



THONG GUAN
INDUSTRIES BERHAD
199401038519 (324203-K)

FY2021 SUSTAINABILITY REPORT

LIVE GREEN

A SUSTAINABILITY
ADVOCATOR'S JOURNEY

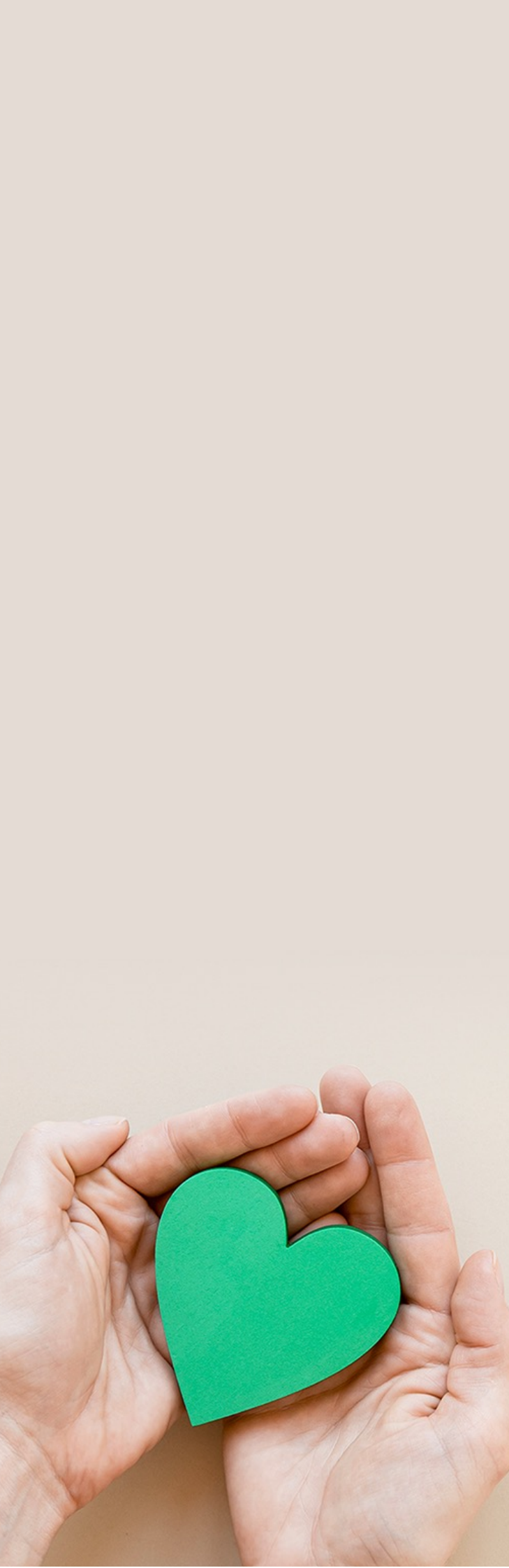


OUR SUSTAINABILITY STATEMENT

“We are committed to creating a safer, better and greener world in pursuit of our mission of becoming a sustainability advocate.

We do that by focusing our initiatives on product innovation, organisational culture & governance, waste reduction, emission reduction & balancing, and resource conservation & preservation.”





Contents

Sustainability Statement	2
Table of Contents	3
Introduction	4
About Us	5
Our ESG Framework	6
Our Core Strategies	7
Scope & Assessment	8
Stakeholder Engagement	9
Environmental	10
Operational Eco Efficiency	11
Circularity	18
Climate Positive	24
Social	27
Human Rights Protection	28
Health & Safety	31
Human Capital Development	34
Social Contributions	37
Governance	39
Corporate Governance	40
Ethics & Transparency	41
Digitalisation	42
Sustainable Operations	43

Introduction

Closing the Green Chasm



FY2021 Sustainability Highlights

- **Officiated #LiveGreen**
- **Introduced our first 30% recycled 15 µm high-quality high-performance machine film**
- **Rewarded two green certificates—ISCC PLUS & GRS**
- **Started quantifying GHG emissions for Scope 1 & Scope 2**
- **Saved over 2,999 tCO₂e from the usage of solar energy**
- **Converted 481 MT of post consumer wastes into green products**
- **Established a stronger sustainability roadmap through ESG strategies in-line with UN SDGs**
- **Continued strengthening our OHS for a safe, healthy, and conducive working environment**

We are not your ordinary packaging solutions provider. Driven by our founder's belief in our environmental, social and governance responsibilities as a stakeholder of the planet, we have been delivering value beyond product functionality. It is in our DNA to build an enduring legacy with a lasting impact on posterity. We are dedicated and committed to becoming a sustainability advocator, helping our clients drive and achieve their sustainability goals.

Thong Guan unrelentingly continues to build on competencies and capacities to drive excellence through innovation. We do not just produce and supply packaging products.

We are on a mission to create a safer, better working world through our continuous green initiative—#LiveGreen, which encompasses product innovation, energy-saving processes, organisational culture, resource conservation, waste reduction, zero-emission, and governance.

We will continue to drive #LiveGreen's ethos in everything we do while maintaining our promise to our customers in quality performance consistency, cost-effective, optimised solutions, and innovative green possibilities. We are committed to pursuing the path as a sustainability advocator for our customers and partners, and future through quantifiable sustainability efforts.

About Us

Who We Are



In this fast-paced era of business globalisation, Thong Guan Industries Berhad (“Thong Guan”, “the Group”, “us”, “our”, or “we”) has been continuously evolving to strive for sustainable growth. Over 80 years in business operations, we have established well-diversified plastics packaging products and food and beverage (“F&B”) businesses with a global presence in over 70 countries. As we continue our growth strides, we are very cautious of our impact on the economic, social and environmental scales. Therefore, it is pertinent to understand the matters that affect the Group’s sustainability and ensure that we identify and manage them accordingly.



70

Country Export



80

Years of Excellency



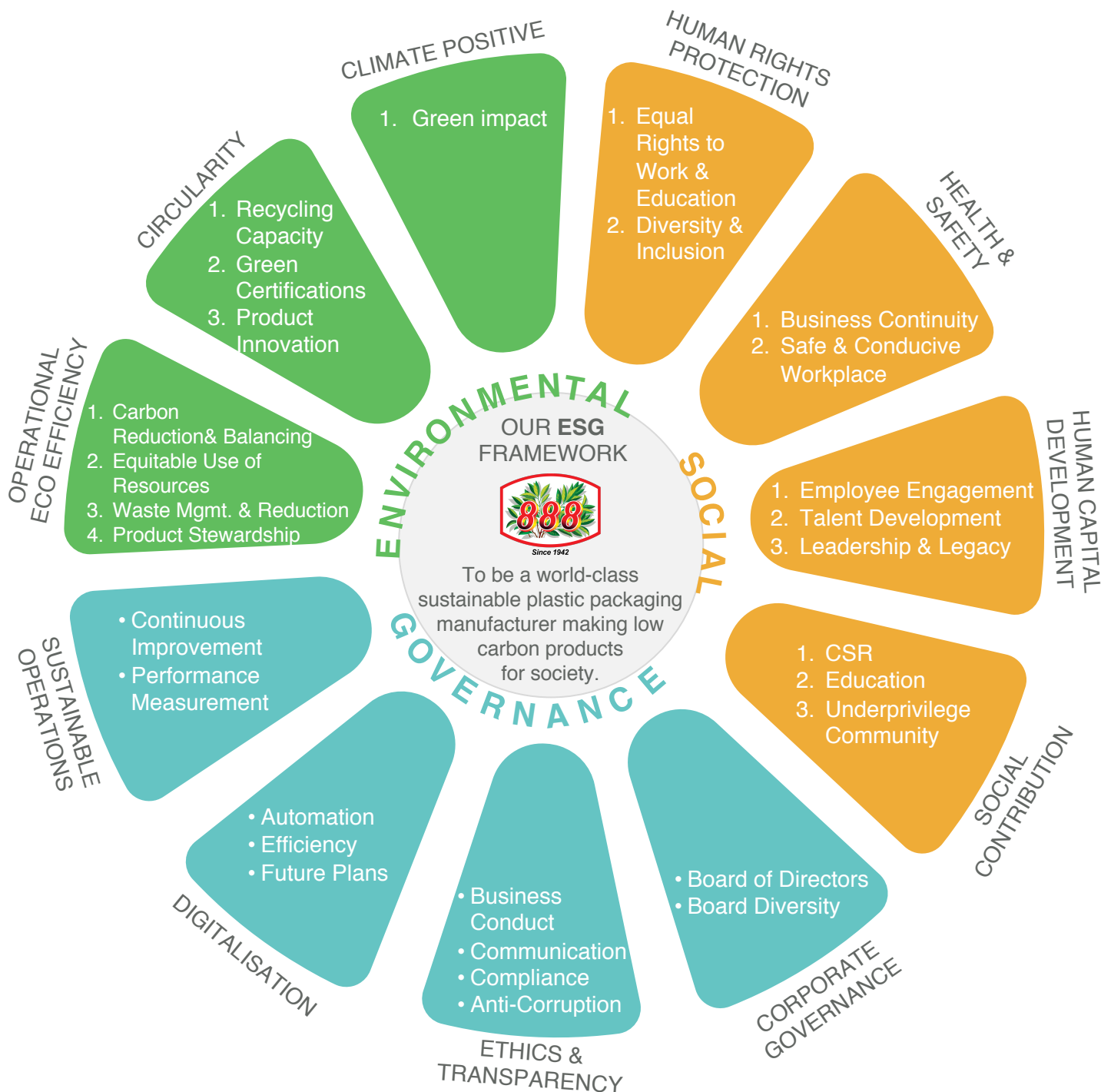
17

Innovative Factories

Our ESG Framework

#LiveGreen Roadmap

Our Environmental, Social, and Governance Framework outlines our goal, key initiatives, and strategic action plans encompassing factors related to environmental, social and governance. The aim is to make sustainability easier to achieve through sharing of our successes, document the pitfalls encountered and challenges met, and how we overcome them for future improvements.



Our Core Strategies

Matching our core strategies with United Nation (UN) Sustainability Development Goals (SDGs)

We want to build economic growth and address a range of social needs, including education, health, social protection and job opportunities, while tackling climate change issues through environmental conservation and preservation.

We create value focusing on 3Ps—People, Planet and Prosperity. We develop our Environmental, Social and Governance (ESG) core strategies through the guidance of UN SDGs.

