



THONG GUAN  
INDUSTRIES BERHAD  
199401038519 (324203-K)

FY2022 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 advocator.**

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



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# Introduction

## Closing the Green Chasm



### FY2022 Sustainability Highlights

- Continued #LiveGreen's ethos
- Introduced our IPAK5, a highly affordable IoT solution designed to help businesses have better visibility and traceability on packaging operations
- Rewarded an additional green certificate—GRS
- Our Newton lab was certified ISO 17025
- Started our water risk assessment at locations where we operate
- Saved over 2,855 tCO<sub>2</sub>e from the usage of solar energy
- Converted 548 MT of post consumer wastes into green products
- Received two significant awards, Sustainability Rising Star Award at the ACES Awards 2022 and The Star Export Excellence Awards

We are not your ordinary packaging solutions provider. Driven by our Board'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 advocate, 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 packaging solutions, and innovative green possibilities. We are committed to pursuing the path as a sustainability advocate 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 and export to 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



# 81

Years of Excellency



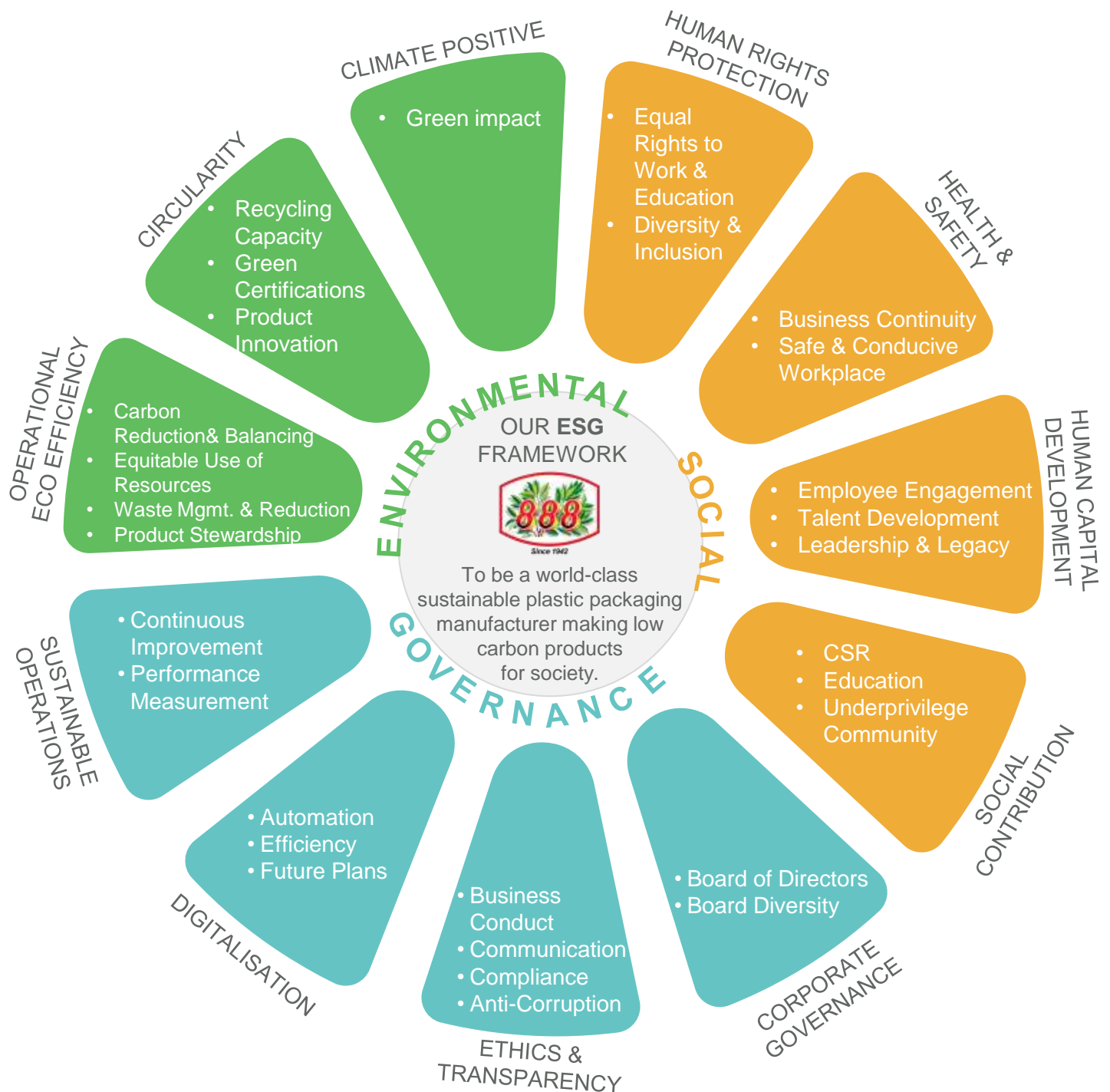
# 17

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

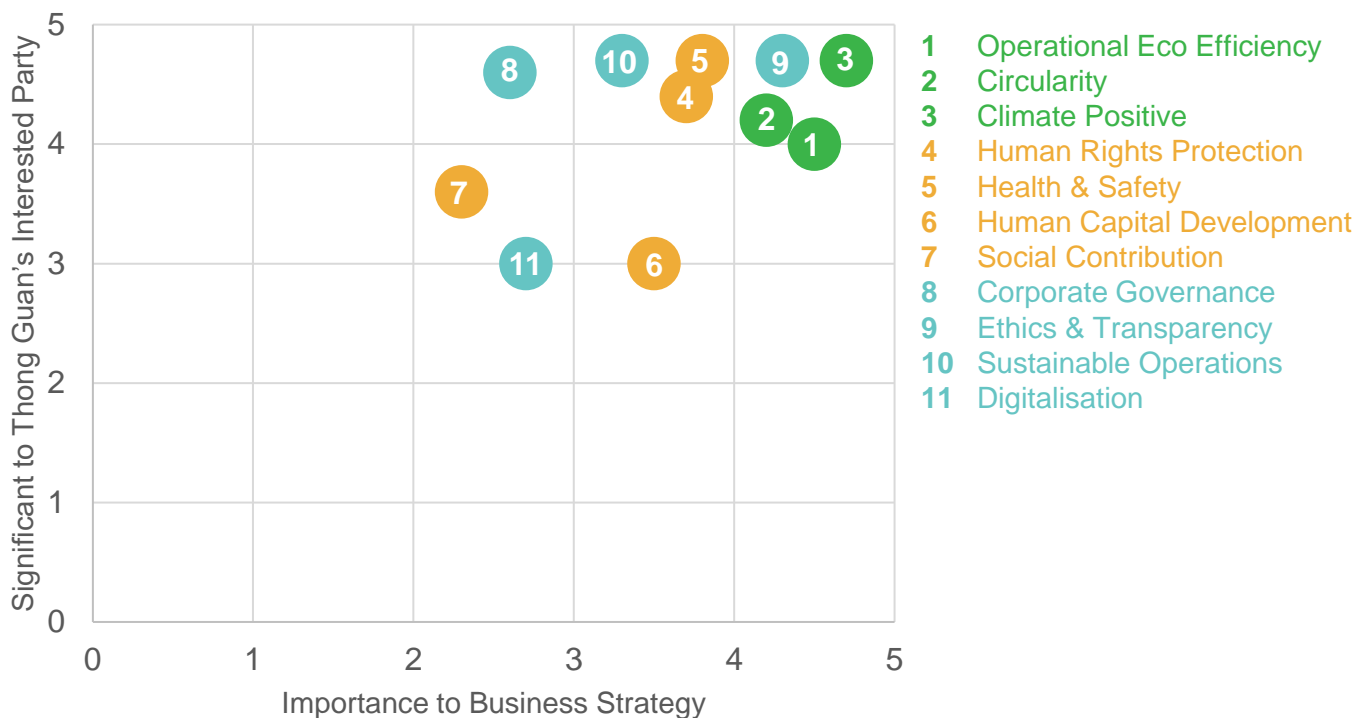
## Reporting Scope

We are proud to present our Sustainability Report for the financial year from 1 January 2022 to 31 December 2022 ("FY2022"). 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 in accordance to 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 FY2022, 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 2022.

STAKEHOLDERS	AREAS OF INTERESTS	METHOD AND FREQUENCY
<b>Bankers, Investors &amp; Shareholders</b>	<ul style="list-style-type: none"> <li>• Sustainable Operations</li> <li>• Ethics &amp; Transparency</li> <li>• Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly Financial Result</li> <li>• Annual General Meeting</li> <li>• Company Website</li> <li>• Annual Reports</li> <li>• Press Release</li> </ul>
