights.

#### Ethics & Marketplace

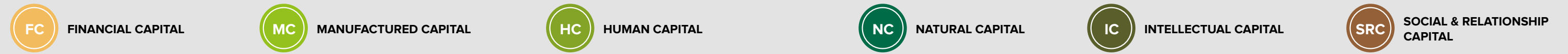
We operate with a high standard of ethics, transparency and accountability in decision-making, leadership and policy-making, as well as in our dealings with other businesses through the Code of Conduct and Ethics, Product Quality, Food Safety and Halal Compliance, Clear and Transparent Labelling, Supplier Engagement and Privacy and Data Protection.



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## VALUE CREATION MODEL



### OUR INPUT

- FC**
  - Total assets: **RM28.9 billion**
  - Market capitalisation: **RM24.8 billion**
- MC**
  - Grains & Agribusiness: **5** local flour & animal feed mills
  - Consumer Products: **2** factories with 6 production lines
  - Film Exhibition & Distribution: **491** screens at **52** sites
  - Property: Development projects and property/property management services located in northern, central and southern Peninsular
- HC**
  - A diverse workforce of over **6,000** employees across the Group
  - Average **15** hours of training per employee
  - Invested more than **RM586,000** in staff engagement activities
  - Updated the Human Rights Policy
- NC**
  - 145,182,275 kWh** of energy consumed
  - 857,462 m<sup>3</sup>** of water used
  - More than **RM4 million** invested in solar energy projects
  - Two new policies on Climate Change and Waste Management which were approved by the Board in February 2023
- IC**
  - New policy on Nutrition which was approved by the Board in February 2023
  - R&D on healthier and more nutritious consumer products
  - Robust cybersecurity measures to protect sensitive corporate data
- SRC**
  - More than **RM3 million** contributed to the community

### OUR BUSINESS

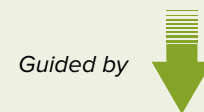
## OUR VISION

To be a market leader in our core businesses reputed for our sustainable quality products and services.



## OUR MISSION

To strengthen our leadership position in our core businesses in Malaysia, expand regionally for further growth, invest in related activities for greater synergy and increase shareholder value, in a socially and environmentally responsible manner through management excellence.

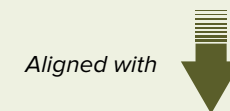


## OUR COMMITMENTS

- Sustainability Policy
- Human Rights Policy
- Climate Change Policy
- Waste Management Policy
- Nutrition Policy

## OUR 5-YEAR ROADMAP FTSE4Good

Our ESG Roadmap outlines the goals and targets for the Group to improve our corporate procedures and ESG performance, based on FTSE4Good.



## OUR SUSTAINABILITY PILLARS

-  Environmental Impact
-  Working Environment
-  Marketplace Engagement
-  Community Investment

\* Including discontinued operations

### OUR OUTPUT

- Revenue: **RM6.26 billion\***
- Profit before tax: **RM2.25 billion**
- 5** new consumer products launched
- Total milling capacity of **2,820 mt/day** and **66,000 mt/day** for flour and feed mills respectively
- Estimated **3.05 million** broiler chicks and **20.5 million** eggs monthly
- 825,979** shows screened at cinema circuit
- Various certifications achieved including HACCP, ISO, FSSC and Halal standards
- Launched Megah Rise Mall
- Integration of competency framework as part of performance management to strengthen people's capabilities
- 100%** employees received annual performance review
- Transparency of job opportunities across the Group to broaden career aspiration and enhance retention of talent pool
- 46%** increase in staff training hours
- Safe and conducive working environment
- Zero** fatalities recorded across the Group
- Completed solar project at two operation sites
- 88%** of non-hazardous waste diverted from landfill
- Water use intensity targets achieved for Property and Livestock Farming
- 24%** reduction in plastic used in packaging from 2020
- GSC received the Platinum award (Entertainment Category) at the Putra Brand Awards 2022, FFM Grains & Mills (Pasir Gudang) was presented with the SIFIRI (See It, Fix It, Report It) award by ARYZTA AG, Megah Rise Residensi awarded the GreenRE Gold certification
- Product innovation for consumers with special dietary restrictions
- Launched GSC Rewards for members and cinemagoers
- Engaged with more than **16,000** community members through CSR activities
- Raising autism awareness in partnership with the National Autism Society
- Rent-free kiosks at Cheras LeisureMall in partnership with seven charitable organisations
- Upskilling single mothers and vulnerable communities through job trainings
- Food aid programme for targeted communities and homes
- Suppliers engaged in Human Rights Policy