Our Initiatives

TG as a stakeholder and steward of the planet, our sustainability and corporate citizenship initiatives encompass these areas.

- **Recycling & Circular Economy**
- **Climate Change & Energy**
- **Health, Safety & Well Being**
- **Corporate Social Responsibilities & Collaboration**
- **Effective, Accountable & Transparent Organisational Structure & Culture**

SUSTAINABLE DEVELOPMENT GOALS



Scope & Assessment

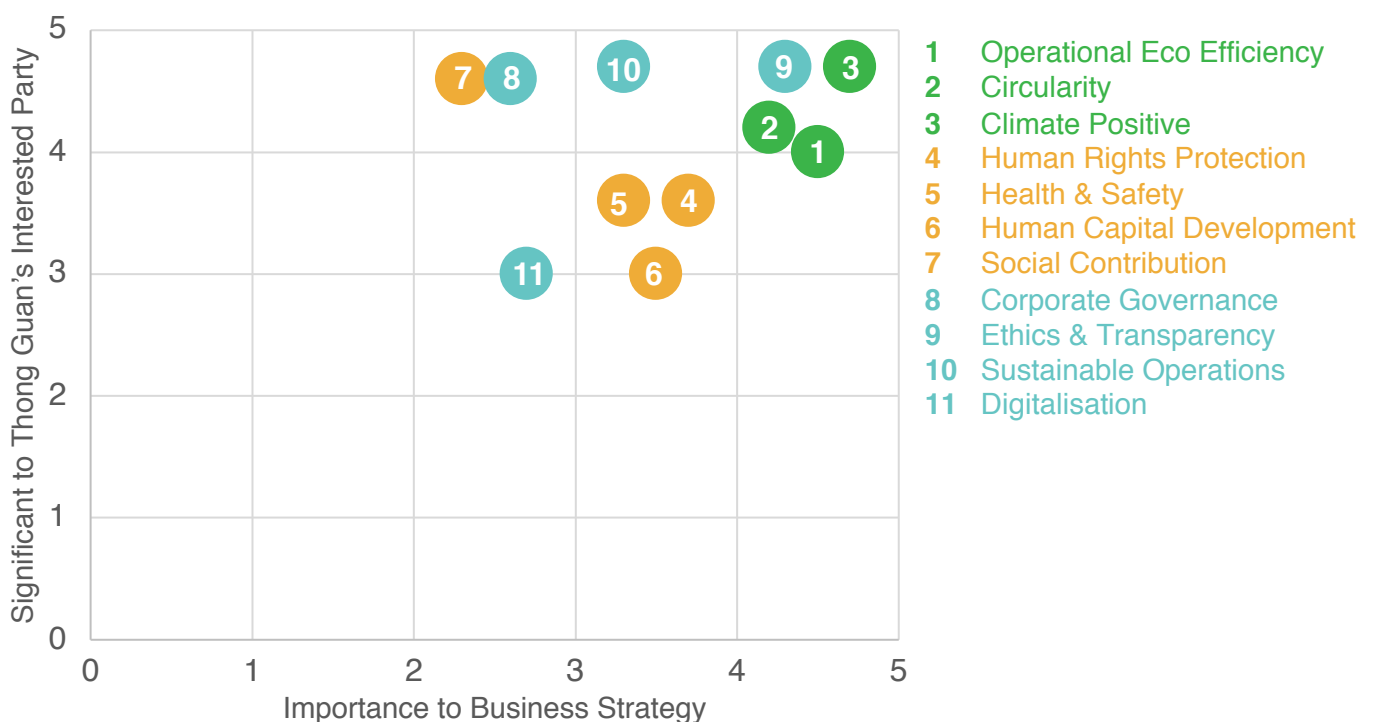
Reporting Scope

We are proud to present our Sustainability Report for the financial year from 1 January 2021 to 31 December 2021 ("FY2021"). Thong Guan is committed to the provisions of the Main Market Listing Requirements of Bursa Malaysia on reviewing, updating and reporting our sustainability performance annually. During the year in review, the reporting covers the Group's operations in Malaysia and China. Our reporting has been prepared per the guidelines set out in the Main Market Listing Requirements concerning the Sustainability Statement in the Annual Report of Listed Issuers (Guidelines) issued by Bursa Malaysia Securities Berhad.

We strive to do our utmost to strike a meaningful balance between our economic aspirations and our social and environmental obligations. This Sustainability Report details our continuous efforts to ensure that as we pursue growth in profits and expansion of our operations, we remain vigilant of our actions' economic, social, and environmental impact.

Materiality Assessment

In FY2021, we perform our materiality assessment based on our ESG framework. In the materiality assessment, Operational Eco Efficiency, Circularity, Climate Positive and Ethics & Transparency were identified as the topics of highest importance.



Stakeholder Engagement

Staying relevant & add value

Stakeholder engagement is key to ensuring our business continue be relevant and add value. The table below shows the engagement activities we have carried out during financial year 2021.

STAKEHOLDERS	AREAS OF INTERESTS	METHOD AND FREQUENCY
Investors & Shareholders	<ul style="list-style-type: none"> • Profitability • Dividend • Business directions 	<ul style="list-style-type: none"> • Quarterly Financial Result • Annual General Meeting • Company Website • Annual Reports • Press Release
Customers, Suppliers & Business Partners	<ul style="list-style-type: none"> • Product & Service Quality • Timely Delivery & Consistency in Supply • Credit worthiness • Value added products 	<ul style="list-style-type: none"> • Customer Satisfaction Survey/Supplier Evaluation • Customer Service & Communication • Trade Fairs & Frequent Site Visits
Employees	<ul style="list-style-type: none"> • Career & learning path • Employee welfare and benefits • Health and safety in work place 	<ul style="list-style-type: none"> • Communications, through counselling & memo circulation • Workplace Continuous Improvement Annual Performance Appraisal • Trainings & Workshops • Employee Events, including outing and get together gathering
Regulators, Government & Authorities	Compliance with laws and regulation	<ul style="list-style-type: none"> • Compliance & Certification Exercises, including site visits and audits by authorities/certification bodies
Local Community	Corporate Social Responsibility	<ul style="list-style-type: none"> • Educational Site Visits • Community Outreach Programmes

Environmental

Our sustainability goals toward carbon reduction, focusing on short & mid-term targets



ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY

1. CARBON FOOTPRINT REDUCTION & BALANCING

GHG Emissions Reduction

Keeping our environmental impact in check

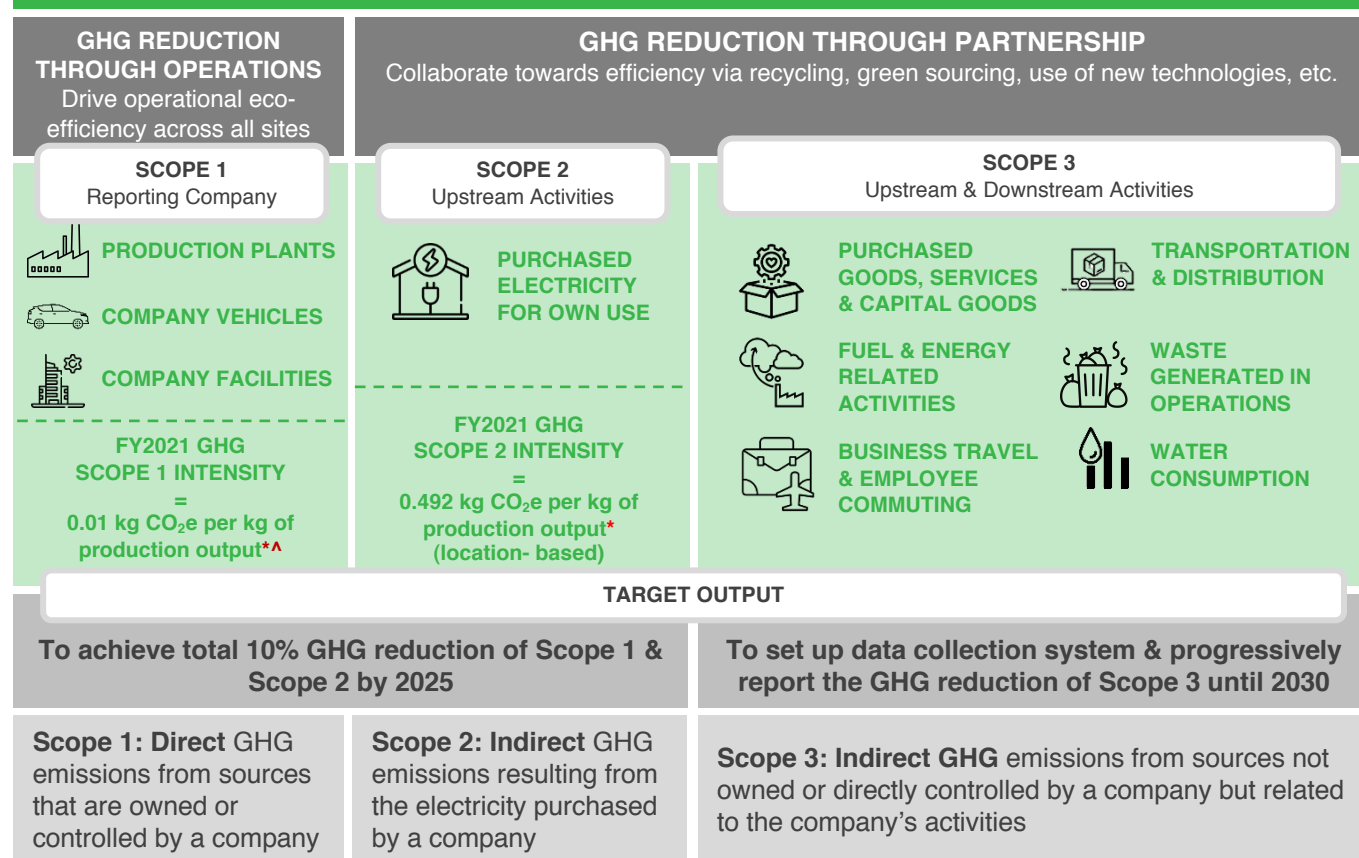
Objectives

- To assess the environmental impact of our Group's business activities by calculating Scope 1 & Scope 2 of the greenhouse gas (GHG) emissions for FY2021.
- To set up a data collection system for Scope 3 emission based on GHG Protocol, a widely used international accounting & reporting tool.

