



SCGM BHD

Company No.: 200701021012 (779028-H)



SUSTAINABILITY REPORT 2020

www.scgmbhd.com

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1.0 ABOUT THIS REPORT

This is the 4th Sustainable Report published by SCGM Bhd and for the financial year ended 30th April 2020. This report details our sustainable performance for the financial year from 1st May 2019 to 30th April 2020.

The information in this report focuses primarily on SCGM Bhd's sustainable performance, operations and management over 12 months period.

All financial amounts stated in this report are denominated in the Ringgit Malaysia (RM) unless otherwise stated.



2.0 SUSTAINABILITY STATEMENT

Dear Shareholders,

The fourth edition of the annual SCGM Sustainability Report reflects our consistent commitment to preserving and upholding the wellbeing of the wider community and environment.

We have established a firm foundation for sustainable practices for the Group, and are always looking to improve on the standards we have. Our progress in this respect have been documented and presented in the rest of this report.

The most notable contribution by SCGM was in promoting our degradable product range in the South East Asian region, either through partnerships with local players or on our own. To this end, we successfully signed a Memorandum of Agreement in March 2019 with Indonesia-based food packaging player, PT Harapan Infiniti Mulia to be the exclusive manufacturer of the degradable food packaging range under the brand name “Ecorasa”. The agreement allowed us to bring our product to the wider Indonesian market, thus increasing eco-friendly awareness in the country.

Besides this, we are also looking at increasing our eco-friendly range of products, and have several products now in various stages of the research and development phase.

I would like to thank all our staff and stakeholders for playing their roles in helping us maintain the high standards in place not only towards the governance of the Company, but also for the betterment of the overall environment. We will continue to fine tune our production and business practices as we get closer to our target of becoming one of the top Sustainable Packaging Manufacturers in the region.



DATO' SRI LEE HOCK CHAI
Managing Director

3.0 REPORT SNAPSHOT

Performance

Highlights

Key sustainability achievements during the reporting period demonstrating our contribution to achieving our Sustainability Purpose.



About SCGM Bhd

Information about who we are, where we operate, the values and vision that drive us, our financial strength and how we seek to operate with integrity.

Sustainability

At SCGM Bhd

The policies and frameworks that guide our sustainability effort and how they align with one another, including the key drivers of sustainability for SCGM Bhd.

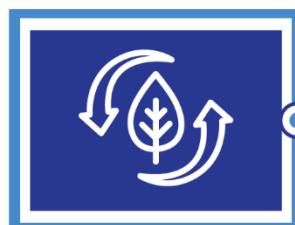


Our Sustainability Reporting

Details about how we have identified our material issues.

Contributing To A Better Society

Our policies and actions for safety and health, developing our people, respecting human rights and investing in communities.



Minimising Environmental Harm

Our effort to improve our environment performance especially in carbon emissions and energy, water and waste management, and how we preserve and enhance biodiversity.

Delivering Sustainable Product

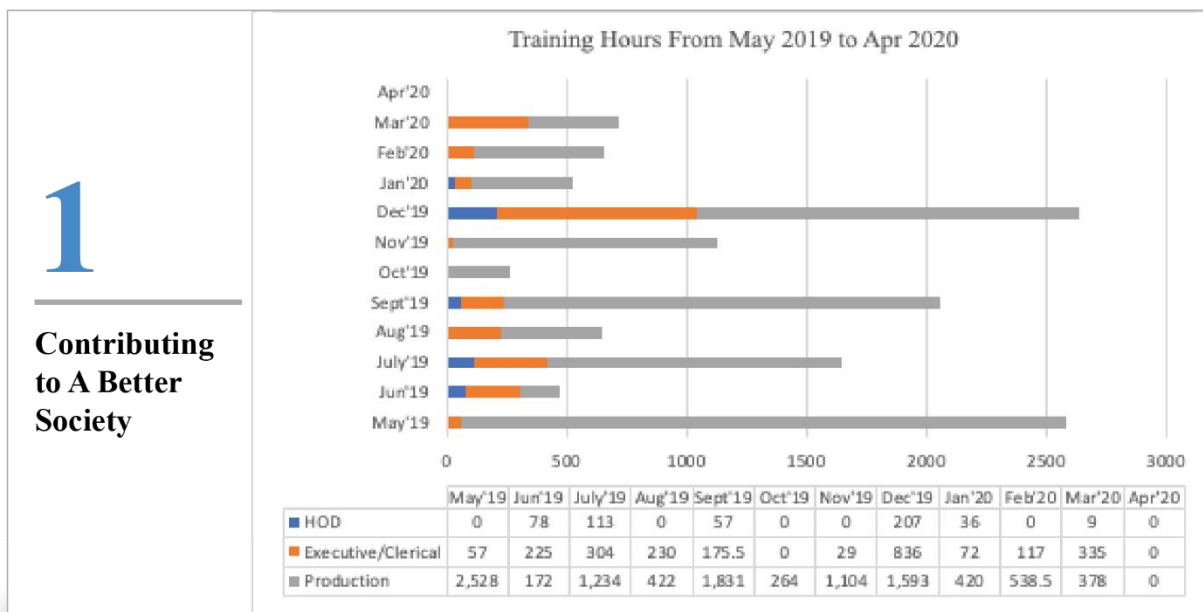
How SCGM Bhd integrates by providing quality that is environmentally friendly.