# PPB'S COMMITMENT TO SUSTAINABILITY

## SUSTAINABILITY GOVERNANCE STRUCTURE

PPB's sustainability governance structure is the foundation of our business operations and plays an essential role in developing our sustainable practices across all our business segments. In this three-tier structure, the Board of Directors ("BoD"), Sustainability Steering Committee ("SSC") and Corporate Social Responsibility ("CSR") Task Force have their respective duties and responsibilities which enable us to minimise risk at all levels while maintaining a dynamic, diverse and robust environment.



### Corporate Governance and Ethical Business Practices

PPB's corporate governance structure incorporates various codes and policies established to uphold ethical practices, promote sustainability, incorporate a culture of integrity within our workforce, and mitigate risks. As such, the Code of Conduct and Ethics ("the Code") acts as a guideline for standards of behaviour and our core values while the Group's comprehensive Anti-Bribery and Corruption Policy and Procedures ("ABAC P&Ps") assert the Group's zero-tolerance approach to all forms of bribery and corruption. ABAC training is held on a regular basis, during the onboarding of new employees or during the annual refresher training. In 2022, 100% of the Group's operations were assessed for ABAC risks and we also achieved 100% completion of the ABAC training for all employee categories in the Group. For this reporting period, we recorded zero cases of bribery and zero requests for facilitation payments.

### Risk Management and Business Continuity

The Group's Enterprise Risk Management ("ERM") system manages and monitors the Group's operational risks. Additionally, the Group has been implementing the Business Continuity Management ("BCM") programme which includes the Emergency Response Plan, the Disaster Recovery Plan as well as the Crises Management and Communication Plans. In FY2022, we successfully rolled out the BCM programme in the Property segment in the central and northern regions. Some of the Group's ESG-related risks include compliance with regulatory requirements, supply chain disruption, health and safety hazards, product safety and quality, and fluctuation of commodity prices.