Our Sustainability Indicator



GHG EMISSIONS ACROSS OUR VALUE CHAIN



* FY2021 reporting boundary - All plastic production plants located in the West of Malaysia

[^] Derived from consumption of diesel and petrol of the companies

Conclusions

- ✓ We have identified Scope 2 with the most potential positive impact for achieving our stated energy and emission targets.
- ✓ By subscribing to Malaysia GET Programme, we will be leapfrogging toward fulfilling our commitment to achieve a 10% reduction in combined Scope 1 & 2 intensity by 2025.
- ✓ We expect to reduce 74,000 tCO₂e annually through the GET Programme.

ENVIRONMENTAL **OPERATIONAL ECO EFFICIENCY**

2. EQUITABLE USE OF RESOURCES

Energy Management

Harnessing energy from the sun

Objectives

To reduce CO₂ emission by actively reducing our reliance on conventional energy, increasing the use of renewable energy, and improving our operational eco-efficiencies factors.

Our Sustainability Indicator



Improving operational efficiency

Investing in operational and energy efficiency to reduce emissions in our operations is always the key strategy in our energy management. We have a dedicated in-house engineering team that closely monitors the energy consumption efficiency of our facilities.

We also participated in Energy Efficiency Project Malaysia under Eleventh Plan (RMK-11) to implement energy-saving measures based on the energy audit report outcome.

Our power energy-saving project includes changing the chiller system, lightings to energy-saving bulbs & tubes, control system from direct online starter to variable frequency drive. These transformations brought considerable energy savings.

Harnessing renewable energy

In 2018, we began installing solar photovoltaic (PV) system on the roofs of our factories to reduce our reliance on conventional energy.

We have invested RM 11 million in PV system so far and there are projects in the pipeline to increase the capacity of our PV system as we expand our production floor and capacity.

We will continue to monitor and improve operational and energy efficiency.



Conclusions

- ✓ In 2021, our combined use of 4,690 MWh of solar energy saved over 2,999 tCO₂e.
- ✓ Since the installation of the PV system, our combined use of 13,317 MWh of solar energy saved over 8,509 tCO₂e.
- ✓ We will continue to seek ways to reduce our carbon footprint in line with the UN SDGs.

ENVIRONMENTAL **OPERATIONAL ECO EFFICIENCY**

2. EQUITABLE USE OF RESOURCES

Energy Management

Increasing the use of renewable energy

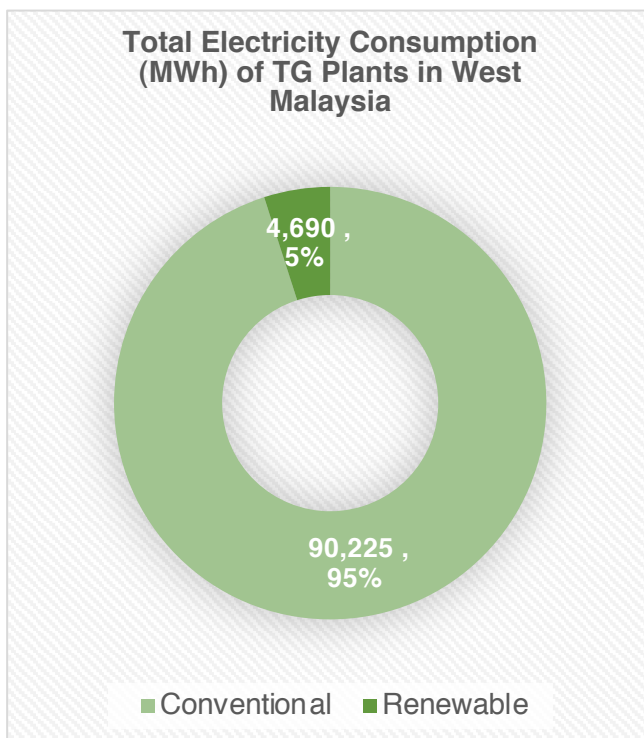
Objectives

- To increase the use of renewable energy to 10% for our stretch films & flexible packaging facilities by FY2025
- To support the growth of Malaysia's renewable energy

Our Sustainability Indicator



Exploring natural capital solution



We have subscribed to Green Energy Tariff (GET) Programme by Tenaga Nasional Berhad (TNB) since the first quarter of 2022. Consequently, we became the largest subscriber in Kedah and the top 10 in Malaysia.

GET electricity is from solar and hydro generators. **We are committed to subscribing to GET for 100% of our electricity requirement for all our polyethene plastic packaging plants in West Malaysia.**

Challenges of PV System as a source to achieve 100% renewable electricity.

- Limitations of available rooftop space
- Variability of energy output from the sun
- Quota allocation of solar capacity

This offers us a further reduction opportunities of our GHG emissions in line with our support of the Paris Agreement and our race towards Net Zero.

Conclusions

- ✓ In 2021, we achieved 5% renewable electricity consumption for TG's West Malaysia's production plants.
- ✓ We will continue to support the growth of renewable energy, optimise our operational efficiency and maximise renewable energy where possible.
- ✓ We will continue to monitor and explore new technologies that suit our operations to reduce our carbon footprint.

ENVIRONMENTAL **OPERATIONAL ECO EFFICIENCY**

2. EQUITABLE USE OF RESOURCES

Water Management

Managing & reducing our water consumption

Objectives

To reduce 10% of our FY2021-baseline water consumption per metric tonnes of production out in FY2025.

Our Sustainability Indicator



Our commitment

We are committed to undertaking the following actions where appropriate, continuously & progressively

- To assess our water usage to understand the extent to which we use water
- To formulate cleaner productions and consumptions strategy corporate-wide
- To evaluate & assess the need to invest in wastewater treatment facilities
- To invest in & use new technologies to reduce our water consumption



Conclusions

- ✓ FY2021 baseline data: 1.96 cubic metres per metric tonnes of production output (West Malaysia plastic productions plants).
- ✓ Our long-term goal is to reduce 30% of our FY2021-baseline water consumption per metric tonnes of production output by 2050.

Operational water footprint

Water is a critically important resource. Cutting water consumption reduces our utility costs and environmental impact. We have been cautious in managing our water consumption and practising a re-use approach in our daily operation.

To further improve our water management, we set a target for water consumption in FY2021 and committed to continuously reducing our water consumption.

We make efforts to conserve water resources by using water efficiently and preventing water pollution.

Our action plans

- Practise the re-use approach in our daily operation.
- Use of technology, i.e. rainwater harvesting system in one of the production plants to capture rainwater for re-use.
- Perform analysis to ensure the quality of discharged water complies with legislative requirements.
- Quantify our operational water footprint.
- Pledged to reduce our water consumption.

ENVIRONMENTAL **OPERATIONAL ECO EFFICIENCY**

3. WASTE MANAGEMENT & REDUCTION

Waste Reduction

Managing & reducing our production waste

Objectives

- To achieve zero plastic production waste by 2023.
- To achieve 25% PCR of total production output for local sales by 2025*.
- To achieve 10% PCR of total production output by 2030.

Our Sustainability Indicator

We continue to divert our waste from operations from going to landfills to reduce our environmental footprint. Our long-term waste management approach covers both internal and external waste management.

**Internal waste management****Post Industrial Plastic Waste (PIW)**

We monitor our daily plastic production waste in our continuous effort to reduce in-house plastic production waste. The production manager will investigate if the plastic production waste percentage exceeds the internal threshold set.

We aim to achieve zero internal plastic production waste by 2030. This means 100% of our industrial waste will be turned into PIR resins. It is achieved by recycling our plastic production waste back into the production process.

Our actions plans

- Have a dedicated team to oversee the internal waste management process.
- Segregate plastic production waste by grade, type and colour to control the quality of our PIR resins.
- Report the output and consumption of PIR resins weekly.
- Invest in recycling machines to enhance our recycling capabilities.

Other waste

- Hazardous waste (disposed off by licensed hazardous waste recycling operators)

- Non-hazardous waste (non-regulated waste such as metal, paper will be disposed off to waste collectors)

We channel the money collected through non-hazardous waste disposal into CSR activities and staff welfare.

It is in our culture to adopt TG GREEN practices. As such all employees strive to reduce, reuse and recycle our non-hazardous waste to divert them from landfills.

In FY2021, we have converted 481 MT of post consumer wastes into green products.

ZERO Production Plastic Waste by 2023.

* This is in line with the national target published by KASA (Kementerian Alam Sekitar Dan Air) in Malaysia Plastics Sustainability Roadmap 2021 – 2030.

ENVIRONMENTAL **OPERATIONAL ECO EFFICIENCY**

3. WASTE MANAGEMENT & REDUCTION

Waste Reduction

Increasing our efforts through repurposing & recycling

Objectives

- To achieve zero plastic production waste by 2023.
- To achieve 25% PCR of total production output for local sales by 2025*.
- To achieve 10% PCR of total production output by 2030.

Our Sustainability Indicator



External waste management

Post-Consumer Plastic Waste (PCW)

Our RE:USE program helps turn our customers' plastic waste into recycled resins with our recycling capacity and know-how. It gives our customers' plastic waste a purpose again while allowing us to close the loop together. It is a crucial step in our goal of a circular economy.

Handling PCW comes with immense challenges, but we support the use of post-consumer resin (PCR) for greener results. Our ambition toward industrial plastic circularity is incomplete without formulating and successfully executing our strategies for handling PCW.

We aim to use 10% PCR, whether purchased or through our RE:USE programme, in our total plastic production output by 2030.



RE:DO is our internal **RECYCLING PROGRAMME** where we turn stretch films waste into recycled plastic bags, giving their lifecycle purpose once again.



RE:USE is our external **REPURPOSING PROGRAMME** where we take in post-industrial and post-consumer plastic wastes to turn them into recycled resins.



RE:DUCE is our internal initiative to reduce wastage. Some efforts include

- Reusing film cores
- Repurposing excess films into smaller rolls
- Reducing the size of the paper core

Conclusions

Internal Plastic Waste:

- ✓ We achieved significant results in our PIR resins consumption and are on track to achieve our FY2023 target.
- ✓ In FY2023, we aim to achieve zero production plastic waste

ENVIRONMENTAL **OPERATIONAL ECO EFFICIENCY**

4. PRODUCT STEWARDSHIP

Life Cycle Assessment

Conservancy through the study of the environmental impact of our products

Objectives

- To conduct LCA for our stretch film products in FY2021.
- To increase the LCA coverage of our stretch film products to 70% by 2025.
- To achieve 30% LCA coverage for other plastic packaging products by 2025.