4.0 PERFORMANCE HIGHLIGHTS

A significant achievement for SCGM Bhd during this reporting period was the implementation of a more structured sustainability framework and embedding sustainability targets into our performance management system. This fosters a culture of accountability as a sustainable packaging manufacturer.

We worked towards achieving our goal to be Malaysia's No. 1 sustainable packaging manufacturer by:



3

Delivering Sustainable Product

SIRIM
ECO-LABEL
Licence No.: EL000082

70

designs are registered under Intellectual Property Office Of Singapore (IPOS)

79

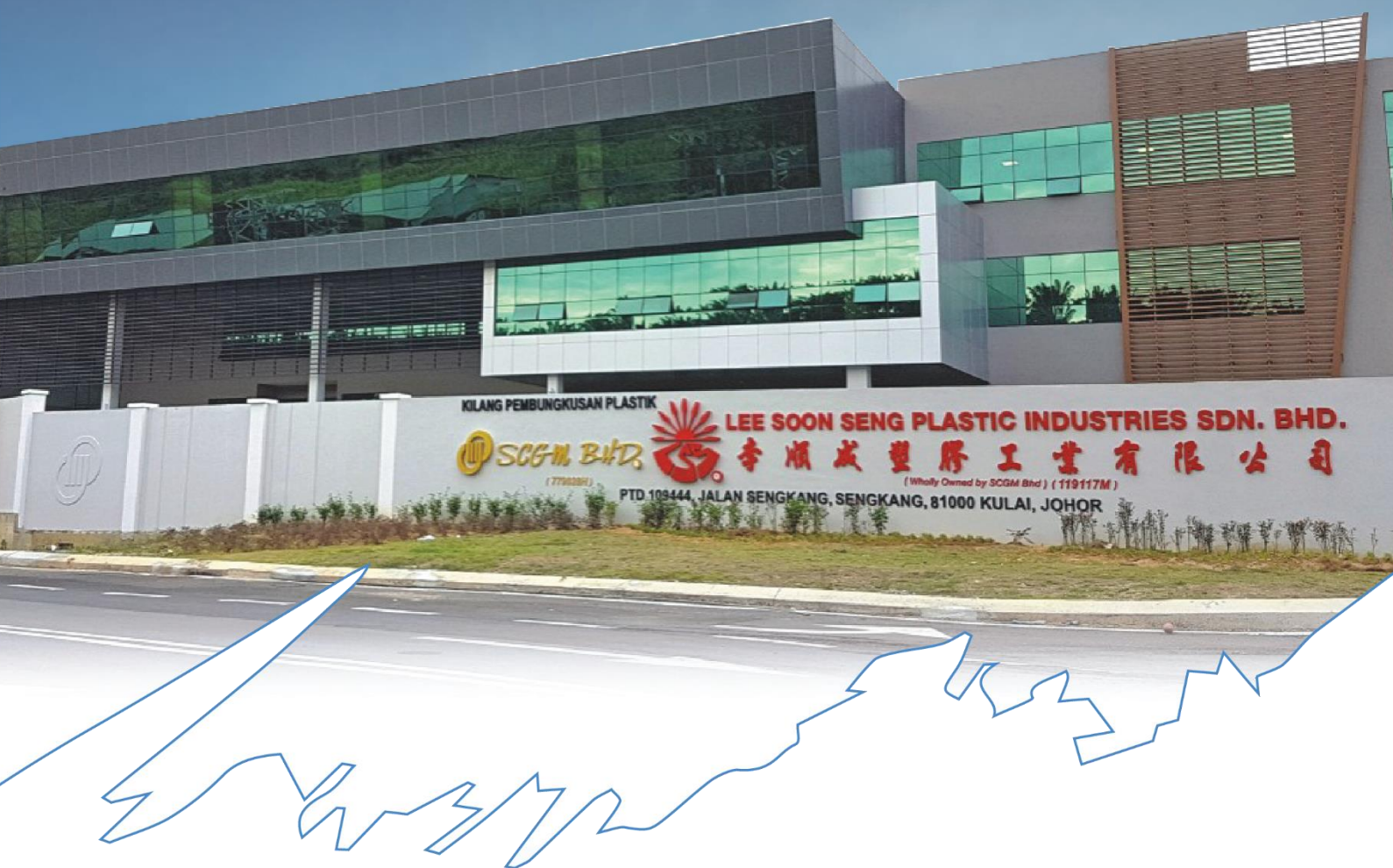
designs are registered under Intellectual Property Office Of Malaysia