### STAKEHOLDER ENGAGEMENT

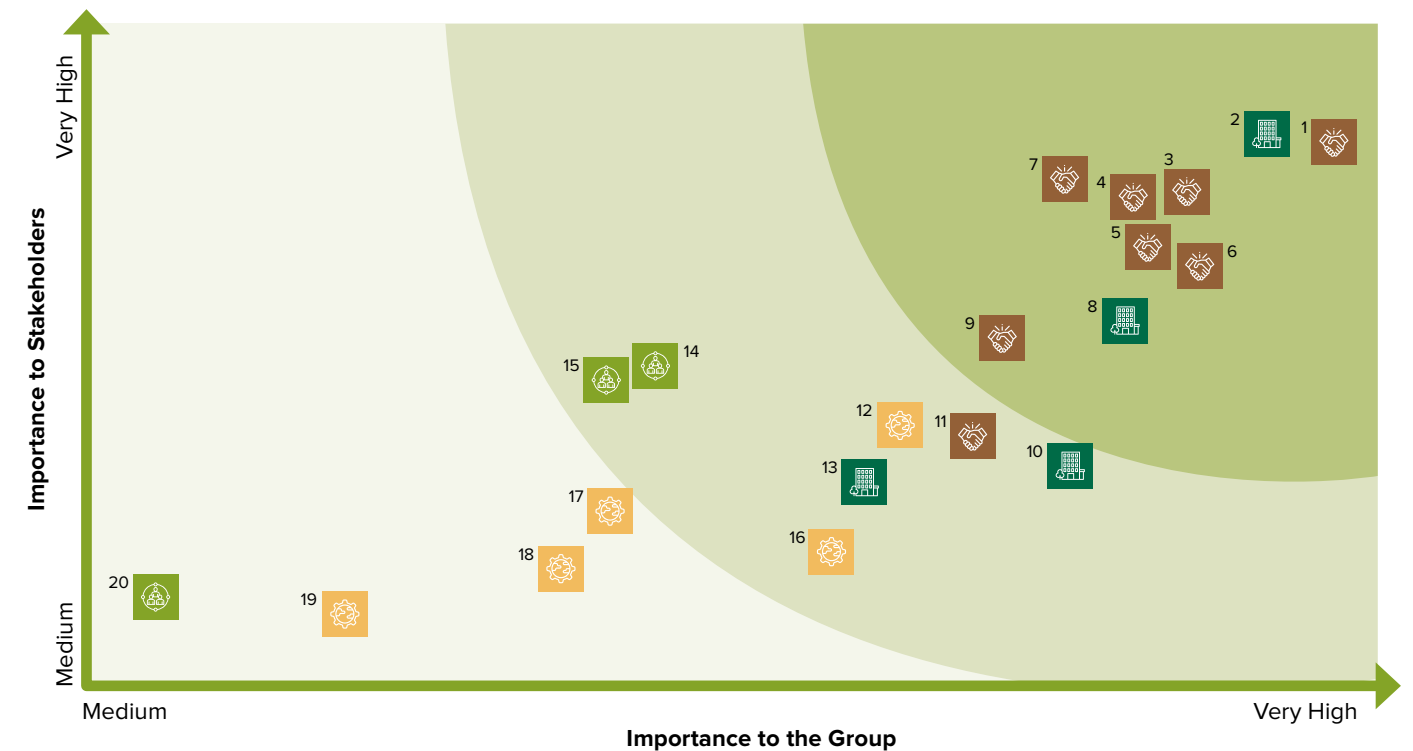
Our stakeholders are a crucial part of our operations and our ability to create and sustain long-term value is dependent on our stakeholder relationships. For this reporting period, the Group re-evaluated its key stakeholder groups where the total number of stakeholder groups came up to nine (9) and examples of engagement channels include periodic briefings to analysts and investors, virtual or physical meetings, website, compliance audit and others.



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## MATERIAL SUSTAINABILITY MATTERS AND MATRIX

In our materiality assessment, we identified and assessed key ESG matters that present the greatest opportunities and risks to our business operations and stakeholders. A materiality matrix was then created to visualise the relative importance of these material matters to the operations of the Group and to our major stakeholders.



Environmental Impact	Working Environment	Marketplace Engagement	Community Investment
12 Climate change	2 Health and safety	1 Quality and safety	14 Nutrition, health and wellness
16 Energy efficiency	8 Employee engagement and satisfaction	3 Corporate governance and ethical business practices	15 Human rights
17 Waste management	10 Talent attraction and retention	4 Brand image and reputation	20 Community engagement and development
18 Water management	13 Diversity and inclusion	5 Customer satisfaction	
19 Sustainable packaging		6 Economic performance	
		7 Data protection	
		9 Risk management and business continuity	
		11 Supply chain management	

## PPB'S COMMITMENT TO SUSTAINABILITY

### NC NATURAL CAPITAL

**Our sustainability achievements and highlights:**



Two new policies on

### Climate Change and Waste Management

adopted in February 2023.

**24%** reduction in plastic used in packaging from 2020.

**88%** of waste diverted from landfill.

Completed solar project at two operation sites.

At PPB, we pledge to do our part in attaining a balanced ecosystem that contributes to a healthy environment while investing in sustainable practices that preserve natural resources for the present and future generations.