Our Sustainability Indicator



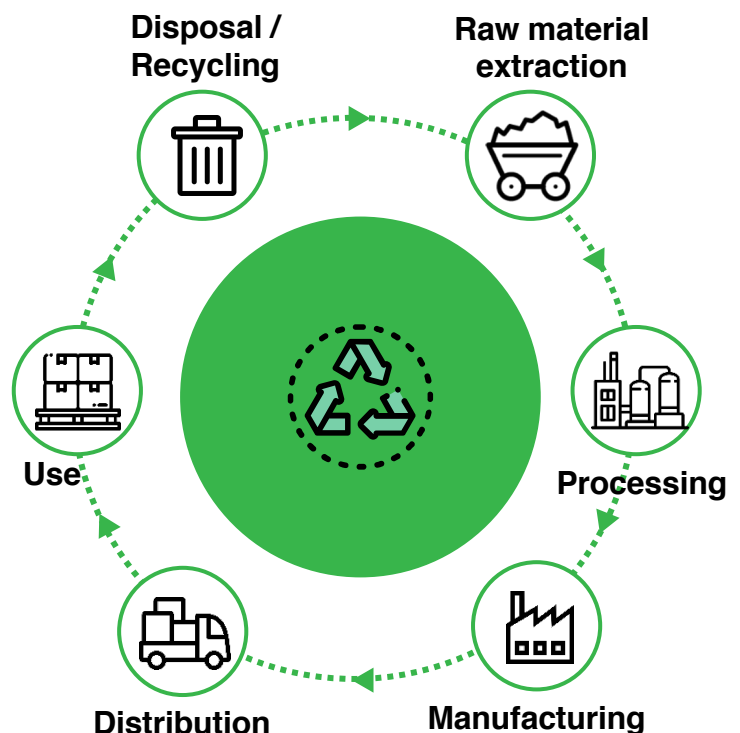
Product stewardship through Life Cycle Assessment (LCA)

We are collaborating with SIRIM Berhad to conduct an ongoing LCA for our stretch film division in compliance with ISO 14044 (Environmental Management – Life Cycle Assessment) to evaluate the environmental impact of our products.

We proactively seek evaluation and comments from suppliers and customers for improvements throughout the lifecycle of our products.

We begin conducting LCA in FY2021. The efforts have achieved 57% LCA coverage by stretch films production volume.

LCA Framework



Conclusions

- ✓ In FY2021, we have arrived to a total of 57% LCA coverage for our stretch films.
- ✓ We will continue to run the LCA with selected partners to achieve our total coverage targets, expanding the efforts to all plastic packaging products.

ENVIRONMENTAL CIRCULARITY

1. RECYCLING

Green Competency

Driving plastic circularity through internal recycling

Objectives

- To increase PCR capabilities & resins output volume of TGS
- To improve the formulation of recycled resins beyond 50% recycled content
- To contribute 15% of the plastic packaging division's total revenue for low carbon products (at least 30% & above recycled content) by 2025

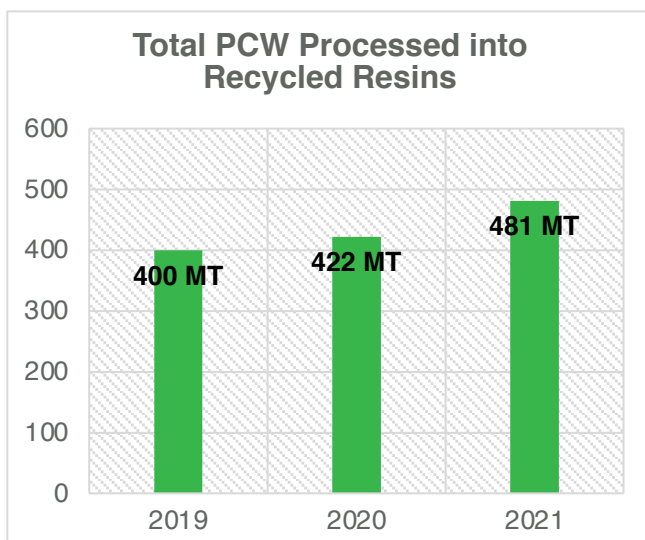
Our Sustainability Indicator



TGSH Plastic Industries



TGSH Plastic Industries Sdn. Bhd. (TGSH) is our internal recycling plant since 2011. In FY2021, TGSH recycled about 481 MT of post consumer waste into green products.



As a plastic packaging manufacturer, we know the challenges of plastic circularity. We believe recycling is one of the practical solutions to address these issues. We focus on driving changes of our stakeholders' perception towards recycling.

Our Focus & Commitment

In FY2021, we increased our sharing to educate our Stakeholders (employees, suppliers and customers) on recycling the importance of plastic circularity.

Customers

- Encourage our customers to consider high recycled content products (30% & above) or low carbon products.
- The sales team conducted briefings & meetings with customers to promote the green features of our products.
- We increased the awareness among our customers on their role to minimise environmental impact by supporting environmentally friendly products.
- We provided data & evidence-based test results by Newton R&D Centre to assure our customers of the quality performance of our recycled packaging.
- We quantified our sustainability commitment through green certificates, ISCC Plus & GRS.

ENVIRONMENTAL **CIRCULARITY**

1. RECYCLING

Green Competency

Driving plastic circularity through internal recycling

Objectives

- To increase PCR capabilities & resins output volume of TGS
- To improve the formulation of recycled resins beyond 50% recycled content
- To contribute 15% of the plastic packaging division's total revenue for low carbon products (at least 30% & above recycled content) by 2025

Our Sustainability Indicator



TGS Plastic Industries

Transparency in our bookkeeping is vital to our commitment to our stakeholders. Creating the demand for recycled content products will contribute to the recycling industry and UN SDG 12 – Responsible Consumption and Production.

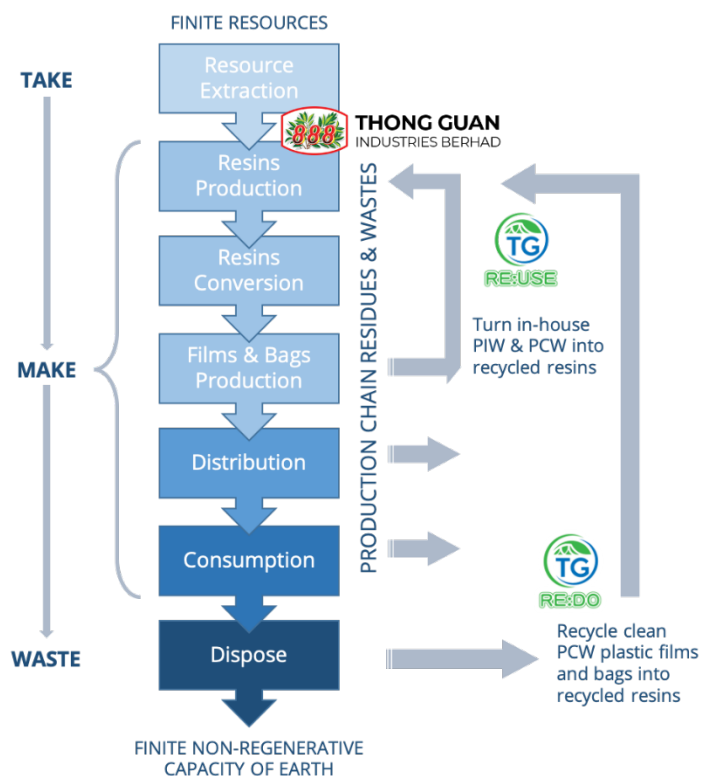
Suppliers

- To continue establishing solid partnerships with suppliers that share the same value & ethical business conduct.
- Our cartons and paper cores are 100% sourced from recycled material.

Employees

- To continue strengthening & encouraging our employees To improve internal waste management.
- To continue integrating recycling & effective waste management into our day-to-day operations.

Thong Guan strives to close the loop through internal recycling initiatives.



Conclusions

- ✓ Invested a total of RM 3.3 million in recycling machines since 2016.
- ✓ In FY2021, we streamlined our in-house recycling process to minimise contamination of the manufacturing waste, which are for instance from side trims or rejects. In doing so, we will have better control in ensuring the quality of our recycled resins.

ENVIRONMENTAL CIRCULARITY

2. GREEN CERTIFICATIONS

Justifiable Sustainability

Quantifying & qualifying our recycling competency

Objectives

- To seek respectable green agencies and policymakers for guidance and advice in quantifying our green efforts
- To obtain necessary green certificates that will also help our stakeholders in quantifying and achieving their sustainable goals

Our Sustainability Indicator



Walking the talk

In FY2021, we began the process of getting certified based on two globally recognised standards. The aim is to solidify our commitment towards sustainability while helping our customers in achieving theirs.

ISCC PLUS Certificate

- Officially rewarded with an ISCC Plus certificate in December 2021.



- ISCC Plus certified products is a proof of successfully audited production processes to achieve sustainability.
- It means, behind the scenes, our engineers took the painstaking process of calculating GHG emissions and savings of the materials used in the products from source to market.

Conclusions

- ✓ Identified ISCC & GRS as the standards to pursue & obtained ISCC PLUS & GRS certificates.
- ✓ Voluntarily disclose our product's GHG emissions under ISCC PLUS.

ISCC PLUS Certificate

Certificate Number: ISCC-PLUS-Cert-DE105-88248601

Control Union Certifications Germany GmbH
Dorotheastr. 30, D-10318 Berlin, Germany

certifies that

TG Plastic Technologies Sdn Bhd
Kawasan Perusahaan Sungai Petani Plot 51, Plot 48, 51 53 Jalan PKNK 1/6, 8000 Sungai Petani
MALAYSIA

complies with the requirements of the certification system

ISCC PLUS
(International Sustainability and Carbon Certification)

Place of the audit
(if different from the legal address of the system user as stated above; only applicable for traders and traders with storage):
n.a.

This certificate is valid from 23.12.2021 to 22.12.2022.