Industrial Registered Design

**Use Original,
Use Benxon,**
The name you can trust.

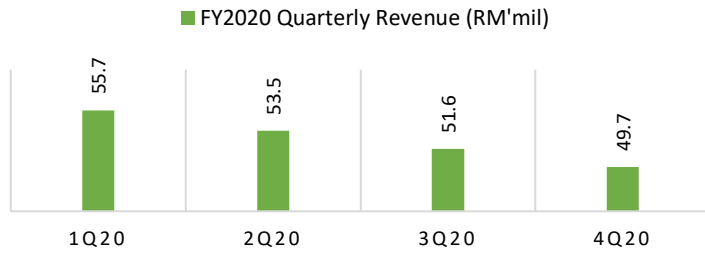
Progressive Degradation

5.0 ABOUT SCGM BHD

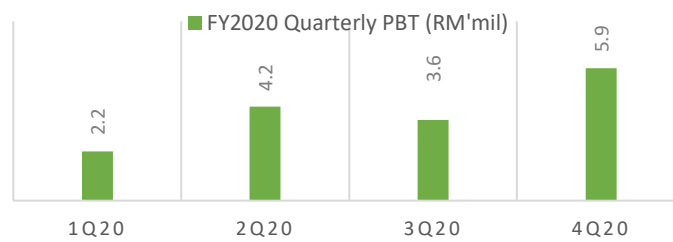


5.1 FINANCIAL STRENGTH

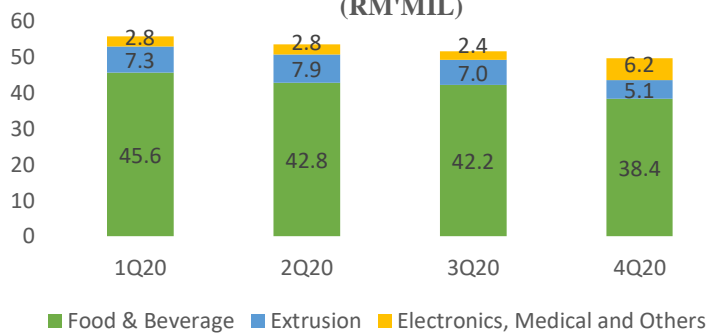
FY2020 QUARTERLY REVENUE (RM'MIL)



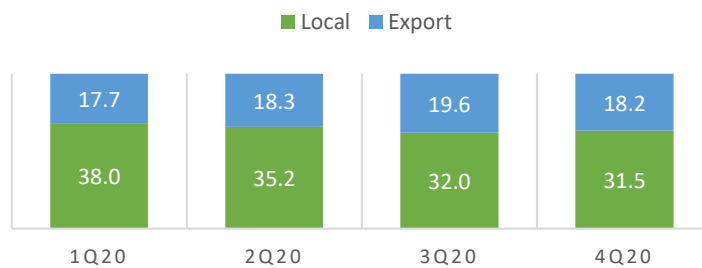
FY2020 QUARTERLY PROFIT BEFORE TAX (PBT) (RM'MIL)



FY2020 CUSTOMER SEGMENTATION (RM'MIL)



FY2020 GEOGRAPHICAL SEGMENTATION (RM'MIL)



5.2 STAKEHOLDERS ENGAGEMENT AND ACHIEVEMENTS

Membership

SCGM Bhd is an active member of Malaysian Plastic Manufacturer Association (MPMA)

Stakeholders

Our business relies on partnerships and working with a range of stakeholders. Our stakeholder engagement, including topics of concern and management of issues are listed here.

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Customers (existing and potential)	Frequency: Ongoing Type: Awareness program, One to one engagement, Marketing materials, Roadshow	<ul style="list-style-type: none"> Quality of product Late delivery Product defects Re-engage with customers and avoid repetition of mistakes Product prices and values 	<ul style="list-style-type: none"> Quality management system Competitively price against our competitors Quality assurance and reunion program
Media	Frequency: Frequent Type: Newspaper, Social media, Press conferences, Product launches	<ul style="list-style-type: none"> Company performance Misconceptions about the Company Complaints on products or services 	<ul style="list-style-type: none"> Direct engagement Press statements/briefings To highlight effort through engagement and communication channel
Employees	Frequency: Regular, ongoing Type: Knowledge sharing sessions, Internal customer engagement programme, Internal customer satisfaction survey, Innovation Accelerator Programme	<ul style="list-style-type: none"> Well-being of the company and job security Staff welfare and benefits Safety environment at work Work competency 	<ul style="list-style-type: none"> Staff engagement programmes (e.g. HR4U, Customer 1 st programme) Implementation of ESH programmes involving employees Job-related training and workshops
Suppliers	Frequency: Occasional Type: Performance review meetings, workshops, coaching for compliance	<ul style="list-style-type: none"> Compliance issues Tender prices and payments Cost efficiency and introduction products Workers quarters ESH 	<ul style="list-style-type: none"> Engagement with suppliers during Safety Day and assurance audit Constant and regular communications Process improvement Engage and share concerns with relevant parties ESH roadshow, ESH elements in tender and contract documents