#### Climate Change

The Group conducted a carbon footprint assessment for our most energy-intensive business segments. We adopted a Climate Change Policy and aspire to achieve Net Zero based on the principles of adaptation and mitigation, expand the use of renewable energies and optimise energy efficiency within our operations. This year, the Group recorded a combined emission of 106,671 t.CO<sub>2</sub>e, with Scope 2 emissions accounting for 85% of the total. Scope 1 emissions increased by 7,977 t.CO<sub>2</sub>e over the previous year from the inclusion of two additional reporting segments, while Scope 2 emissions increased by 35% due mainly to the cinema division resuming full operations in the transition to the endemic phase, as well as the opening of cinema sites. Scope 3 emissions which cover our initial effort in tracking business travel (employee land and air travel) made up only 0.17% of the total Group emissions due to limited data. Emission intensity per tonne of wheat milled, flour produced, feed produced, as well as per show displayed a downward trajectory due to various efforts implemented by the business divisions.

#### Energy Efficiency and Adoption of Renewable Energy

Energy use is a key source of emissions recorded within the Group. For FY2022, the Group recorded 145,182,275 kWh of electricity consumed which is a 22.8% increase from the previous year. We have completed solar panel projects at two operation sites and are planning to install three additional solar panels under the Grains and Agribusiness and Consumer Products segments. In the cinema division, operational processes such as switching off lights and projectors have been automated to minimise energy wastage and Megah Rise Residensi under the property division successfully achieved the GreenRE Gold Standard.

#### Waste Management

In February 2023, the Group adopted a Waste Management Policy which is in line with our circular economy concept. Through this policy, we aim to inculcate a corporate culture of proper waste management and resource recovery. Complying with the Environmental Quality Act 1974, we have recorded zero non-compliance for any environmental laws and regulations for the year.

In FY2022, 25,843 MT of waste was recorded, of which 99.7% was non-hazardous waste. Hazardous waste such as waste oil, used lubricants and used electronic parts are handled by registered agencies, and 93.8% of this waste will be recovered, reused or recycled. For non-hazardous waste, 88% was diverted from landfills.

#### Water Management

The Group consumed a total of 857,462 m<sup>3</sup> of water in FY2022, which is an increase of 20.1% from the previous year. This was mainly due to cinemas resuming full operations and the opening of cinema sites. The water use intensity targets for the breeder farms, layer farm and property divisions were achieved. Our operations at FFM Sabah and FGM Kuching harvest rainwater in water tanks equipped with meters, for landscape watering and washing purposes.

Our bakery and food processing divisions under the Consumer Products segment, track their levels of water discharge where periodic performance and compliance monitoring are conducted to ensure the effluents discharged are below the prescribed legal requirements.

#### Sustainable Packaging

We take into consideration the lifecycle of our packaging which guides us in reducing negative environmental impacts. Our sustainable packaging approach includes reducing the amount of plastic, cardboard and paper used. A total reduction of 779.1 MT (24.2%) of plastic and 556.5 MT (20.8%) of cardboard have been recorded since 2020. For this reporting year, total primary paper packaging recorded was 38.50 MT, while secondary paper cardboard was 2,120 MT. We have converted the majority of our cinema concessions' conventional plastic wares and packaging to biodegradable options.

## PPB'S COMMITMENT TO SUSTAINABILITY

### HC HUMAN CAPITAL

**Our sustainability achievements and highlights:**



**35%** of management are women. | **Zero** fatalities recorded across the Group. | **15.4** hours of training per employee.

**100%** employees received annual performance review and **RM586,858** allocated for employee engagement activities.

Our people are of the utmost importance to us, and we ensure their safety and well-being across all our business segments by caring for them physically and mentally and providing a safe and healthy workplace. Additionally, we provide training and development for them to progress in their journey with us and have fulfilling careers.

#### Health & Safety

In 2022, a total of 1,781 employees received health and safety-related training, while 315 acquired the Health and Safety Certificate.