<b>Customers, Suppliers &amp; Business Partners</b>	<ul style="list-style-type: none"> <li>• Operational Eco Efficiency</li> <li>• Circularity</li> <li>• Climate Positive</li> <li>• Ethics &amp; Transparency</li> <li>• Digitalisation</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction Survey/Supplier Evaluation</li> <li>• Customer Service &amp; Communication</li> <li>• Trade Fairs &amp; Frequent Site Visits</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Human Rights Protection</li> <li>• Health &amp; Safety</li> <li>• Human Capital Development</li> </ul>	<ul style="list-style-type: none"> <li>• Communications, through counselling &amp; memo circulation</li> <li>• Workplace Continuous Improvement Annual Performance Appraisal</li> <li>• Trainings &amp; Workshops</li> <li>• Employee Events, including outing and get together gathering</li> </ul>
<b>Regulators, Government &amp; Authorities</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Circularity</li> <li>• Climate Positive</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance &amp; Certification Exercises, including site visits and audits by authorities/certification bodies</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Social contribution</li> <li>• Circularity</li> <li>• Climate Positive</li> </ul>	<ul style="list-style-type: none"> <li>• Educational Site Visits</li> <li>• Community Outreach Programmes</li> </ul>
<b>Consultants (In the areas of business, finance, environment, social and governance)</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Ethics &amp; Transparency</li> <li>• Circularity</li> <li>• Climate Positive</li> <li>• Health &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Communications, through collaborations and engagement sessions with consultants</li> </ul>

# Environmental

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



ENVIRONMENTAL **OPERATIONAL ECO EFFICIENCY**

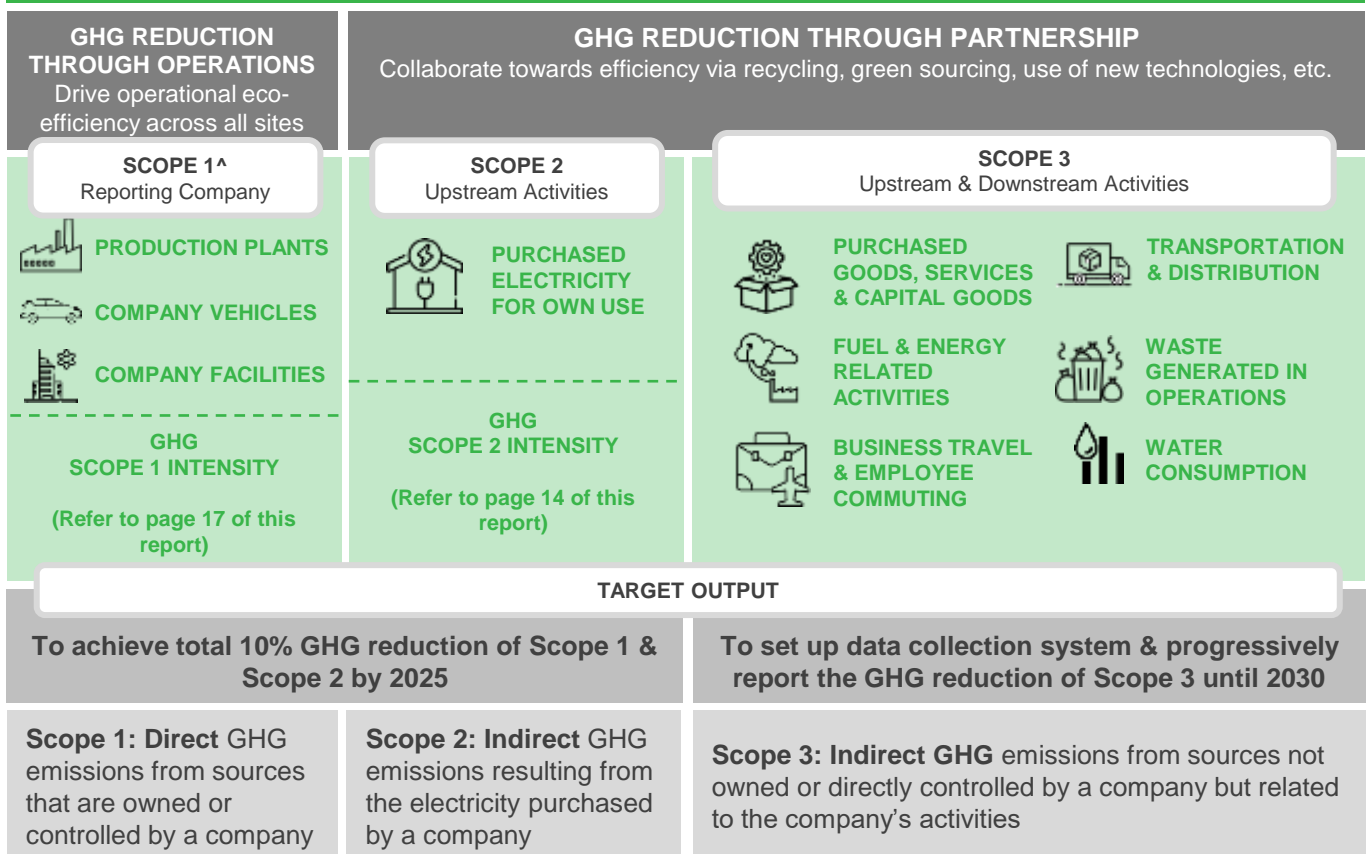
## 1. CARBON FOOTPRINT REDUCTION &amp; BALANCING

# 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.
- 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**

<sup>^</sup> Our scope 1 derived from consumption of diesel and petrol of the companies

- ✓ 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 leapfrogged toward fulfilling our commitment to achieve a 10% reduction in combined Scope 1 & 2 intensity by 2025 (Refer page 13 & 14 of this report).

## ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY

### 2. EQUITABLE USE OF RESOURCES

# Energy Management

## Improving Operational Efficiency

### Objectives

To reduce CO<sub>2</sub> 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.

In 2022, we participated in Energy Efficiency Project Malaysia under Twelfth Plan (RMK-12) and completed energy audit of an active subsidiary. We will implement energy-saving measures based on the energy audit report outcome in next three years. We also target to complete energy audit of another 2 active subsidiaries in FY2023.



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.

Leveraging on latest technologies and innovations is always our key approach to reduce electricity consumption. We brought in the first 33-nano-layered technology machine to Asia Pacific in 2016 which allows us to achieve greater energy efficiency. Energy efficiency is always one of our top propriety for capital investment.

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

- ✓ In 2022, we completed energy audit of an active subsidiary. To implement energy-saving measures based on the energy audit report outcome in next 3 years with the target to reduce Building Energy Index by 5%. This is considered as an significant improvement as the said facility has been operating with systematic energy management program.

ENVIRONMENTAL **OPERATIONAL ECO EFFICIENCY**

## 2. EQUITABLE USE OF RESOURCES

# Energy Management

## Harnessing energy from the sun

### Objectives

To reduce CO<sub>2</sub> 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



### 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 solar PV system so far and there are projects in the pipeline to increase the capacity of our solar PV system as we expand our production floor and capacity. We expect to complete installation of solar PV system at 2 production facilities with an investment cost of RM2.3 million in FY2023. This will generate additional 1.5 million kWh renewable energy annually.

- ✓ In 2022, our combined use of 4,468 MWh of solar energy saved over 2,855 tCO<sub>2</sub>e.
- ✓ Since the installation of the PV system, our combined use of 17,785 MWh of solar energy saved over 14,219 tCO<sub>2</sub>e.
- ✓ We will continue to seek ways to reduce our carbon footprint in line with the UN SDGs.

### Exploring natural capital solution

In 2022, we obtained 4% usage of renewable electricity generated by our own PV system on group wide basis. Our goal is to increase usage of renewable electricity to 10% by 2025 and 20% by 2035.

### Challenges to achieve our goal includes:

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

We subscribed to Green Energy Tariff (GET) Programme by Tenaga Nasional Berhad (TNB) since the first quarter of 2022 as an alternative to increase our usage of renewable electricity. With this move, we leapfrogged and fulfilled our commitment earlier. On a group wide basis, we achieved 64% usage of renewable energy in FY2022.

GET electricity is from solar and hydro generators. 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.

Despite we have achieved our goal on usage of renewable energy, we will continue to support the growth of renewable energy and maximise renewable energy where possible. New installation of solar PV system in FY2023 and on-going energy audit exercises by major subsidiaries will further increase our usage of renewable energy percentage.

- ✓ In 2022, we obtained 64% usage of renewable electricity, achieved our goal of 10% by 2025 and 20% by 2035.





## ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY

### 2. EQUITABLE USE OF RESOURCES

# Energy Management

Increasing the use of renewable energy

#### Objectives

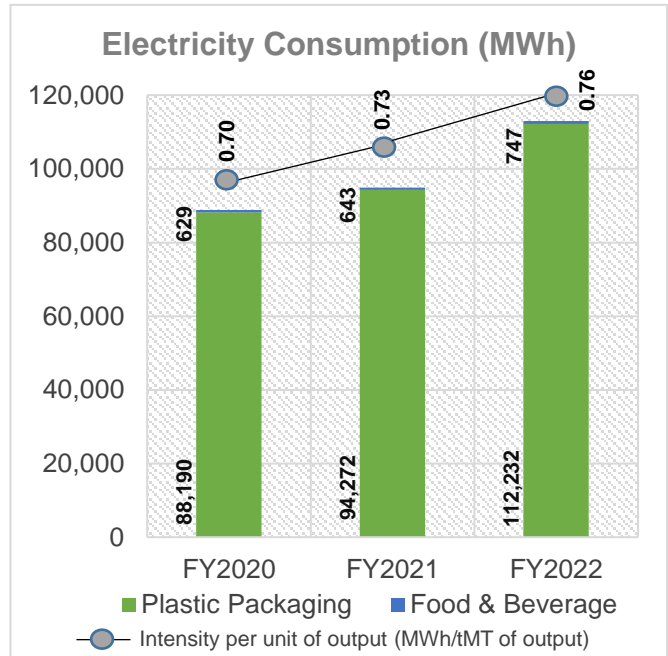
- To increase the use of renewable energy to 10% for our stretch films & flexible packaging facilities by FY2025
- To support the growth of Malaysia's renewable energy

#### Our Sustainability Indicator

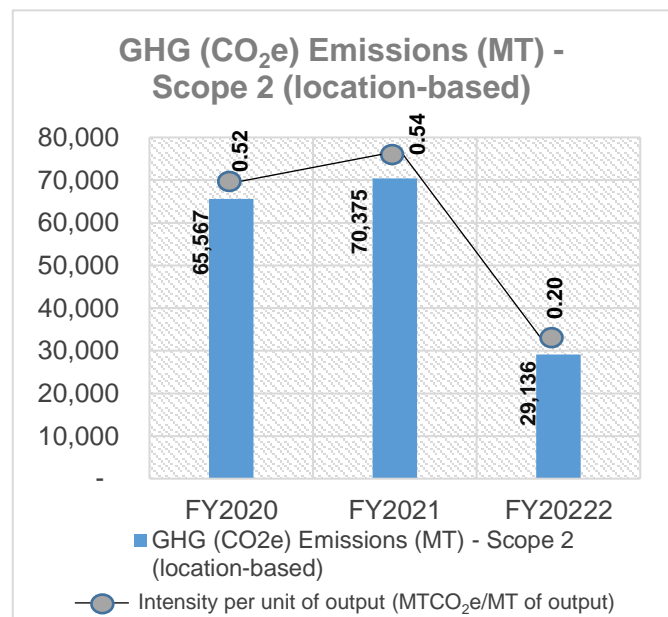


#### Our Performance

Electricity Consumption (MWh)			
	FY2020	FY2021	FY2022
Food & Beverage	629	643	747
Plastic Packaging	88,190	94,272	112,232
Total	88,819	94,915	112,979
Powered by:			
Solar PV System	4,759	4,690	4,468
GET	-	-	66,759
Fossil-based	84,060	90,225	41,752
Total	88,819	94,915	112,979



GHG (CO <sub>2</sub> e) Emissions (MT)			
	FY2020	FY2021	FY2022
Total	65,567	70,375	29,136



#### Note:

- FY2020 and FY2021 Energy Consumption and GHG (CO<sub>2</sub>e) Emission disclosed above refer to consumption and emission of facilities located in West Malaysia only.
- Scope 2 emission factors refer to:
  - Grid emission factors in Malaysia (2017-2019) published by Suruhanjaya Tenaga Malaysia
  - Electricity emission factor published by Ministry of Ecology and Environment of the People's Republic of China dated 15 March 2022
- Scope 2 GHG emission reduced by 62% due to subscription to GET Programme



## 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 output 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

Nevertheless we recognise water as a very essential and important natural resource for all life function on earth. Water mismanagement/ unregulated water consumption is a risk that we must manage across our operations.