The site of the system user is certified as:

Plastic waste processor

The scope of the certificate includes the following chain of custody options:
(not applicable for paper traders)

Mass balance

Berlin, 23.12.2021

Place and date of issue

CUC Germany GmbH
Dorotheastr. 30, D-10318 Berlin
Tel: +49 (0) 30 509 69 88 - 0
Fax: +49 (0) 30 509 69 88 - 88

Stamp, Signature of issuing party

The issuing Certification Body is responsible for the accuracy of this document.
Version / Date: 1 (no adjustments) / 23.12.2021

ENVIRONMENTAL CIRCULARITY

2. GREEN CERTIFICATIONS

Justifiable Sustainability

Quantifying & qualifying our recycling competency

Objectives

- To seek respectable green agencies and policymakers for guidance and advice in quantifying our green efforts
- To obtain necessary green certificates that will also help our stakeholders in quantifying and achieving their sustainable goals

Our Sustainability Indicator



GRS Certificate



- TG's flexible packaging division rewarded with GRS certificate for recycled products, resins, and processes.
- The certification provide our customers with a tool to make informed decisions regarding purchasing our products.
- We have an aligned definition of what recycled content constitutes across multiple applications, enabling our clients to use the same system for their quantification.
- The recycled content, which is the input materials in our products, is trackable, traceable, audited and formally verified.
- We can manage any traceability risks better with the certification of our management systems or products.
- Improve our stakeholder communication with measurable results.
- Reduce the harmful impact of our production processes on the people and the environment.
- Assure our customers that the materials in our final product are truly recycled and processed more sustainably.
- We are driven to address any quality issues in the use of recycled materials.

Conclusions

- ✓ Identified ISCC & GRS as the standards to pursue & obtained ISCC PLUS & GRS certificates.
- ✓ Voluntarily disclose our product's GHG emissions under ISCC PLUS.

ENVIRONMENTAL CIRCULARITY

3. PRODUCT INNOVATION

#LoopClosers

Closing the loop with 30% recycled machine films

Objectives

- To continue innovating high recycled content stretch films with quality performance consistency
- To continue research & development for environmentally friendly products & initiatives

Our Sustainability Indicator



Introducing #LoopClosers

In FY2021, we began expanding our recycled stretch film products. The series of products innovated with high-recycled content are categorised under #LoopClosers. The aim is to offer more sustainable products for our customers, helping them achieve their sustainable goals together.



NanoGreen, Reimagining Recycling

In line with the market demand and UK Plastic Packaging Tax 2022, we launch nano stretch films containing 30% recycled content—NanoGreen to reduce the reliance on virgin materials.

NanoGreen is a 15- μ m high-quality recycled machine film with 30% post-industrial waste. With the features of thin and high recycled content, our customers can go greener while enjoying the benefits of the high containment force needed to protect their goods—further reducing waste from damage goods.

Designed to help our customers to achieve sustainability goals, **the CO₂ emission of NanoGreen is at least 20% lower compared to conventional stretch film.** It also promotes load safety with consistent film thickness that prevents easy snapping.

Features Highlight

- Traceable 30% recycled content with green reporting (ISCC Plus)
- Achieve optimum wrap with higher holding force
- Load stability & integrity reduce waste from damaged goods
- Relatively cost efficient compared to virgin plastic material
- Build for sustainability without sacrificing properties of stretch film
- No easy snapping with highly consistent film thickness

ENVIRONMENTAL CIRCULARITY

3. PRODUCT INNOVATION

#LoopClosers

Closing the loop with hand rolls option

Objectives

- To continue innovating high recycled content stretch films with quality performance consistency
- To continue research & development for environmentally friendly products & initiatives

Our Sustainability Indicator



Bolt & FlexLite30—making sustainability possible even for hand wrapping



Bolt is a fatigue fighter designed to solve consistency issues for hand wrapping. It gives our customers peace of mind from film snapping, which leads to more wastage.

The film dispenser now comes with a sustainable options—FlexLite30, a pre-stretched film with 30% recycled content. Further strengthening our aspirations to enable our customers to achieve their sustainability goals even for hand wrapping.



ENVIRONMENTAL **CLIMATE POSITIVE**

1. GREEN IMPACT

Green Product Design

Reducing carbon footprint through nano technology

Objectives

- To continue innovating high recycled content stretch films with quality performance consistency
- To continue research & development for environmentally friendly products & initiatives

Our Sustainability Indicator



Nano Series:

Reducing film thickness without compromising functionality performance

We are one of the first few manufacturers promoting nanotechnology in multi-layered stretch film. One of the most excellent benefits of nano stretch film is that it can reduce the thickness of the film while retaining a strong holding force on the wrapped pallet. Decreasing thickness also means consuming fewer materials and energy, making it more environmentally friendly.

NANO Trusted

Our polyethylene stretch film has been assessed and fulfilled the requirements of NANOTrust Scheme. This means, our Nano55 series and Nano33 series are certified nano under NanoVerify Programme and NanoTrust Scheme respectively.



ENVIRONMENTAL **CLIMATE POSITIVE**

1. GREEN IMPACT

Green Product Design

Reducing carbon footprint through more savings

Objectives

- To continue innovating high recycled content stretch films with quality performance consistency
- To continue research & development for environmentally friendly products & initiatives

Our Sustainability Indicator

Downgauging starting with Maxstretch

Our downgauging initiatives started in 2008 when we launched the Maxstretch series. Despite being the market leader in thin-film manufacturing back then, we did not stop where we were but continued to explore and invest in new technology to optimise the best packaging solution for our customers. Subsequent products that follows are designed and produced with downgauging in mind, such as Guardian, Nano33, and Nano55.

Get Greener with Data

Newton was also set up to support this mission by providing neutral, evidence-based data on our film's performance and selecting the optimum wrapping film for our customers. *Get Greener with Data* is Newton's motto.

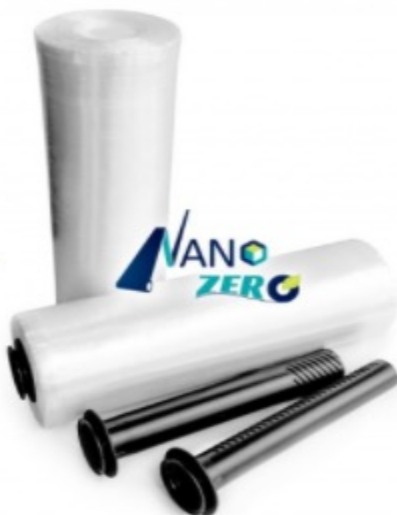
Get Greener with Data is an approach to achieve sustainability through testing, data collection, analytics and optimization based on evidence-based data.

Nano Zero lets you use to the last metre

We also constantly review the design of our products. Our initiatives, including launching Nano Zero. We optimise resources and move towards responsible consumption and production to do away with paper cores that usually come with conventional stretch films.

Nano Zero is coreless. The savings made from eliminating paper waste and the residual film leftover on throwaway cores could easily range between 10% to 15% of the product.

It is cost-effective in saving on paper core, shipping costs due to additional core weight, and hassles of disposing of the paper core. We estimated about 57.6 kg of the paper core is eliminated for a pallet of Nano Zero.



ENVIRONMENTAL **CLIMATE POSITIVE**

1. GREEN IMPACT

Sustainability Through Data

Optimising performance to achieve greener impact

Objectives

- To lower our environmental impact through stringent quality and sustainability standards
- To help our customers achieve sustainability through packaging optimisation solutions that reduce cost of wrapping, product damages, road accidents, wastage & GHG emissions.

Our Sustainability Indicator



We design, develop, and deliver products that adhere to stringent quality and sustainability standards to lower our environmental impact. Newton Research & Development Centre Sdn. Bhd. started in 2015 with the end in mind to achieve sustainability by providing packaging optimization solutions that reduce wrapping costs, product damages, road accidents, wastage, and GHG emissions.

Safe & Stable Load Reduce Risk of Road Accidents

In Newton, our state-of-the-art simulators test palletised load stability and integrity in real-world scenarios, including possible phenomena on road, rail sea and air, and transportation movement. Our global standards lab simulation tests assure our customers that their palletised load can survive the long journey, even with potential incidents in-transit or in-situ. Reducing the risk of road accidents also helps reduce transportation-related road fatalities, which is vital to our mission.

Conclusions

- ✓ Newton continues focus on cargo safety & ensure our stretch film quality safe for transportation
- ✓ Collaborated with customers & suppliers to promote load stability & safety in minimising accidents & wastages during transportation
- ✓ Our executive director was the speaker in a webinar organised by ExxonMobil to promote the "Cargo Safe" concept in China.

Deliver Goods Undamaged

The hidden cost of damaged goods impacts not just businesses but also the environment. When the palletised goods of shipments and cargos are not appropriately secured, it means high risks of wastage, from unnecessary use of packing materials to damaged goods, which leads to costs to businesses and the environment. It also means the handling of damaged products is a waste of resources, such as additional fuel to return the rejects, replacement of new products and unnecessary need for more work hours, production operations, and documentation.

We advocate designing products and packaging with product transportation taken into consideration. We continually explore and provide optimal packaging solutions for palletised loads to ensure a better, greener and safer world.

We are a member of EUMOS, the European Safe Logistics Association, an association devoted to improving safety throughout the logistics chain.

Social

Empowering our people & the communities

HUMAN RIGHTS PROTECTION

Scope & Strategies:

1. Equal Rights to Work & Education
2. Diversity & Inclusion

We assess & address our human rights risk & impact per internationally accepted guidelines and best practices, i.e. SMETA.

Targeted Output:

- To improve our business practices & the working conditions in global supply chain.
- To certify our major manufacturing plants in Malaysia as Sedex members by 2025.

HEALTH & SAFETY

Scopes & Strategies:

1. Business Continuity
2. Safe & Conducive Workplace

We benchmark our workplace safety & health practices with internationally accepted guidelines and best practices, i.e. ISO 45001:2018.

Targeted Output:

To achieve 100% ISO 45001:2018 certification for all our factories by 2025.

OUR SOCIAL GOALS

SOCIAL CONTRIBUTION

Scope & Strategies:

1. CSR
2. Education
3. Underprivileged Community

- Provide aid & relief to the poor, aged, sick, old, disabled, orphans & victims of violence & abuse.
- Support & assist in the welfare of local communities.
- Support projects relating to environmental sustainability.

Targeted Output:

To be an active participant in creating a sustainable and caring society.

HUMAN CAPITAL DEVELOPMENT

Scope & Strategies:

1. Employee Engagement
2. Talent Development
3. Leadership & Legacy

We invest in our workforce by providing training to our employees.