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Investors and financiers	Frequency: Annual, quarterly Type: Annual general meeting, quarterly results announcement, press conference, targeted briefing, meetings	<ul style="list-style-type: none"> • Legal compliance • Financial performance at expense of environmental/social well-being • Business risks • Soft market conditions • Negative public perception 	<ul style="list-style-type: none"> • Monthly reporting and regular audit • Engagement with investors & sharing of strategy • Rolling out diversified affordable products
Industry associations	Frequency: Ongoing Type: Represent in association, lobbying, sharing of knowledge at different platforms, participation in surveys	<ul style="list-style-type: none"> • Rising cost of materials • Effect to cost due to new regulations • New legislation & policies that adversely affect the industry 	<ul style="list-style-type: none"> • New procurement methods & new innovative materials • Lobbying and joint engagement between SDP, authority and association
Business partners	Frequency: Ad hoc Type: Meetings, discussions, functions, product launches	<ul style="list-style-type: none"> • Payment • Terms of reference (TOR) • Appraisal • Human rights • ESH 	<ul style="list-style-type: none"> • Standard Operating Procedure (SOP) • Proper SOP for monitoring and tracking • Audit and using e-tendering • Benchmarking
General public	Frequency: Ad hoc Type: Dialogue, meetings, engagement	<ul style="list-style-type: none"> • Environmental impact to communities 	<ul style="list-style-type: none"> • Engage with experts and explain via reporting, environmental conservation activities (e.g. tree planting)
Governments and regulators	Frequency: Ad hoc Type: Meetings, pre-consult submission, periodical monitoring reporting	<ul style="list-style-type: none"> • Customer rights • Compliance 	<ul style="list-style-type: none"> • Responsible reporting and marketing communications • Monitoring of compliance (e.g. legal checklist)
NGOs	Frequency: Ad hoc Type: Meetings, discussions, collaborations	<ul style="list-style-type: none"> • Environmental issues • Human rights • Issues affecting the local communities 	<ul style="list-style-type: none"> • Environment engagement programmes (e.g. tree planting) • CSR programmes (e.g. safety in school), plastic waste separation awareness

Awards



Golden Eagle Award 2019 -Eminent Eagle

Our efforts to develop sustainable communities and sustainable business continue to receive recognition as demonstrated by the above award.

For the FY2020, SCGM Bhd won the Golden Eagle award hosted by Nanyang Siang Pau.



6.0 SUSTAINABILITY AT SCGM BHD

**THE EDGETM
MARKETS**
MAKE BETTER DECISIONS

KUALA LUMPUR (June 7): Bursa Malaysia has added 12 new constituents to the FTSE4Good Bursa Malaysia (F4GBM) Index, bringing the total number of constituents to 56.

They are Ajinomoto (M) Bhd, AMMB Holdings Bhd, Felda Global Ventures Holdings Bhd, Genting Malaysia Bhd, Hong Leong Bank Bhd, Kimlun Corp Bhd, Matrix Concepts Holdings Bhd, Sasbadi Holdings Bhd, SCGM Bhd, SEG International Bhd, V.S. Industry Bhd and YTL Power International Bhd.



FTSE4Good

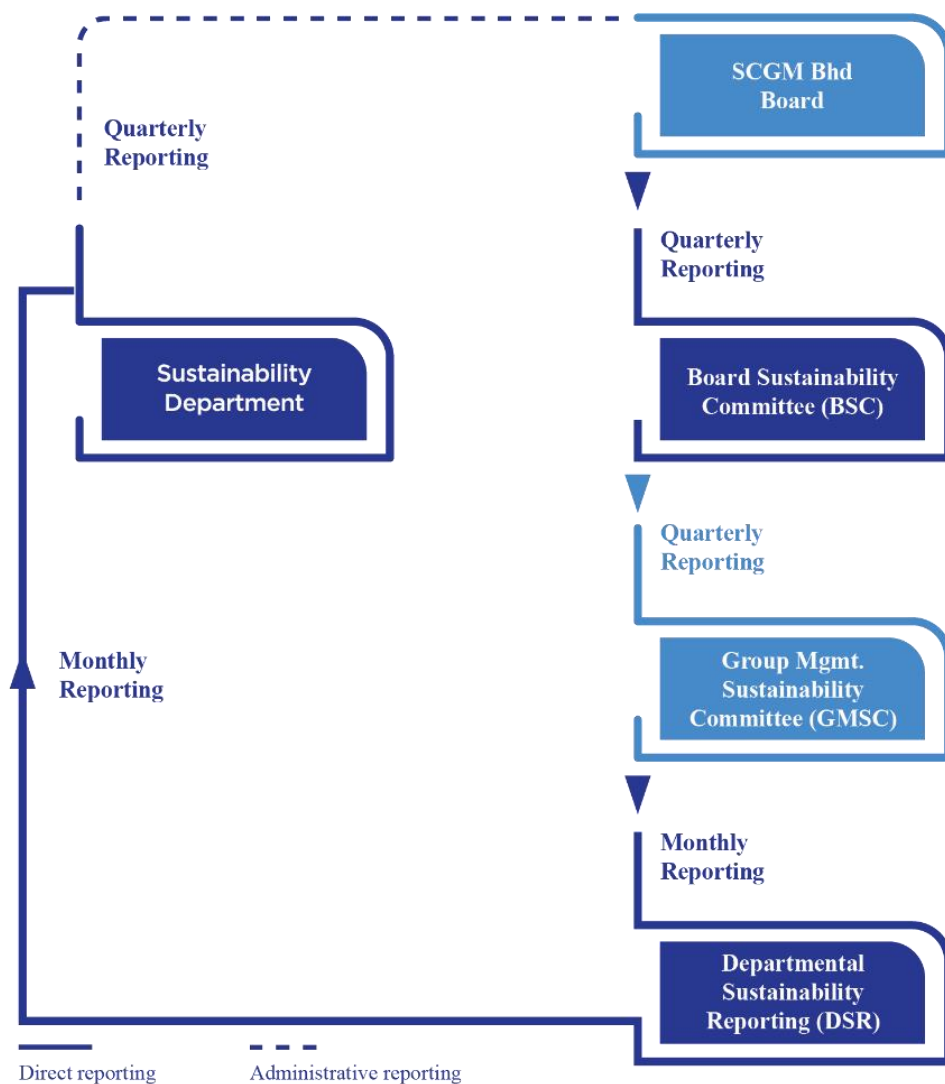
“FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SCGM has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.”