In FY2022, we conduct water sensitivity analysis using the AQUEDUCT 3.0 Water Risk tool developed by WRI to further understand our relative climate change and water risk. Through this tool, we able to assess both the limitation and opportunities related to water.

### Our water risk assessment and management

Water is a critically important resource. We have geared our global operations towards achieving water intensity reduction targets of 10% by 2025 and 30% by 2050 compared to FY2021 baseline.

In FY2022, we report transparently on our water use and aim to continuously improve our overall water performance.

Our main source of water is via municipal pipelines. Water is not main resource used for both Packaging and F&B Division. Our F&B Division mainly processes dry material.

### Operational water footprint

Any water effluent generated by our activities is managed responsibly and in accordance with legislative requirements in jurisdictions where we operate. We also periodically monitor the effluent quality of certain plants, which case samples were collected and sent to third party laboratories for analysis. There is no incidents of non-compliance with water effluent reported in the past 3 years.

## 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 output in FY2025.

### Our Sustainability Indicator



### Operational water footprint

We always mindful on the risk of contaminating surrounding natural water sources. We practice the following at our facilities.



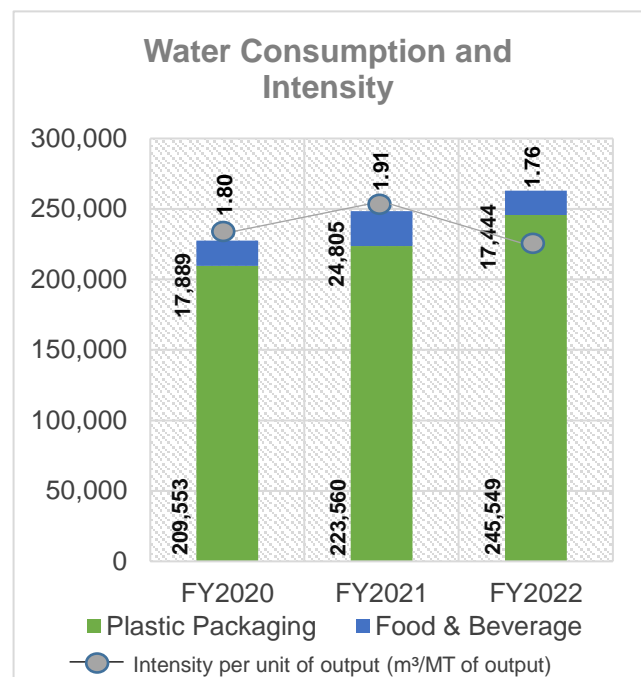
Install aluminium net as drain filter to prevent resin flow into drain



Built brick barricade to avoid resin flow into drain

### Our Performance

Water Consumption (m³)			
	FY2020	FY2021	FY2022
Food & Beverage	17,889	24,805	17,444
Plastic Packaging	209,553	223,560	245,549
Total	227,442	248,365	262,993



Note:

- FY2020 and FY2021 Water Consumption and Intensity disclosed above refer to consumption of facilities located in West Malaysia only.

✓ We are committed to keep plastic resin out of our natural environment, including waterways and ocean.

## ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY

### 2. EQUITABLE USE OF RESOURCES

# Alleviate Climate Change

## Managing our environmental impact

### Objectives

To mitigate and reduce the negative impacts of our operations by conserving natural resources and materials

### Our Sustainability Indicator



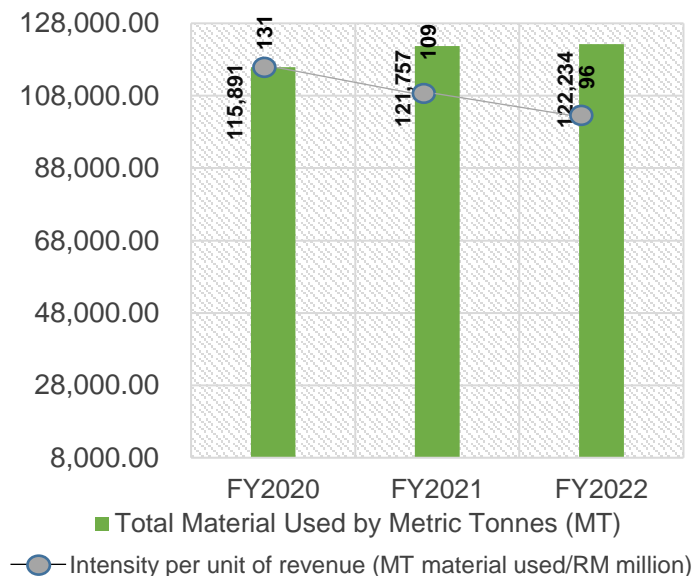
### Responsible Consumption

We always strives to use materials responsibly. We encourage sustainable consumption and closely monitor the total volume primary materials such as resins, masterbatches and additive that is being consumed within our Packaging Business Unit.

#### Total Materials Used by Metric Tonnes (MT)

	FY2020	FY2021	FY2022
Total	115,891	121,757	122,234

#### Total Material Used by Metric Tonnes (MT)



Note:

- Material consumption disclosed above refer to consumption of facilities located in West Malaysia only.

In FY2022, we also initiated program with selective customers to reuse or recycle packing materials, which includes plastic or wooden pallets, carton boxes, plastic or paper cores.

In addition, our cartons and paper cores are 100% sourced from recycled material,

### Equipment Modernisation

In 2022, we have procured 10 electric forklift as part of our decarbonisation and equipment modernisation plan. Electric forklift doesn't release as much harmful emission and pollution like diesel-based forklift. This helps to improve air quality.



Our Scope 1 emission derived from consumption of diesel and petrol of the Group. In 2022, we recorded 0.01kg CO<sub>2</sub>e per kg of production output (FY2021: 0.01kg CO<sub>2</sub>e per kg of production output).

## 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 reduce non-recycled items to landfill by 30% in 2023.

### 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 achieved zero internal plastic production waste in 2022. This means 100% of our industrial waste were 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 2022, all our plastic production waste were recycled and achieved zero plastic production waste. This minimise pollution and negative impact on environment.