Targeted Output:

- To increase training hours by 10% in FY2023 and 30% by FY2025.
- To develop a succession plan for key leadership positions to mitigate key person risk.

SOCIAL HUMAN RIGHTS PROTECTION

1. EQUAL RIGHTS TO WORK & EDUCATION

Equal Opportunities

Protecting our people on their rights

Objectives

To continuously achieve zero incidents of unfair employment, violation of labour law, unfair harassment and unlawful discrimination practices in short term (by 2025), mid term (by 2035) and long term (by 2050)

Our Sustainability Indicator



Workplace human rights

TG respects the human rights of all its workers and supports the local communities. A primary subsidiary of TG passed the SMETA audit in 2021, while other business units have taken the initiative to get SMETA accreditation or its equivalent to ensure no human rights violations across the organisation. In 2021, we also started to engage with our suppliers on their commitment to addressing human rights issues.

Sedex Member Ethical Trade Audit (SMETA)



SEDEX is a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in the global supply chain.

SMETA (Sedex Members Ethical Trade Audit) is the most widely used social audit globally. SMETA is Sedex's social auditing methodology, enabling businesses to assess their sites and suppliers to understand working conditions in their supply chain.

Equal rights to work & education

Our practice is always basing employee performance on a merit system, regardless of language, culture, age, gender, ethnicity or nationality.

We provide equal training and promotion opportunities to all employees, including migrant workers. There is clear evidence of our practice with certain long service migrant workers being promoted to supervisory level.

Our Policy On Human Rights Practices

We embrace the following to ensure the rights of our employees are always respected and fulfilled. We do so regardless of who they are or where they come from.

- Provide a workplace free of discrimination and harassment;
- Prohibit child labour and forced labour;
- Zero tolerance for discrimination, physical and sexual violence
- Provide fair and equitable wages, benefits and other conditions of employment per local laws
- Provide safe working conditions
- Respecting workers' right to freedom of association

Conclusions

FY2021, we observed

✓ ZERO incident of unfair employment, violation of labour laws, harassment, child and forced labour

SOCIAL HUMAN RIGHTS PROTECTION

2. DIVERSITY & INCLUSION

Welcoming Workplace

Embracing differences for the greater good

Objectives

To continuously achieve zero incidents of unfair employment, violation of labour law, unfair harassment and unlawful discrimination practices in short term (by 2025), mid term (by 2035) and long term (by 2050)

Our Sustainability Indicator



Diverse & inclusive workplace

Diversity and inclusivity are our core focus for maintaining a sustainable workplace. We understand that by embracing people regardless of who they are, where they come from, and what they believe in, we can achieve extraordinary work results. Diversity sparks innovation, improves collaboration, makes better decisions, attracts new talents, and boosts profitability. But above all, it is our respect towards everyone as human, and we respect what they bring to the table, not who brought it.

A diverse workforce is essential for continued innovation, a growth mindset and sustained business growth.

As a diverse and inclusive organisation that continues to seek differences in opinions, viewpoints and ideas, we do not discriminate based on language, culture, age, gender or nationality and offer employees promotions and rewards based on merit.

From the outset of our recruitment activities, we demonstrate our commitment to diversity and inclusion. When we hire internally and externally, we search for a diverse pool of candidates based on individual qualities. Diversity is also a key focus in succession planning.



Our Diversity & Inclusion Framework

We embrace employees from different ethnicities, cultures, nationalities and educational backgrounds. Our framework, comprising five core strategies, ensure the practice of diversity and inclusion throughout our organisation.

Conclusions

- ✓ FY2021, we observed ZERO incidents of unfair employment, violation of labour laws, unfair harassment, and child and forced labour
- ✓ FY2021, we employed 5 employees with disabilities and 25 interns

SOCIAL HUMAN RIGHTS PROTECTION

2. DIVERSITY & INCLUSION

Women Leadership

Advancing gender justice & equality for furthering economic, social and environmental progress

Objectives

- To set FY2021 women leadership as the baseline benchmark
- To include women board members by FY2023
- To achieve 50% women leadership by FY2025

Our Sustainability Indicator



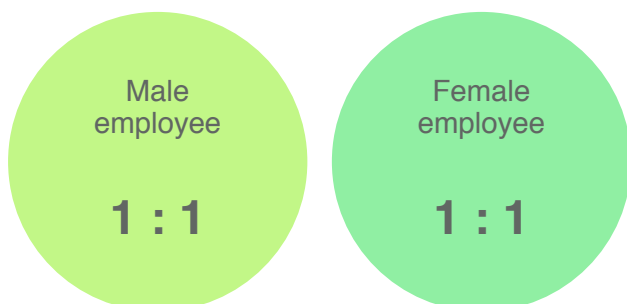
The power of women leadership

We know that women are powerful agents of change. The far-reaching benefits of diversity and gender parity in leadership and decision making are increasingly recognised everywhere.

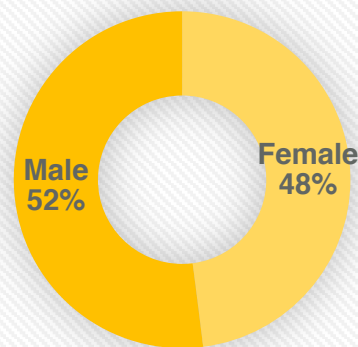
In Thong Guan, we recognised people by their talents and ability to hold leadership position and not by gender. In FY2021, we have 48% of women in our management team. They held positions of section and departmental heads.

35% of our global workforce are female employees as at 31 Dec 2021.

Employee entry level wage to minimum wage ratio



Women Leadership Distribution in TG in FY2021



Board Diversity

Under the Malaysian Code of Corporate Governance, the board should at least comprises 30% of women directors. Currently, Thong Guan does not have a female director, and we recognise the importance of board diversity, and board decisions should consider diverse perspectives and insights.

The board must ensure to include suitable women candidates in our board election moving forward.

Conclusions

- ✓ We have 48% women leaders in Thong Guan. We target to increase the women leaders to 50% by FY2025
- ✓ There are currently no women Board Members. We will include suitable women candidates in board election moving forward

SOCIAL **HEALTH & SAFETY**

1. BUSINESS CONTINUITY PLAN

Covid-19 Pandemic

Protecting our people through business continuity plan

Objectives

To ensure business operations continue while our people are safe and protected from the adverse effects of Covid-19 pandemic, such as contracted virus, pay cut, loss of job and others that will affect their well-being

Our Sustainability Indicator



The COVID-19 pandemic incurred significant disruptions to businesses globally in 2020 & 2021. The impacts exempted no industry—from protecting employees extensively to compromised supply chains, costs fluctuations, and raw materials shortages. It tested our ability at all levels to manage the well-being of our employees and surrounding communities.

Business continuity

The management team closely monitors our response to COVID-19. They work closely with all Business Unit Heads to address operational and tactical issues. We closely follow the rules of local governments of the countries we operate in and offer ongoing communications across the organisation and to our stakeholders, providing updates on developments, impacts, and solutions related to our plants, people, and business. We are proactively communicating with partners, suppliers and our customers to avoid disruption during this period.

Employee care

Protecting the health and safety of our employees is our number one priority. We have taken steps to keep our employees safe, including safeguarding sites, providing PPE to employees and ensuring SOP compliance with local authorities. We implemented the "Work from Home" policy during the MCO period. Additionally, regular emails provide guidance together with preventive measures for employees. We educate our employees on vaccination and provide transportation to vaccine center. Our employees are fully vaccinated by Oct 2021.



Business continuity planning

Our primary goal for business continuity planning is to allow business operations to continue under the adverse condition of Covid-19 pandemic while ensuring the safety of our people. When business continues, the wellbeing of our people is protected as well.

SOCIAL **HEALTH & SAFETY**

2. SAFE & CONDUCTIVE WORKPLACE

OHS System for the People

Ensuring our workplace is safe & conducive

Objectives

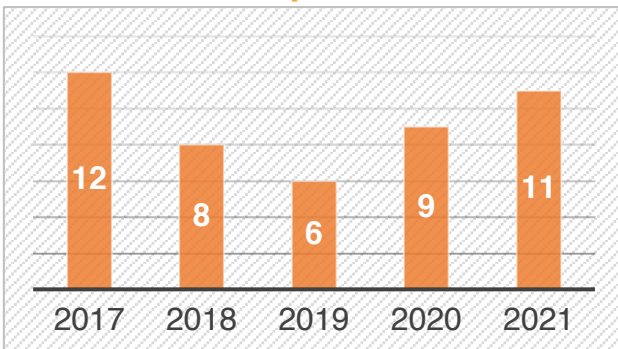
- To continue to achieve zero fatality in coming years
- To facilitate employees' wellbeing through a safe and conducive workplace

Our Sustainability Indicator



Safety and health at work are paramount for our workforce and operations. We are proud to be a responsible operators maintaining our duty of care for the environment and our employees, and we routinely go beyond minimum legislative requirements. Our well-established Occupational Health and Safety (OHS) system ensures that everyone understands their responsibility in providing a safe work environment and maintaining safe and healthy habits daily within our business.

Number of workplace accidents



Summary of major workplace accidents (with medical leave > 2 days) were published in our group's employee intranet to serve as a reminder to all employees on the importance of carefulness in their daily operations. Investigations were conducted to find out the root cause and allows us to take precautionary measures to prevent it in future.

We also improving on our accident reporting channel so that accident will be reported on promptly basis.



Process safety

In addition to prioritising workforce safety, we ensure that our plant's infrastructure and equipment are regularly maintained and tested to meet international health and safety standards. This reduces the risk of safety incidents, improves efficiencies and helps us avoid potential incidents, many of which can have significant adverse social and environmental implications.

We also provide occupational health services, including medical surveillance tests and audiometry. We outsource this work to external providers to support employees' health efforts.

Conclusions

- ✓ Zero fatality in FY2021
- ✓ Investigations were conducted on major accidents

SOCIAL **HEALTH & SAFETY**

2. SAFE & CONDUCTIVE WORKPLACE

OHS System for the People

Ensuring our workplace is safe & conducive

Objectives

- To continue to achieve zero fatality in coming years
- To facilitate employees' wellbeing through a safe and conducive workplace

Our Sustainability Indicator



Employee well-being

Offering employees, a well-designed and comfortable work environment is integral to our commitment to investing in our workforce. This includes providing well-ventilated offices and noise pollution according to applicable regulations.