6.1 SUSTAINABILITY GOVERNANCE

The Board of SCGM Bhd has overall responsibility for the Group, in which Lee Soon Seng Plastics Industries Sdn. Bhd. forms as a Division. The Board meets on a quarterly basis to address the issues of Sustainability Governance.

Sustainability Governance is then also driven at the divisional level mostly through Departmental Sustainability Reporting (DSR) and via Strategic Business Units where the focus is placed on reporting and advising progress of the Key Performance Indicator (KPI).

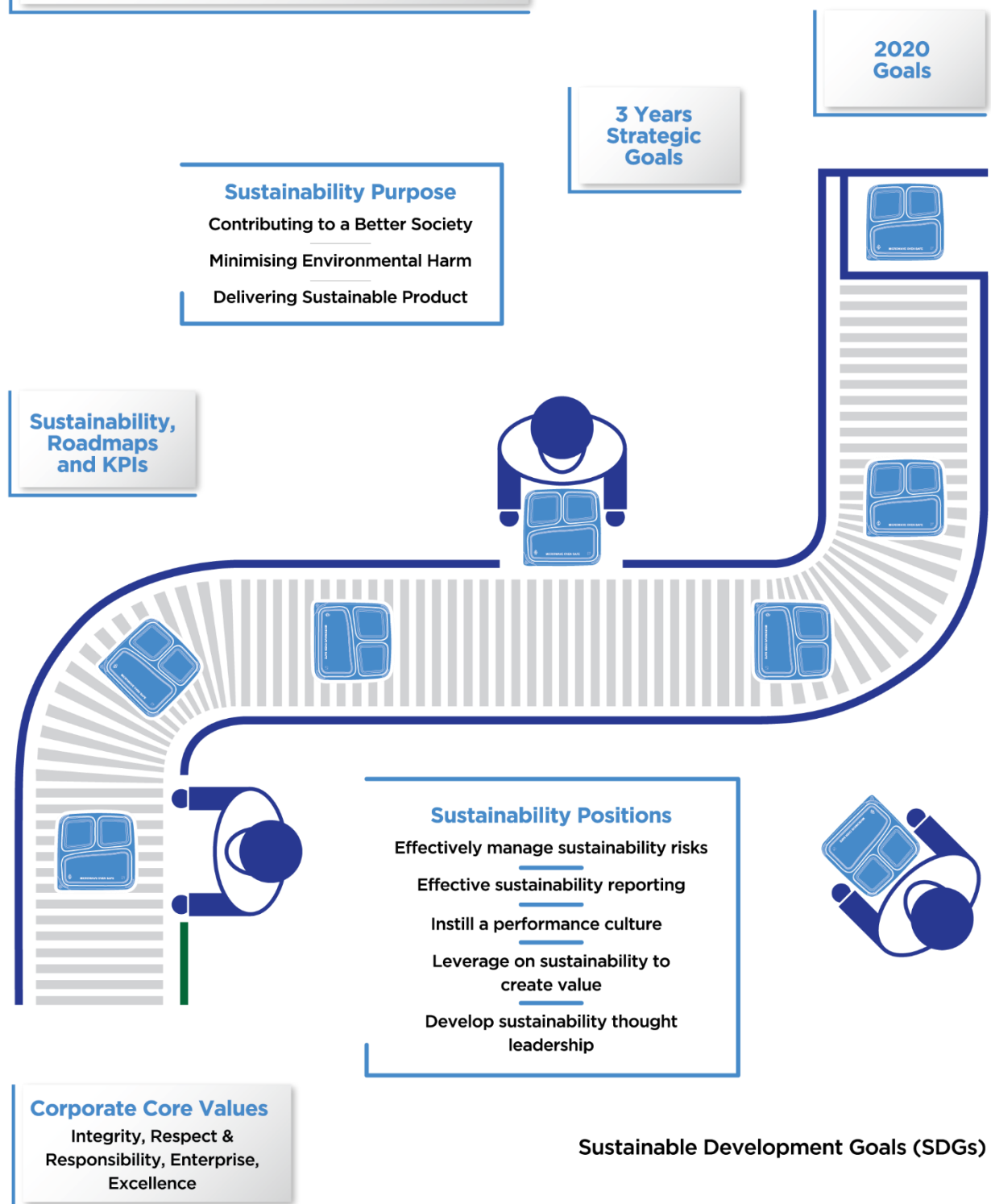
Our Company was incorporated in Malaysia on 29 June 2007 as a public limited company. Our Company is an investment holding company while our subsidiary, namely, Lee Soon Seng Plastic Industries Sdn. Bhd. (“LSSPI”) is principally involved in the manufacturing and trading of plastic products and medical protective equipment. The structure of our Group is as follows: -



6.2 SCGM BHD SUSTAINABILITY STRATEGIC FRAMEWORK

The frame work illustrates SCGM Bhd activities and initiatives that help us to deliver our sustainability purpose which are **Contributing to A Better Society**, **Minimising Environmental Harm**, and **Delivering Sustainable Product**. This in turn helps to create values for the organisation.