## 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 reduce non-recycled waste to landfill by 30% in 2023.

### Our Sustainability Indicator



We also adhere to a waste management hierarchy that ranks our waste management priorities with reduction of waste and recycling or reusing of waste being the most preferred.

### Internal waste management

#### Other waste

In 2022, we continued to expand our efforts in reducing the waste we generate.

We are collaborating with a vendor to recycle our used wooden pallets. We are working together with industry expert in pallet management, repair and resize our used wooden pallets and making full use of them so that they are not simply entrusted to the landfill.

In the month of December 2022 alone, we recycled 2,537 wooden pallets with the savings of 71 tCO<sub>2</sub>e. Collaboration across the industry is needed to further improve our waste management.

Waste segregation campaign was successfully launched within the facilities at West Malaysia. We target to reduce non-recycled waste by 30% in 2023 compared to FY2022 baseline.

In 2022, total post consumer waste processed into recycled resin increased by 67MT or 14% to 548MT (refer to page 22 of the report)



### Our Performance

Type of Waste by Metric Tonne (MT)	FY2020	FY2021	FY2022
<b>Scheduled (Hazardous) Waste</b>	6.59	6.89	5.37
<b>Total Non-Hazardous</b>			
-Recycled (plastic waste)	422	481	548
-Non Recycled (plastic & others)	-	-	512

#### Note:

- The above refer to hazardous and non-hazardous waste disposed by facilities located in West Malaysia only.
- Information of non-recycled waste (plastic & others) is available from FY2022 onwards.

✓ Our goal is to divert 30% and 60% of our waste from landfill by 2023 and 2025 respectively compared to FY2022 baseline.



## 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

#### RE:DO:

- ✓ We are proud of the result of our RE:DO programme. All our plastic production waste were recycled. Waste segregation campaign successfully launched and PCW recycled resin processed internally increased by 14%.



## 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

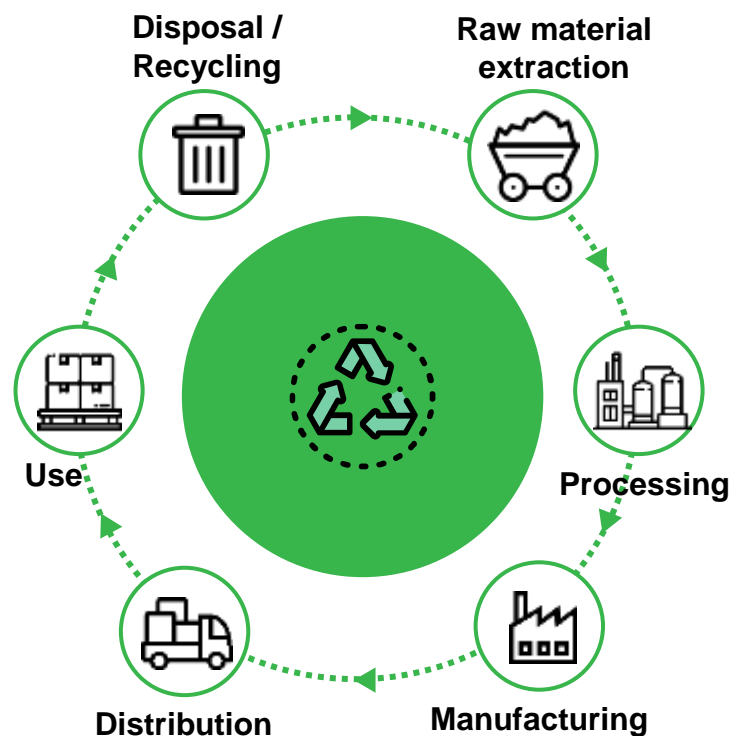


### Product stewardship through Life Cycle Assessment (LCA)

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.

#### LCA Framework



- ✓ 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

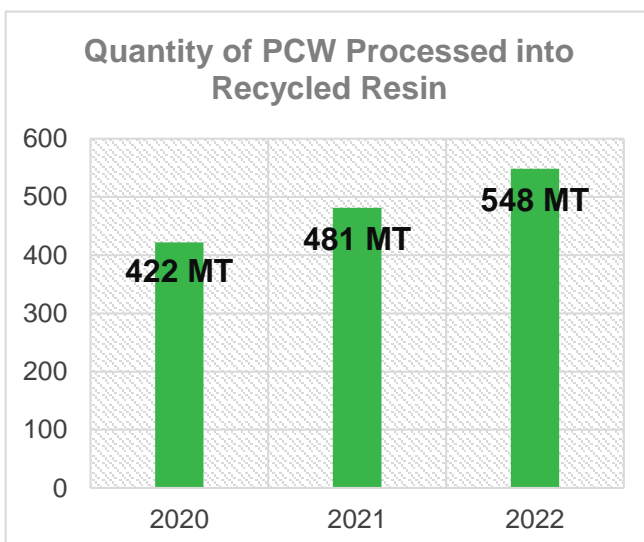
## Our Sustainability Indicator



## TGS Plastic Industries



**TGS Plastic Industries Sdn. Bhd.** (TGS) is our internal recycling plant since 2011. In FY2022, TGS recycled about 548 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

Since 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.

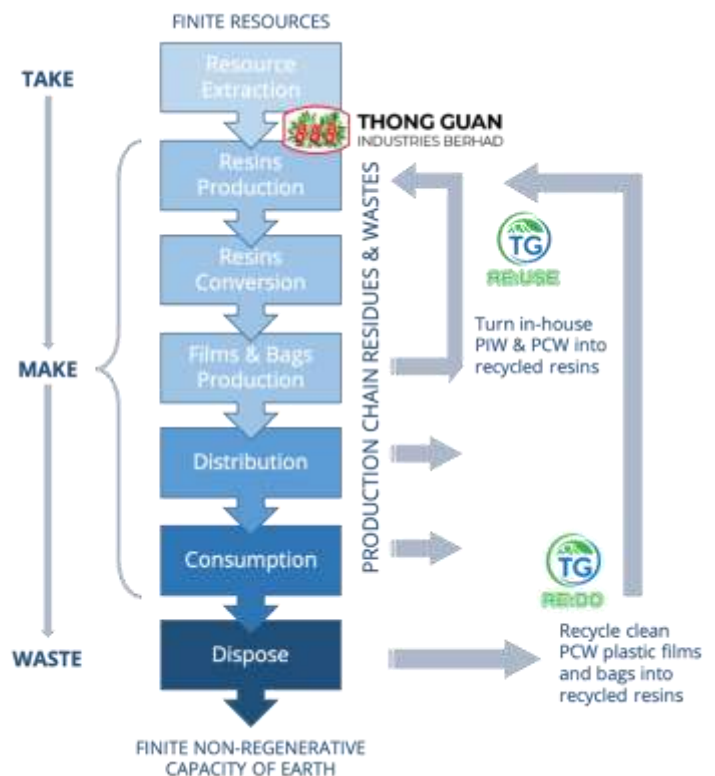
### Suppliers

- 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.