We appreciate that diverse roles require different working hours, routines and approaches. The production process, for example, involves shift and rotation work that offers less flexibility. Our site supervisors are empowered to discuss individual needs to balance work and rest and are expected to respond appropriately.

During the COVID-19 pandemic, many of our employees were given the option of working from home. We provided face masks to the employees. We conduct RTK Antigen testing on a biweekly basis according to requirements. We educate our employees on vaccination and provide transportation to vaccine center. Our employees are fully vaccinated by Oct 2021.



While our overall performance regarding the management of COVID-19 has been excellent, it is with a heavy heart that we share the news of one colleague from Sungai Petani passing away in 2021. We provided moral and financial support to family members through this challenging period.

We also ensure adequate insurance and hospitalisation coverage for all workforce.



Conclusions

- ✓ Our employees are fully Covid-19 vaccinated by Oct 2021.
- ✓ All Thong Guan employees are insured with medical & hospitalisation coverage.

SOCIAL HUMAN CAPITAL DEVELOPMENT

1. EMPLOYEE ENGAGEMENT

Employee Engagement Model

Investing in our people

Objectives

To continue investing in our workforce by attracting, developing and engaging with our employees

Our Sustainability Indicator



Benefits of highly engaged employees

Highly engaged employee are essential for our business success and help us achieve and sustain our vision. We have open door policy of which the staffs are encouraged to share their issues with superiors. Weekly meeting are held between executive directors and leaders to discuss on operational matters and to provide solution and guidance.

Our Employee Engagement Framework

Our people are our most valuable assets. As such we invest heavily in our workforce. In our focus on employee engagement, we follow the guideline of our framework. The focus are on these six areas.



People & Culture

- Relationship with immediate supervisor/colleagues
- Corporate leadership
- Alignment with corporate vision & mission
- Fairness & respect
- Social & physical work environment
- Work & family balance
- Communication

Corporate Reputation & Practices

- Organisational performance & reputation
- CSR
- Processes & systems
- Organisational changes

Reward & Recognition

- Remuneration & benefits
- Job security
- Recognition

Work

- Resources
- Clarity of roles & responsibilities
- Goals & targets
- Employees empowerment

Industrial

- Rosters
- Accommodation
- Amenities
- Health & safety

Opportunities & Growth

- Career progression
- Training & development
- Interesting & challenging work
- Performance feedback

SOCIAL HUMAN CAPITAL DEVELOPMENT

2. TALENT DEVELOPMENT

Opportunities & Growth

Training & developing our people for progression

Objectives

- To continue investing in our workforce by attracting, developing and engaging with our employees
- To increase training hours by 10% in FY2023 and 30% by FY2025

Our Sustainability Indicator



Attract, develop and engage

People are a company's ultimate competitive advantage. We strive to attract, develop and engage our employees because our people's success is TG's success.

Attracting Talent

We continually attract qualified and talented personnel and nurture our workforce, so they are ready to take on new challenges. Our ambition is to facilitate the seamless integration of talent into the organisation and build our brand as an employer of choice.

Developing Talent

We encourage employees to adopt a growth mindset where learning is ongoing. There are different ways to learn and grow, depending on the development needs and an individual's learning style.

In Thong Guan, these are the learning styles we adopt.

- **On the job training and learning.** For example, taking on new challenges or stretched assignments
- **Growth through others.** For example, social and collaborative interactions and constructive feedback in a community, networks, peers, coaches and mentors
- **Formal learning.** For example, structured programmes and courses like training, online classes and readings

Each business unit and department need to submit an annual training plan to the human resources department to make necessary training arrangement. Employees can also discuss with their superiors to request additional training if required. We also have an education sponsorship programme for qualified employees.

We also recognised employees who have been with us through thick and thin by awarding them a long-service award.



Conclusions

✓ FY2021, we clocked 4,690 structured training hours for our employees

SOCIAL HUMAN CAPITAL DEVELOPMENT

3. LEADERSHIP & LEGACY

Organisational Success

Future-proofing our workforce

Objectives

- To identify suitable candidates for leadership positions to mitigate key person risk

Our Sustainability Indicator



Our people are our most valuable asset, and we invest heavily in our workforce. We focused on creating a strong leadership team with the right capabilities and experiences to drive our ambitions and achievements. We develop our people and reward strong performance through our career management strategies, learning and development opportunities, and access to resources.

Developing strong leadership

Leaders are important to set the culture of the company.

Our corporate values and philosophy are

- Driving excellence through innovation
- Fostering trust and confidence
- Cultivating a safer, better working world

As such, we ensure our leaders are aligned and can propagate the same cultural essence and values through their own ways.

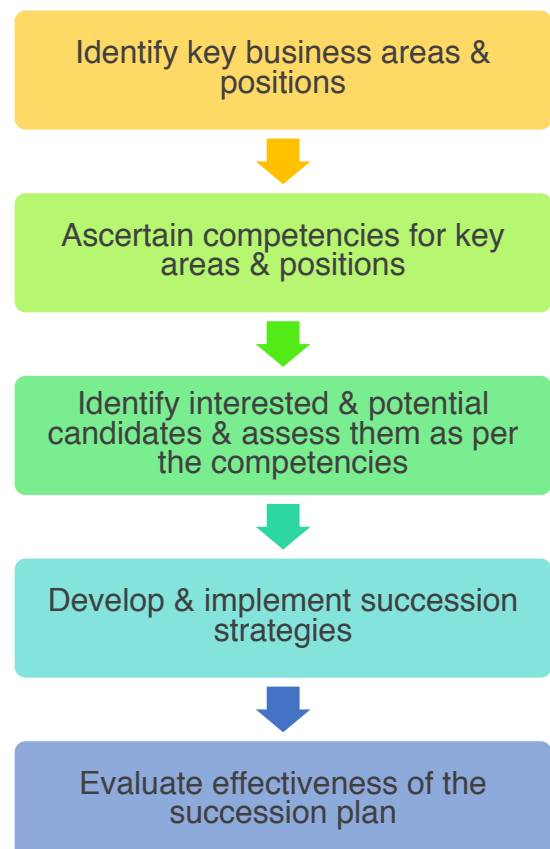
Conclusions

- ✓ The key leadership position succession planning for each department and business unit is in development.

Succession planning

A strong pipeline is critical to ensure sustained quality leadership and organisational success. We need a well-structured and consistent process to build a robust pipeline of competent candidates to fill the positions.

Therefore, we follow the succession planning process to identify key leadership positions to mitigate key person risk.



SOCIAL SOCIAL CONTRIBUTIONS

4. CORPORATE SOCIAL RESPONSIBILITIES

Giving Back

Helping others during hard times

Objectives

- To support families affected by the Covid-19 pandemic
- To support and collaborate with the government in providing help for Covid patients
- To contribute to the government in setting up vaccination centres

Our Sustainability Indicator



Contribution to society

To get through the COVID-19 pandemic together, we actively responded and supported our communities through CSR activities.



Adapting to the new normal

The world made significant progress in addressing the Covid-19 challenges, yet the disruptions still impact us on many levels.

From cancelled business travel to virtual meetings and investment in automation. We made efforts to support our employees working remotely.

We are proud of our employees and their commitment to our business continuity during this period. We all share the same value of contributing to society.

We offer our gratitude to everyone who helped safeguard the well-being of our employees and look forward to working alongside our partners, suppliers, customers and other stakeholders to continue delivering outstanding products and solutions that benefit society.

Conclusions

In FY2021, we

- ✓ Supported >400 people affected by Covid-19 by providing essential items to them through our F&B business unit
- ✓ Donated our pallets (converted into temporary bed frames) to Hospital Sultan Abdul Halim to ease the hospital bed shortages during the Covid-19 critical period
- ✓ Collaborated with Invest Kedah and MITI to set up PIKAS PPV centre



SOCIAL SOCIAL CONTRIBUTIONS

4. CORPORATE SOCIAL RESPONSIBILITIES

CSR Projects

Giving back to our communities in every way we can

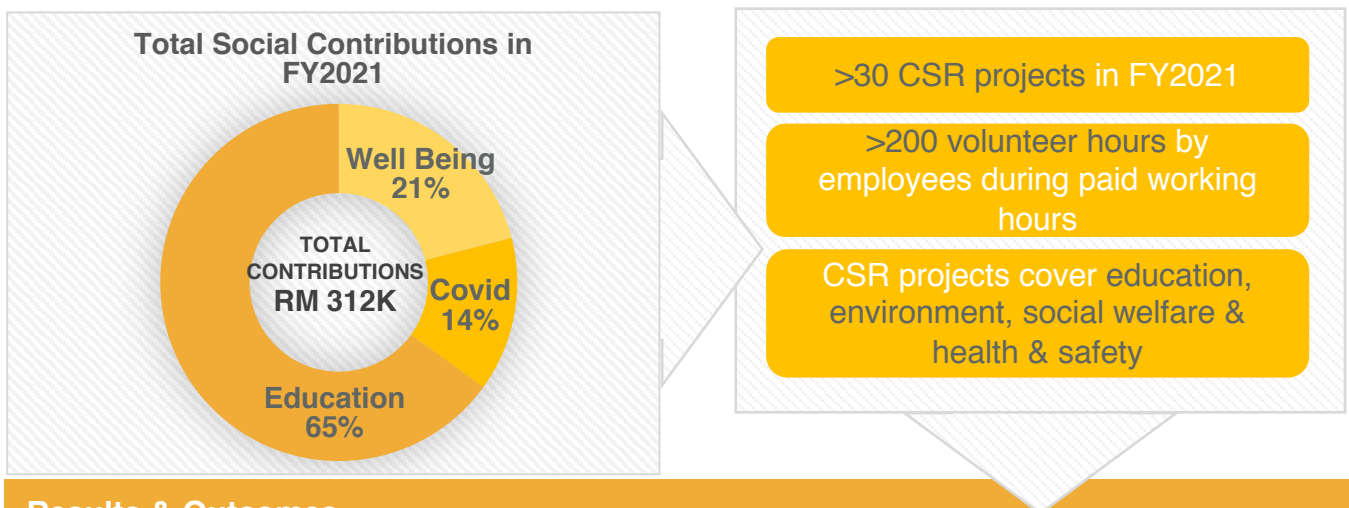
Objectives

- To fund for education through monetary contributions to schools and students
- To back selective agencies for green advocacies
- To collaborate with respective partners in providing safer solutions for the people & the environment

Our Sustainability Indicator



Our business has positively impacted the communities where we operate. We will continue to achieve sustainable social, environmental and economic value through our CSR initiatives. We also address major global community challenges by following the UN SDGs guidelines.