At both the group and subsidiary level, SCGM Bhd supports its commitment to sustainability through creation of a logical sustainability strategic framework as depicted below: -



Our Sustainability Strategic Framework adopts the United Nations (UN) Sustainable Development Goals (SDGs) to underpin and guide our effort. It also embeds our Corporate Core Values and Sustainability Beliefs.

The 17 SDGs and their associated targets are expected to become increasingly important in driving business and governing delivery of sustainability. The goals set an agenda for sustainable development to 2030. For SCGM Bhd, 12 of the 17 goals are either directly or indirectly related to our overarching goals of developing sustainable communities and nation building, as shown below.

The Sustainability Strategic Framework sets in place a structure to foster a performance culture that aims to move SCGM Bhd further along what we term the sustainability 'maturity curve', from 'Emerging' level to a 'Leader'.

Our KPIs focus on our most material sustainability challenges, and are assessed through objective metrics and aligned with Group Blueprints and Divisional Roadmaps. Achieving our KPIs enables us to move to the next level on the maturity curve.



For more detailed information about the SDGs see:



<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>



LEADING

Lead by example to lead other at this higher level

EXCELLING

Excel in achieving the performance at this higher level







PERFORMING

Maintain the performance at this higher level

MANAGING

Manage the standards set and to achieve beyond the standards





EMERGING

Emerge and to comply with standards set by the KPIs

6.3 SCGM BHD KEY PERFORMANCE INDICATORS

We place primary emphasis on the Sustainability Leadership Index (SLI) and Critical and Trending Sustainability Key Performance Indicators (KPIs). These help us to focus on crucial material issues with measurable targets, supported by logical initiatives and programmes. In relation to these KPIs we have set clear and measurable improvement targets until the year 2020.

While fully adopting the Sustainability Strategic Framework at a Divisional level, SCGM Bhd focuses on the Critical and Trending Sustainability KPIs. In addition, we evaluate on a regular basis the Division Strategy Blueprint, which is the primary business strategy tool of the division and advise focus and content to drive delivery of the sustainability framework.

To make progress on our sustainability journey and sustainability maturity curve, we need to achieve the targets of six critical KPIs and at least six of our trending KPIs.

CRITICAL KPIs

Key area	KPI	Purpose	Subsidiary Target	Status
Safety and Health	Reducing Lost Time Injury Frequency Rate (LTIFR)	Protect our people by developing a safe working culture with zero fatalities	2 concern reports per Operating Units (OUs) per month	Reporting the next year
Business efficiency	To Implement Lean Six Sigma	Empower operational excellence to enhance monetary benefits	Target to achieve 2 million per year till year 2020	In planning stage
Sustainability reporting	GRI Sustainability Reporting	Engage stakeholders and commit to better disclosure	Contribute to the Group Sustainability content of the Annual Report and Division Materiality Assessment	On-going
Emissions	Carbon Intensity Reduction	Protect the environment by mitigating the impacts of SCGM Bhd operations on climate change	Review and recommit carbon emission reduction target	On-going
Managing waste	Setting Waste Baseline	Respect the environment by promoting sustainable consumption and production	Setting preliminary waste baseline	On-going
Water	Setting Water Baseline	Protect the environment by adopting responsible water stewardship	Setting preliminary water baseline	On-going

TRENDING KPIs

Key area	KPI	Purpose	Divisional Target	Status
Safety	Implementing Divisional Environment, Safety and Health (ESH) Roadmaps	Empower divisions by providing guidance on the strategic progression of ESH initiatives	10% of 3-year ESH Division Roadmap	On-going
Business efficiency	Implementing Divisional Lean Six Sigma (LSS) Roadmap	Empower divisions by providing guidance on the strategic progression of Quality and Operational Excellence initiatives	Division LSS Roadmap to be implemented	On-going
Safety and Health	Implementing Sustainability Management System (SMS)	Empower teams to disclose Sustainability data by providing a robust automated system	90% reporting for SMS	On-going
Safety and Health	Maintaining QESH-MS	Operational readiness for QESH-MS Certification	Preparation for certification	On-going
Energy	Energy Efficiency	Protect the environment by mitigating the impacts of climate change through promoting eco-efficiency initiatives	Review and commit target for energy reduction by 2020	On-going
Risk Management	Implementing ESH Risk Management	Protect SCGM Bhd against major ESH risks by ensuring that effective risk management is in place	Generate 3 Top Risks and implement mitigation controls to reduce risk	On-going
Sustainability Engagement and Recognition	National competition /sustainability engagement /Awards	Highlight the value of corporate sustainability	Sustainability Awards Shortlisting	On-going
Quality	Quality Assessment System	To ensure product quality and reduce customer complaints		On-going

6.4 DRIVERS OF SUSTAINABILITY

SCGM Bhd is guided by the three key drivers of sustainability - People, Planet and Prosperity.