- ✓ Invested a total of RM 5.9 million in recycling machines since 2016 including a new investment of top-notch recycling machine in January 2023.
- ✓ 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



### ISO 14001

Our emphasis on obtaining globally recognised certifications such as ISO 14001, ISCC PLUS and GRS enables us to stay updated with industry best practices and enhance our reputation by showcasing our commitment to be transparent in supply chain.

ISO 14001 is a top global standard that set out requirements for establishing an effective environment management system and serves as a valuable guideline for us. In 2022, another subsidiary, TGW Plastic Packaging Sdn. Bhd. was certified ISO 14001, which made all major production facilities located in West Malaysia are certified ISO 14001.

Thong Guan Group entities that have obtained	ISO14001	ISCC PLUS	GRS
Thong Guan Plastic & Paper Industries Sdn. Bhd.	/		
TG Plastic Technologies Sdn. Bhd.	/	/	
TGSH Plastic Industries Sdn. Bhd.	/		/
TGW Plastic Packaging Sdn. Bhd.	/		/
TG Power Wrap Sdn. Bhd.	/		

### ISCC PLUS Certificate and GRS certificate

ISCC Plus and GRS certificates are the proof of successfully audited production process to use recycled material and products are processed more sustainably.

We opt for voluntary disclosure of our products' GHG emission under ISCC Plus to allow our customer to evaluate the environment impact using our products.

- ✓ An additional subsidiary, TGW Plastic Packaging was awarded GRS certificate in 2022, which made 3 of our plastic packaging facilities in West Malaysia are certified under GRS or ISCC Plus.



## ENVIRONMENTAL CIRCULARITY

### 3. PRODUCT INNOVATION

# #LoopClosers

## Closing the loop with IoT Solution

### 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

Since 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. Nano Green, our 15-µm high-quality recycled machine film with 30% post-industrial waste was launched in FY2021. We continue to develop our product in FY2022 by taking environmental impact into consideration, i.e. iPAK5, a highly affordable IoT solution designed was introduced to help businesses have better visibility and traceability of their packaging operations.

### iPAK 5



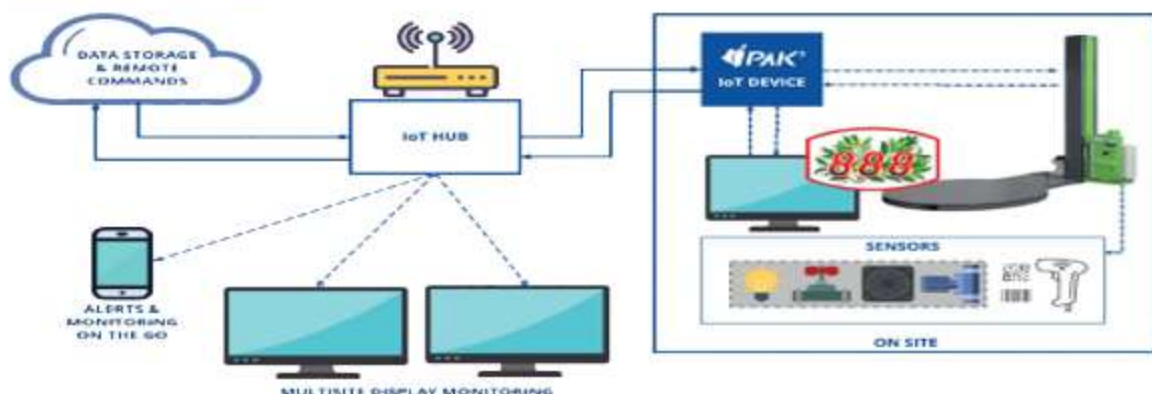
Gain some of these insights and more

- Total films consumed
- Alerts on downtime
- Multisite monitoring
- Stretch percentage
- Estimated CO2 savings

Achieve optimum operations with iPAK5

- Performance visibility & traceability
- Reduction of product damages on arrival
- Safety improvements along the supply chain
- Productivity boosting
- Cost reduction in the long run
- Sustainability

### How it works





## 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



### The Advantages #LoopClosers Products with Thong Guan's Expertise

A case study of our Nano Green (15 µm) with 30% recycled machine film vs. conventional film (20 µm) with 100% virgin resin

## SUSTAINABILITY ADVANTAGES



*That's equivalent to...*



- Source : (a) Internal Data; (b) Eionet Report (2021/3) published by European Topic Centre on Waste and Materials in a Green Economy (ETC/WMG).
- Greenhouse Gas Equivalencies based on saving of 2,912KG CO<sub>2</sub>, not including transportation and distribution. The results were generated using Greenhouse Gas Equivalencies Calculator by United States Environmental Protection Agency.
- Results should be viewed as directional environmental performance indicators and should not be used in isolation to support environmental marketing claims without further documentation and external assurance.





## 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. Newton is certified ISO 17025 in FY2022.



*In Europe, we invested in mobile truck equipped with top-notch testing equipment to provide quickest response to our customers.*

#### 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.

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



### An Accredited Research & Development Centre by MIDA

Newton is officially recognised by the Malaysian Investment Development authority (MIDA) as a research and development centre. In believing that growth and innovation are infinite, we invest our resources in continuous research, analysis and development. We will continue to play the vital role of setting high safety standards and adhering to local and international security regulations.

Started from Malaysia, Newton is now available in Europe and China as Newton Europe and CargoSafe respectively.

### Validation and Certification

Newton strives to set the best practices standards with vigorous validation and certification. We are certified by ISTA, EUMOS 40509, ASTM International, ISO 17025



### Pallet Load Securing Consultation

We help to solve customers' load stability issues by adopting "lab to field" approach which mean we solve customers' load stability issues at their premises.

We helped 112 customers to improve existing load stability performance, to be more effective in load preparation, to save cost in wrapping materials and to reduce freight damage.



We are the first to have an acceleration and deceleration bench in China

### Newton Academy

We set up Newton Academy with the objective to bridge the gap in packaging knowledge for a broad range of industries.

We offer courses on right packaging material selection, load stability and preparation, fast transshipment, storage space saving tactics etc.

We have delivered 379 training sessions to participants from various industries since the start of Newton Academy in FY2018.



Training provided to overseas customers

## 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



## ProtectionPlus

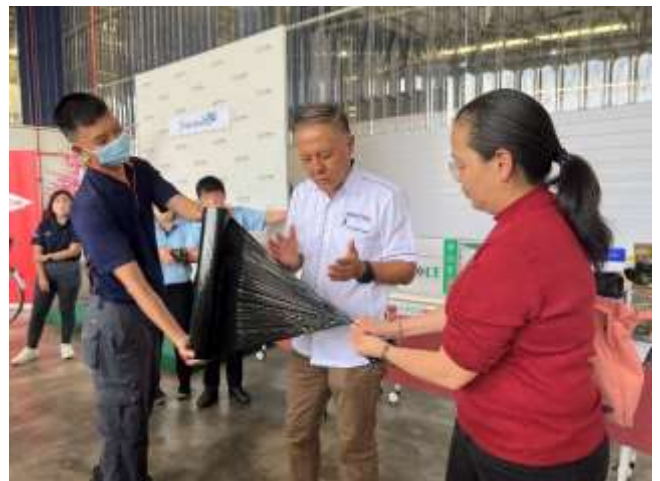


In partnership with The Dow Chemical Company, Newton organise ProtectionPlus programme. We invited brand owners, machine makers and stakeholders in the supply chain to participate our annual collaboration since FY2018.