A total of 19 accidents were recorded in FY2022, which is a drop of 17.4% from 2021. There were two major injuries reported due to the employee's failure to observe established work procedures and preventive actions have been carried out to mitigate future accidents.

#### Employee Engagement & Satisfaction

The Group has established a Human Rights Policy, with regards to respecting the rights of our employees. Additionally, our priority is to ensure job satisfaction through continuous employee engagement. This year, the Group recorded a diverse workforce of 6,007 employees, of which 74% were permanent employees and about one-third were women. In FY2022, a total of 161 employees took parental leave, and 159 returned to work after their leave ended. 95% of those who took parental leave remain employed with us 12 months after returning to work.

#### Talent Attraction & Retention

We provide appropriate training and development programmes for our employees to stay relevant in the industry while ensuring a dynamic workforce. Our training programmes include e-learning platforms and online courses. Topics range from leadership and role-based developments to harassment and discrimination. The Group recorded a total of 92,419 training hours for all employees (full-time and part-time), with 43,542 training hours conducted virtually. This is equivalent to 15.4 hours of training per employee, an increase from 10.5 hours per employee in 2021.

#### Diversity and Inclusion

The Group practises zero discrimination based on race, religion, nationality, gender, sexual orientation or disability; and this has been incorporated into our Human Rights Policy. Three differently abled employees work at FFM, which make up about 0.07% of the Group's permanent workforce. In FY2022, 35% of management comprised of women. We are committed to creating employment opportunities for locals where practical. 92% of our workforce are Malaysians, while the remaining 8% comprise foreign workers.

### MC MANUFACTURED CAPITAL

**Our sustainability achievements and highlights:**



Various **certifications** achieved including HACCP, ISO, FSSC and Halal standards. | **Zero** incidents of non-compliance concerning food safety or product quality.

The Group recognises that efficient use of manufactured capital leads to flexibility, innovation and increased efficiency. Hence, our goal is to deliver top-quality products and services while maintaining our dedication to sustainable practices.

#### Quality and Safety

The Group adheres to strict quality and safety standards to ensure that the best products are provided to our customers. We obtained relevant food regulations and standards certifications including HACCP Certification (MS1480:2007), HACCP Codex Alimentarius Certification, GMP Certification (MS1514:2009), FSSC 22000 and ISO 22000 Food Safety Management System (FSMS). We are Halal-certified by the Department of Islamic Development Malaysia (JAKIM).



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### FC FINANCIAL CAPITAL

**Our sustainability achievements and highlights:**



Total economic value generated:  
**RM6.26 billion\***

In increasing our financial health, we are also mindful of the balance needed when aligning wealth performance with sustainable growth. In terms of our economic performance, we strive to create a business that goes beyond monetary gain and makes a positive impact on people's lives.

**Economic Performance**

While ensuring profitability, the Group also places importance on business practices that best support sustainable economic growth. Hence, we practise 'financial discipline' to include both of these aspects to ensure business stability. PPB's Managing Director's explanation of the Group's performance and fuller information on our economic performance can be found in the Managing Director's Review (pages 18-26) and audited financial statements (pages 67-167) of PPB's FY2022 Annual Report.

### SRC SOCIAL & RELATIONSHIP CAPITAL

**Our sustainability achievements and highlights:**



More than **RM3 million** contributed to the community. **Zero** breaches or violations of human rights laws.

\* Including discontinued operations

We shape our business to embed corporate citizenship in order to identify societal areas where we can make a positive impact and contribute to a more sustainable environment for all.

**Brand Image and Reputation**

The Group has high standards for the way we are represented and the values and practices that we follow. In FY2022, the Group recorded zero cases of non-compliance issues with marketing communications and labelling requirements for our products and services across all business segments. Various awards have been received by the Film Exhibition and Distribution, Grains & Agribusiness and Property segments.