*These drivers relate directly to our Sustainability Purpose which is **Contributing to A Better Society, Minimising Environment Harm and Delivering Sustainable Product.***



In this Report, we use our Sustainability Purpose Framework to outline our performance sometimes with initiatives case studies to demonstrate our progress in delivering on the three pillars.

SUSTAINABILITY PERFORMANCE INDEX (SUSPI)

Within SCGM Bhd, we apply SUSPI to guide and measure the sustainability at our manufacturing process and the sustainability at our contribution to the three pillars ie. Contributing to A Better Society, Minimising Environment Harm and Delivering Sustainable Product.

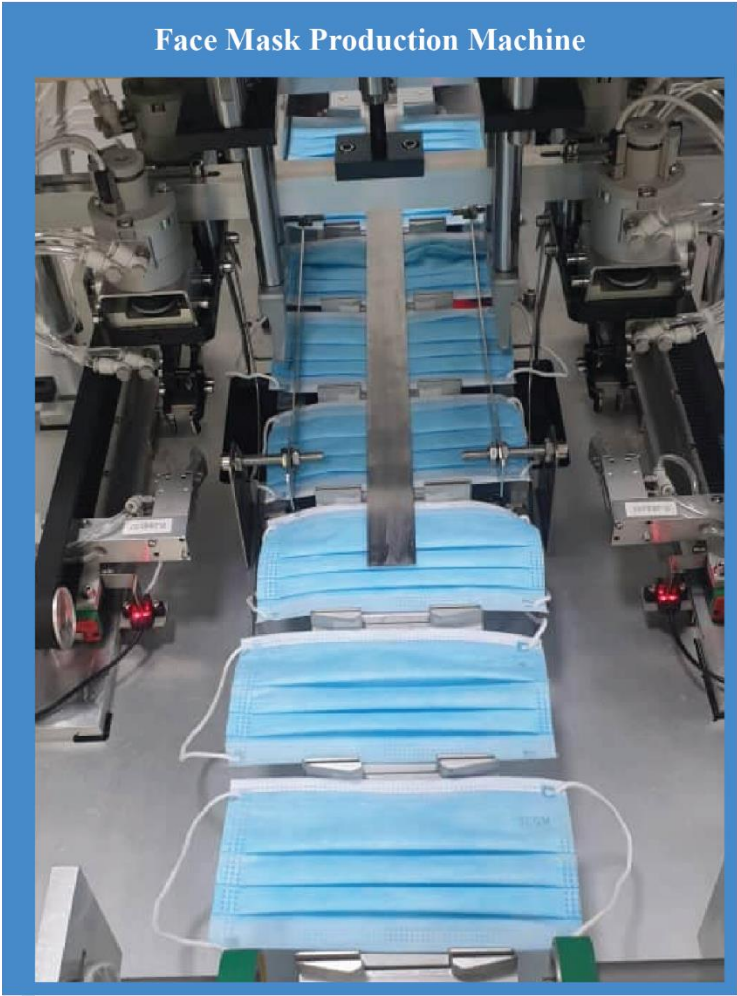
This in-house tool helps us to optimise our resources whereby the focus is on ensuring a pragmatic approach by delivering sustainable solution in relation to the three key drivers of sustainability - People, Planet and Prosperity during the manufacturing process.

This tool also serves as an engagement to provide DSR with recommendations for enhancement which are often implemented upon recommendation of GMSC.

Our main focus will be using this tool to evaluate our sustainability performance and the results of which would be in our next reporting period.



7.0 OUR SUSTAINABILITY REPORTING



Face Mask packaging



3-ply Face Mask (Head Loop)



Face Mask With Eye Shield



Face Mask Holder



Face Shield Packaging



Children Face Shield



7.1 MATERIAL ISSUES

SCGM Bhd took interest and issues raised by stakeholders into consideration when adopting the sustainability issues that are pivotal and relevant to us.

To have a better understanding on our interest and material issues that are important to us, we conducted workshop with managers under our DSR to identify the material issues that are relevant to us.

GRI reporting calls for reporters to state where the impacts of their material issues are experienced – either inside the organisation, or externally in the value chain, or both. This is known as the Aspect Boundary. For this report, we have mapped our 24 material issues to the United Nations ‘Sustainable Development Goals’ (SDGs) for 2030, as basis for our framework in future sustainability reporting. Throughout this report, we have indicated where our activities or commitments link to one or more of the goals.