Our most recent ProtectionPlus held on 17 March 2023 with topic “Do More with Less : 3 Pillars to Sustainability” in which we showcase 3 major plastic packaging solutions, i.e. high recycled content film focusing on post-consumer resin, thinly gauged film and biofilm.



Together with The Dow Chemical Company, Newton support and enhance sustainability efforts across the industry.





## ENVIRONMENTAL **CLIMATE POSITIVE**

### 1. GREEN IMPACT

# Collaboration Helps Growth

Optimising synergy for greater positive green impact

#### Objectives

- To unlock greater value through collaboration with various stakeholders.
- To support green initiatives fighting climate change

#### Our Sustainability Indicator



### Our Membership In Associations

As active member in a variety of industry associations, we unlock greater value through collaboration, develop closer relationship with various stakeholders and contribute to the uplifting of standard across the Malaysian business community. Our membership also enable us to stay abreast of the latest industry innovations and trends.

Association	Business Division	Our Role
Malaysian Plastic Manufacturers Association (MPMA)	Packaging	Member in Central Committee Northern Branch Chairman
Federation of Malaysian Manufacturers (FMM)	Packaging	Member
International Safe Transit Association (ISTA)	Packaging	Member
European Safe Logistics Association (EUMOS)	Packaging	Member

### Support Green Initiatives

The call for climate action continue to grow louder. At Thong Guan, we support organisation/agencies who share the same value to same value to develop and implement sustainable environment practices to effectively manage climate and environmental risk.

We are a member of the Climate Governance Malaysia, the Malaysian chapter of the World Economic Forum (WEF) climate governance initiative



# 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 or its equivalent.

#### 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

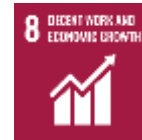
# Equal Opportunities

## 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, followed by another subsidiary obtained SMETA accreditation in FY2022 to ensure no human rights violations across the organisation. We continue 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.

FY2022, we observed

- ✓ ZERO incident of unfair employment, violation of labour laws, harassment, child and forced labour.
- ✓ An additional subsidiary obtained SMETA accreditation in FY2022.

### Our Policy On Human Rights Practices

We embrace the following to ensure the rights of our employees are always respected. 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



*Company trip included all employees regardless gender, ethnicity or nationality*



## SOCIAL HUMAN RIGHTS PROTECTION

### 2. DIVERSITY & INCLUSION

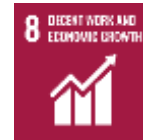
# Welcoming Workplace

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.

- ✓ FY2022, we observed ZERO incidents of unfair employment, violation of labour laws, unfair harassment, and child and forced labour.
- ✓ FY2022, we employed 5 employees with disabilities and 11 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 member by FY2023
- To achieve 50% women leadership by FY2025

#### Our Sustainability Indicator



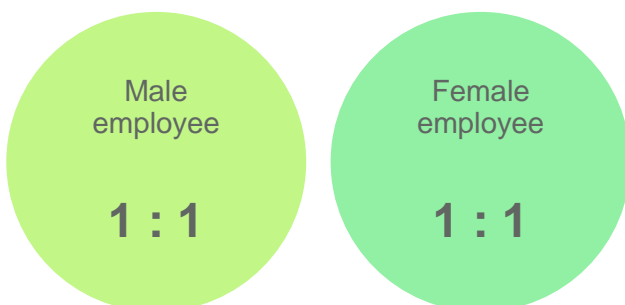
#### The power of women leadership

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.

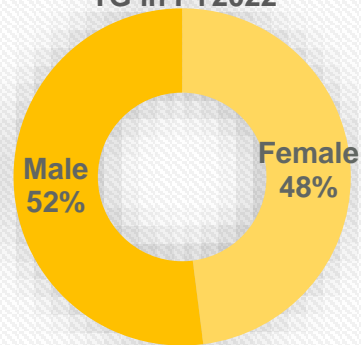
In Thong Guan, we recognised people by their talents and ability to hold leadership position and not by gender. In FY2022, we have 48% (FY2021: 48%) of women in our management team. They held positions of business unit and departmental heads.

32% (FY2021: 35%) of our global workforce are female employees as at 31 Dec 2022.

#### Employee entry level wage to minimum wage ratio



Women Leadership Distribution in TG in FY2022



#### Board Diversity

Under the Malaysian Code of Corporate Governance, the board should at least comprises 30% of women directors. Thong Guan welcomes its first female director to join TG family in FY2022 as we recognise the importance of board diversity, and board decisions should consider diverse perspectives and insights.

- ✓ We have 48% (FY2021: 48%) women leaders in Thong Guan.
- ✓ We welcome our first female board director in FY2022. We will continue to include suitable women candidates in board election moving forward.

SOCIAL **HEALTH & SAFETY**

## 1. SAFE &amp; CONDUCTIVE WORKPLACE

# OHS System for the People

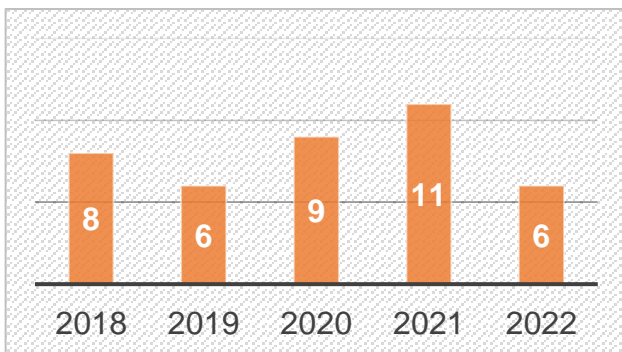
## Ensuring our workplace is safe & conducive

**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.

**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.



*Chemical Spill Response and PPE training conducted during FY2022*

- ✓ Zero fatality in FY2022.
- ✓ We continue to investigate the root cause of workplace accident to prevent it in future.