Results & Outcomes

Education

- ✓ >RM 200K monetary contributions to local schools to support needful students
- ✓ >500 paid working hours by TGIB to support staff on recycling and reducing carbon footprint education

COVID-19

- ✓ Supported >400 people affected by Covid-19 by providing essential items
- ✓ Donated our pallets (converted into temporary bed frames) to Hospital Sultan Abdul Halim to ease the hospital bed shortages
- ✓ Collaboration with Invest Kedah and MITI (Ministry of International Trade and Industry) to set up PIKAS PPV centre

Environment

- ✓ Collaborated with associations & government agencies to support the net-zero goal
- ✓ Supported MPMA's (Malaysian Plastics Manufacturers Association) initiatives on environmental issues, our executive director promotes sustainable plastic packaging as the speaker in MPMA Plastech Month 2021

Thong Guan Foundation

- ✓ In 2019, Thong Guan Foundation was established to provide assistance and relief to the poor, aged, sick, old, disabled, orphans and victims of violence and abuse.
- ✓ In March 2022, Thong Guan Industries Berhad sponsored RM1 million to Thong Guan Foundation to support the charity efforts of the foundation.

Governance

Effective, accountable & transparent

CORPORATE GOVERNANCE

Scope:

1. Board of Directors
2. Board Diversity

Strategies:

Have a strategic corporate governance structure

Value Creation:

To ensure the creation and protection of shareholders' value

ETHICS & TRANSPARENCY

Scope:

1. Business Conduct
2. Communication
3. Compliance
4. Anti-Corruption

Strategies:

Clearly defined process and procedures, Training and education, Open communication, Third party accreditation

Value Creation:

To build trust and confidence among stakeholders

OUR GOVERNANCE GOALS

SUSTAINABLE OPERATIONS

Scope:

1. Continuous Improvement
2. Performance Measurement

Strategies: Streamline all our strategies on a growth mindset that focuses on the People, Planet & Prosperity

Value Creation:

- To be a world-class sustainable plastic packaging manufacturer
- To double the group's revenue to RM 2 billion by FY2027

DIGITALISATION

Scope:

1. Automation
2. Efficiency
3. Timeliness

Strategies: Invest in technology and operational infrastructure

Value Creation:

- To build a culture of excellence that meet our stakeholders' needs and expectation
- To create an environment that supports employees' personal and professional development
- To encourage continuous learning

GOVERNANCE **CORPORATE GOVERNANCE**

Board of Directors

Leveraging on the invaluable assets of a strong & effective Board of Directors

Objectives

To have a good mix of committed board directors who are experienced & independent to provide corporate's oversight.

Our Sustainability Indicator



Good corporate governance creates a conducive business environment for long-term growth. Our efforts are underpinned by a board of directors elected to represent shareholders in providing strategic and independent oversight for the corporation's affairs, including corporate management, activities, policies, and more.

Board of Directors

In 2021, the Board comprised eight directors who met on four occasions, during which they approved the company's financial statements. The Board receives updates and reviews from internal and external experts on issues of importance to the company.

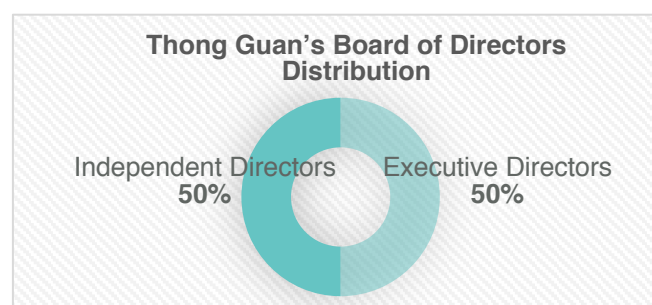
Sustainability governance

Sustainability-related topics fall under the purview of the executive committee, assisted by the risk management task force. Our executive director represents the executive committee in reporting the sustainability-related matters to the Board of Directors.

We led our sustainability framework from the top-down, and each level of our organisation holds its respective responsibilities.

Board of Directors

- Review the Group's sustainability matters and ensure business strategy considers sustainability; and
- Provide advice and direction of sustainability in the Group when necessary.



Management/ Risk Management Task Force

- Responsible for assessing and identifying material sustainability factors;
- Develop sustainability strategy and recommendation, and regular revision is in place;
- Undertake actions necessary to address sustainability concerns; and
- Oversees operating divisions in ensuring the robustness of the system of sustainability management.

Operating Division

- Support strategy implementation developed by the management to ensure sustainability objective is achieved;
- Ensure sustainability processes and controls are in place within its departments/functions; and
- Review and feedback on all measurements for improvement.

Conclusions

- ✓ 100% board meeting attendance

- ✓ 100% independent directors on audit, nominating & remuneration committee

GOVERNANCE **ETHICS & TRANSPARENCY**

Business Code of Conduct

Building deep trust among stakeholders of the company

Objectives

- To set ethical conduct expectations to all our stakeholders in ensuring fair business dealings

Our Sustainability Indicator**Ethics & transparency**

Thong Guan strives to uphold high ethical standards in all aspects of our business. Our **Business Ethics and Code of Conduct** set the ethical conduct expectation for our Group.

Thong Guan encourages employees and contractors to ask questions, voice concerns and report any alleged violations of company policies.

In addition to our open-door communication culture, we have the **Whistleblowing Policy**, providing an independent channel to offer more accessible, secure, and confidential reporting. We respect confidentiality, subject to legal requirements, and strictly prohibit retaliation against any employee for submitting concerns—audit Committee reviews reports of suspected violations concerning ethics and management integrity.

Our audit committee, comprising three independent directors, oversees accounting and internal control matters for the company, including compliance with legal and regulatory requirements. Thong Guan conducts quarterly internal audits and self-assessments to verify the effectiveness of our control system.

Anti bribery & corruption

In FY2021, we reviewed and updated our risk analysis in relation to anti bribery and corruption. Anti-corruption training was carried out in FY2021. Below is our anti-corruption and anti bribery data for FY2020 and FY2021.

Financial year	2020	2021
Number of corruption and bribery case	0	0
Political contribution made	0	0
Facilities payment made	0	0
Fines imposed in relation to corruption, bribery	0	0

Conclusions

- ✓ ZERO corruption & bribery cases, political contribution, facilities payment, and fines imposed in relation to corruption and bribery

GOVERNANCE **DIGITALISATION**

Digital Transformation

Improving efficiency, transparency & speed

Objectives

- To transform our internal processes, operations and systems into the digital age
- To enhance the timeliness of data update & transparency of our data recording system

Our Sustainability Indicator



INTERNAL FACTORS

- Strategy
- Risk Management
- Organisational Culture
- Transparency
- Production Operations
- Waste Management

EXTERNAL FACTORS

- Industry
- Supply Chain
- Customer
- Globalisation
- Demography



Digital transformation

Digitalisation in business helps us improve our operations' efficiency, making automation possible. It also helps us reduce human errors and operational costs.

We digitalised our production processes, including implementing Manufacturing Execution System (MES), a computerized system used in manufacturing to track and document the transformation of raw materials to finished goods.

Our digitalisation initiatives in FY2021 also include implementing the auto weighing system on the production floor and introducing a digital monitoring and reporting on waste management.

In 2022, we plan to upgrade procurement system with Robotic Process Automation (RPA) and Supplier Relationship Management (SRM) to promote timeliness and update of data and enhance the transparency of our data recording system.

Conclusions

- ✓ Implemented Manufacturing Execution System (MES) to track and document the transformation of raw materials to finished goods
- ✓ Automated the weighing system on the production floor
- ✓ Introduced digital monitoring and reporting on waste management

GOVERNANCE **SUSTAINABLE OPERATIONS**

Continuous Improvements

Ensuring our business thrive for the people, environment & economy

Objectives

To continue inculcating a growth mindset towards the growth of the company focusing on the People, Planet & Prosperity for the company's sustainability

Our Sustainability Indicator

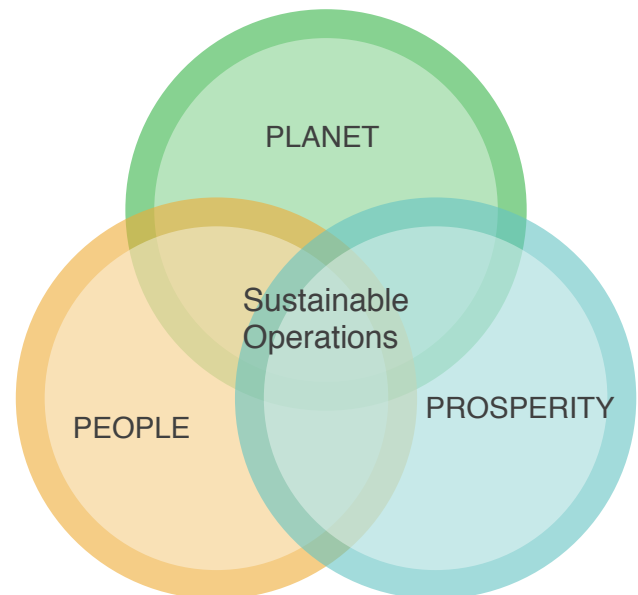


SOM & strategies

Our Sustainable Operations Management (SOM) drives the operational strategies of the company. They cover the procedures, processes, practices and systems we have initiated, created and delivered. In which are profitable for our business using the resources at our disposal while taking preservation of the nature and social environment into account.



Eleven Malaysian companies made it to Forbes Asia's Best Under A Billion 2021, which recognises 200 top performing publicly listed small and mid-sized companies in the Asia-Pacific region with less than US\$1 billion (RM 4.16 billion) in revenue and consistent top- and bottom-line growth.



Conclusions

- ✓ Despite the Covid-19 pandemic, our company still recorded an increase in revenue by 26.5% and PAT increase by 22.1%
- ✓ Paid 5.5 cents per share dividend to shareholders (total RM 21.1 M) to shareholders
- ✓ Paid RM 14.7 M tax to support the development of the countries where we operate
- ✓ Thong Guan Industries made into the list of Forbes Asia's Best Under A Billion 2021, one of the only eleven Malaysian companies.



Sustainability is a matter of survival for our company. That way, we can create a massive impact.