**Customer Satisfaction**

We value feedback from our customers and provide avenues for them to express their concerns. In the Grains and Agribusiness and Consumer Products segments, a combined total of 326 valid customer complaints were recorded across all divisions and branches through their Annual Customer Survey. We received a total of 888 (per 100,000 admissions) customer feedback and 45 (per 100,000 admissions) customer complaints in our Film Exhibition and Distribution segment through CSAT (Customer Satisfaction) surveys via QR codes. A score of 8.6 out of 10 was received through the Net Promoter Score (NPS) in the Property segment.

**Human Rights**

The Group recognises human rights as the basis of our commitment to good workplace practices and we respect the rights of people in all our areas of operation. FFM PI and FGM Sarawak are members of Sedex. Our Human Rights Policy is guided by the principles expressed in the Universal Declaration of Human Rights and was updated in February 2023. The policy can be accessed on our website at [www.ppbgroup.com](http://www.ppbgroup.com).

**Supply Chain Management**

At PPB, we strive to promote ESG practices among our suppliers and work towards building a sustainable value chain. In FY2022, about 92.5% of the suppliers we worked with were local to our areas of operation. Our three oil palm plantations with an average size of 291 hectares, have achieved Malaysian Sustainable Palm Oil ("MSPO") certification and recorded a total production of 8,749.30 MT of fresh fruit bunches in FY2022. The Group utilised a total of 17,435.40 MT of palm oil for our operations, of which 3.14% were Roundtable on Sustainable Palm Oil ("RSPO") certified.

**Community Engagement and Development**

The Group contributed more than RM3 million to community investments of which RM1.9 million (60%) was spent on COVID-19-related initiatives. Contributions to registered non-profit organisations amounted to more than RM1.2 million. Projects

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were targeted at women and youth, indigenous communities, local artists and vulnerable communities and families. Among the projects were "Baking for a Better Future" to empower women and marginalised groups with baking skills for entrepreneurial opportunities; "Zero to Hero" for B40 groups and other vulnerable communities equipping them with sewing skills; an autism awareness campaign; a community charity kiosk; as well as food aid and disaster relief.

### IC INTELLECTUAL CAPITAL

**Our sustainability achievements and highlights:**



New **Nutrition Policy** adopted in February 2023.

Launch of **GreenRE Gold certified property** in Petaling Jaya.

New **sensory-friendly screenings** for neurodivergent audiences on a monthly basis.

**Zero** substantiated complaints concerning leaks or breaches of customer privacy and loss of customer data.

Our intangible assets are valuable in managing the growth of the business and contributing to the bottom line. As such, these assets include product innovation, cybersecurity, data protection and intellectual property.

**Nutrition, Health and Wellness**

We strictly adhere to Food Act Regulations such as the Malaysian Food Act 1983 and Malaysian Code of Advertising Practice. In February 2023, we adopted a Nutrition Policy which addresses our commitment to enhance accessibility to nutritious food and practise clear and transparent labelling. Our consumer-packed flour products are enriched with vitamins and minerals and we also offer alternative flours for those with dietary restrictions or allergies. Our Massimo loaf comes in a choice of wheat germ, 100% whole wheat, fine wholemeal and seeded multigrain with barley among others. An information board with nutritional facts and allergen alerts for hot foods prepared by the cinema division is displayed at all GSC cinema concession counters nationwide to enable customers who are health-conscious or have food intolerances to make better-informed choices.

**Data Protection**

In line with the era of digitalisation, we value the privacy and protection of our customers' data. Complying with the Personal Data Protection Act 2010, PPB implements cybersecurity practices such as cloud migration, Active Directory (AD) harmonisation, IT Service Management (ITSM), incident management, asset management, patch management and standardisation of antivirus solutions and firewalls. In FY2022, there were zero substantiated complaints concerning leaks or breaches of customer privacy or the loss of customer data.

**CONCLUSION**

PPB continues to make our mark in the industry with our contributions to social well-being, environmental health, and a just economy. Moving forward, we aspire to strengthen the fundamentals built in the areas of sustainability, people and technology, in order to achieve long-term value for all stakeholders.