## 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

### 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

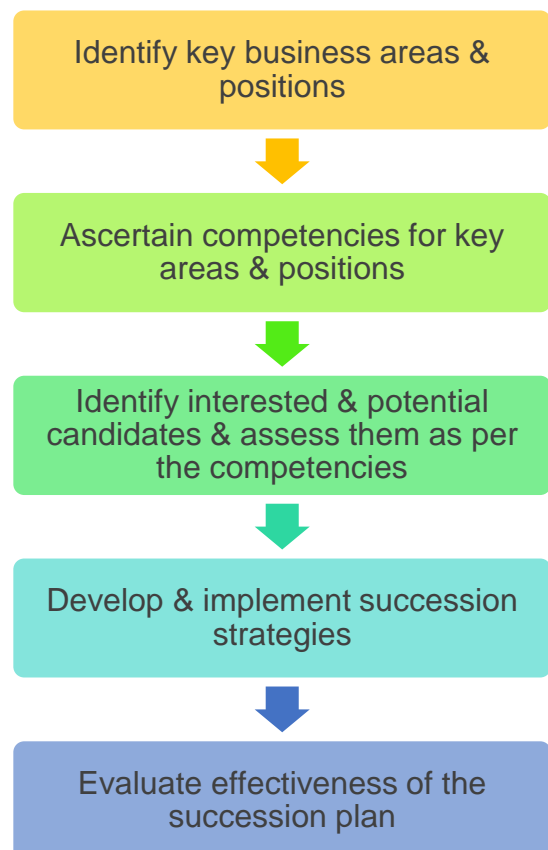
As such, we ensure our leaders are aligned and can propagate the same cultural essence and values through their own ways.

✓ 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 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.



Training conducted during FY2022

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.

- ✓ FY2022, we clocked 8,712 (FY:2021 4,690) structured training hours for our employees. An increase of 86% is due to training were postponed during MCO period.
- ✓ We continue our target to achieve 10% increase of training hours in FY2023 (FY 2022 as baseline).

## SOCIAL **SOCIAL CONTRIBUTIONS**

### 4. CORPORATE SOCIAL RESPONSIBILITIES

# CSR Projects

## Helping others during hard times

### 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



### Contribution to society

In FY2022, we continue to respond and support our communities through CSR activities.



### Support underprivilege community

In FY2022, we donated RM100K to Persatuan Kanak Kanak Khas Sungai Petani to repair broken school gate and replace broken furniture. We also made monetary contribution to support operating fund of the school.

### Support local talents

We sponsored local talents who achieved outstanding performance in sport competitions



### Recycling Education Activities

In FY2022, our staffs organised educational game at schools on how to manage plastic waste, to help children better understanding the importance of recycling and proper waste management. This helps to broaden recycling awareness among students.

## SOCIAL **SOCIAL CONTRIBUTIONS**

### 4. CORPORATE SOCIAL RESPONSIBILITIES

# CSR Projects

## Helping others during hard times

### Objectives

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

### Our Sustainability Indicator



### Contribution to society

In FY2022, we continue to respond and support our communities through CSR activities.



### Support Green Truck project by MPMA & ExxonMobil

In FY2022, we supported Green Truck project launched by MPMA and ExxonMobil Chemical in Northern Malaysia. This involves a mobile recycling truck that carries out visits to schools, demonstrating and demystifying the plastic recycling process. It create awareness of the lifecycle of plastic product beyond consumption.

### Support green initiatives

In FY2022, we sponsored the feasibility study initiated by Penang Green Council and the study is led by Resource Recycling System, Inc., a US-based consulting firm. The objective of the study is to identify effective ways to collect and recover films and flexible packaging from Penang household. This is to support Penang State's Waste Segregation at Source policy and reduce mismanaged plastic packaging.





# 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 2022, 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.

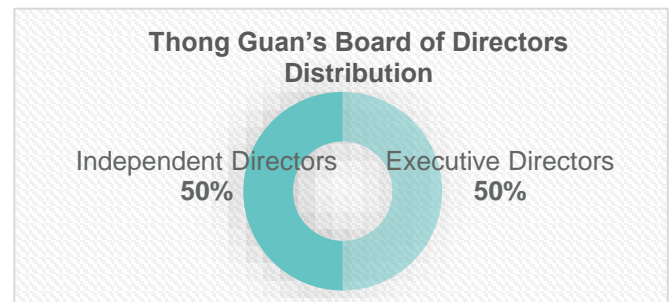
## Sustainability governance

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.

✓ 100% board meeting attendance

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



## GOVERNANCE ETHICS &amp; 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 FY2022, we continue to review and update our risk analysis in relation to anti bribery and corruption. Anti-corruption training was carried out in FY2022. Below is our anti-corruption and anti bribery data for FY2020, FY2021 & FY2022.

Financial year	2020	2021	2022
Number of corruption and bribery case	0	0	0
Political contribution made	0	0	0
Facilities payment made	0	0	0
Fines imposed in relation to corruption, bribery	0	0	0

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

GOVERNANCE **DIGITALISATION**

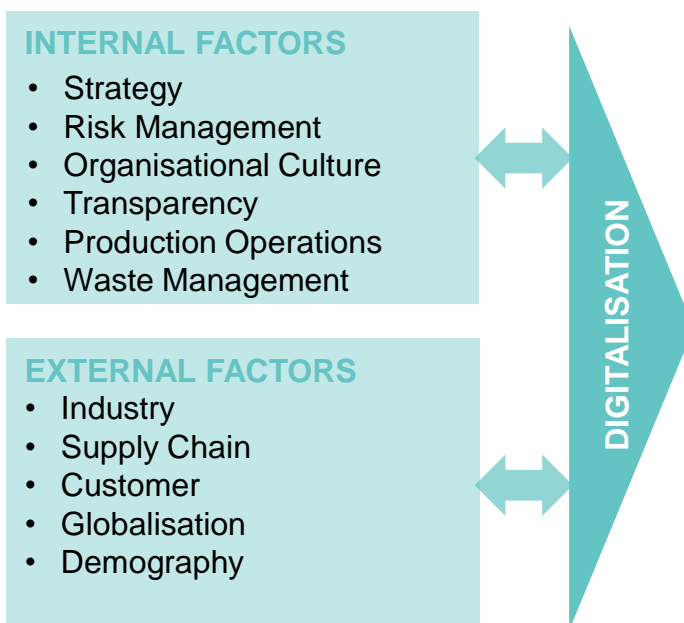
# Digital Transformation

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



## 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.

In 2022, we upgraded procurement & payable 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. It also helps in reducing paper consumption in our supply chain.

In 2023, we continue to focus on increasing automation and digitalisation in our infrastructure.

- ✓ Implemented Manufacturing Execution System (MES) to track and document the transformation of raw materials to finished goods.
- ✓ Upgraded procurement & payable system with RPA and SRM.

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.

It is a celebratory ending of 2022 with two significant awards for our journey. Receiving the Sustainability Rising Star Award at the ACES Awards 2022 was an achievement close to our hearts. It is an honour to be recognised as the Group actioning solutions to sustainability challenges.



We have also joined the ranks of Malaysia's finest exporters. We were recognised as one of the Top Exporters of Industrial Products (Mid-Tier and Large Companies) as the Export Excellence Awards 2022 by The Star.



- ✓ Our company recorded an increase in revenue by 14.1% and PAT increase by 3.7%.
- ✓ Paid 6 cents per share dividend to shareholders (total RM 23.4 M) to shareholders.
- ✓ Paid RM 14.3 M tax to support the development of the countries where we operate.
- ✓ Thong Guan received two significant awards, Sustainability Rising Star Award at the ACES Awards 2022 and The Star Export Excellence Awards.



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