Issue	Aspect Boundary	SDGs
Corporate governance	SCGM Bhd and subsidiaries	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
Economic and financial performance	SCGM Bhd, our vendors and our investors and customers	8 DECENT WORK AND ECONOMIC GROWTH 
Business risks	SCGM Bhd, our vendors and our investors and customers	12 RESPONSIBLE CONSUMPTION AND PRODUCTION  13 CLIMATE ACTION 
Cost management/efficiency	SCGM Bhd and our investors and customers	8 DECENT WORK AND ECONOMIC GROWTH  12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
Pricing strategy	SCGM Bhd and our customers	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 

Issue	Aspect Boundary	SDGs
Talent management	SCGM Bhd, especially our employees	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>4 QUALITY EDUCATION</div>  
Employee welfare	SCGM Bhd, especially our employees	<div>3 GOOD HEALTH AND WELL-BEING</div> 
Human rights in the workplace	SCGM Bhd, especially our employees	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div>10 REDUCED INEQUALITIES</div>  
Customer relationships	SCGM Bhd and our customers	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> 
Facility safety	SCGM Bhd and our customers	<div>10 REDUCED INEQUALITIES</div> 
Community engagement	SCGM Bhd, our customers and township communities	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> 
Negative public relations risks	SCGM Bhd	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> 

7.2 OUR SUSTAINABILITY PURPOSE

In this Report, ie. Chapter 8 to 10 detail our activities and sustainability performance under the three pillars areas of our Sustainability Purpose, i.e., Contributing to a Better Society, Minimising Environmental Harm and Delivering Sustainable Product.



8.0 CONTRIBUTING TO A BETTER SOCIETY



8.1 SAFETY AND HEALTH

Occupational Safety and Health

SCGM Bhd places great importance on the well-being and safety of its employees. The nature of our business involves occupational health and safety risks. Improving our safety performance is among our Critical KPIs. Occupational safety and health impact people's lives as well as our organisation's productivity, quality and delivery of products and services.

To further illustrate our commitment to ensure our workers fully adhere to ESH, we trained our workers in areas of first-aid training, safety chemical handling, overhead crane safety training, and forklift safety and operational training.

First Aid Training



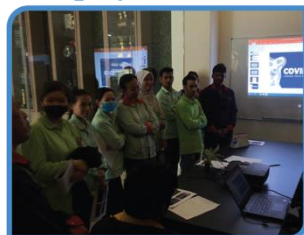
Cutting Knife Handling Briefing



Training of Personal Hygiene Procedure



COVID-19 Training for Employees



Training on Audiometric and Pre-Test Briefing



Briefing on Handling of Drinking Water Bottle



Noise Risk Assessment Briefing



Ceramah Kesihatan & Kebersihan Diri

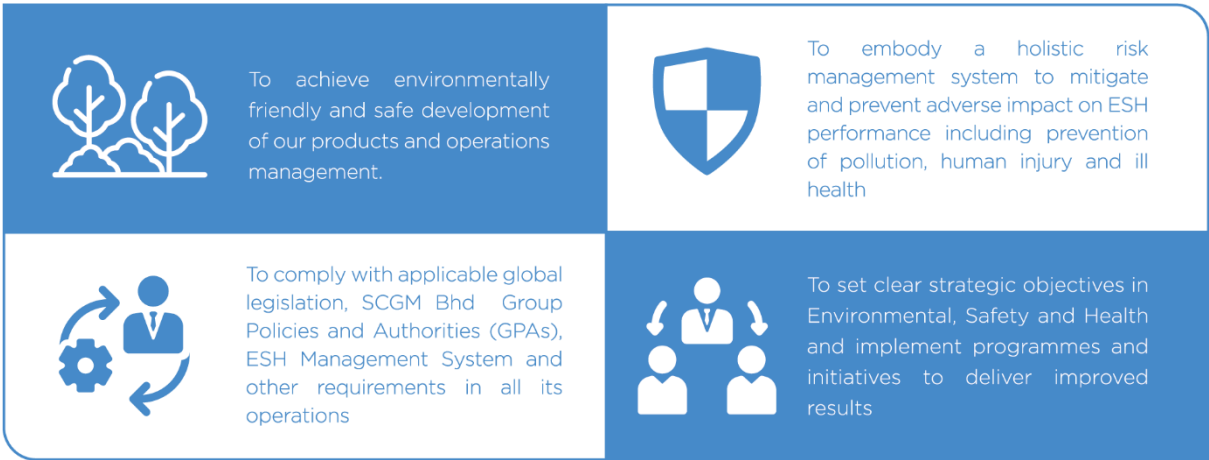


Forklift Safety Training



Our Environment, Safety and Health Policy commits us to continuously maintain and improve a positive and sustainable Environmental, Safety and Health (ESH) culture. This also requires our strategic stakeholders and vendors, whom we expect high standard of commitment in their continuing journey with us to seek continuous improvement in Occupational, Safety and Health (OSH) performance.

Our ESH Policy sets out the following aims:



Customer and Product Health and Safety

It is important to us that our products are safe for public use as this directly influences their satisfaction and the subsequent performance of the company.

We ensure that our customers understand the use of our products appropriately and as to strengthen our place in the market as a provider of high-quality products and services. Under our Environment, Safety and Health (ESH) Policy, we are committed to showing leadership in building quality products and providing top-notch after-sales services for our clients.

Our performance on health and safety (both for our employees and our customers) is monitored and reported to our senior management, and regular external audits are also undertaken.

Product Labelling

To ensure our products are safe for public use, all our products are labelled appropriately as illustrated below:-



Based on the illustration above, it shows the different product labels indicating the model number, the brand, material, and type of exposure such as sun, heat, temperature to ensure the product strictly adheres to the product quality.

8.2 HUMAN CAPITAL

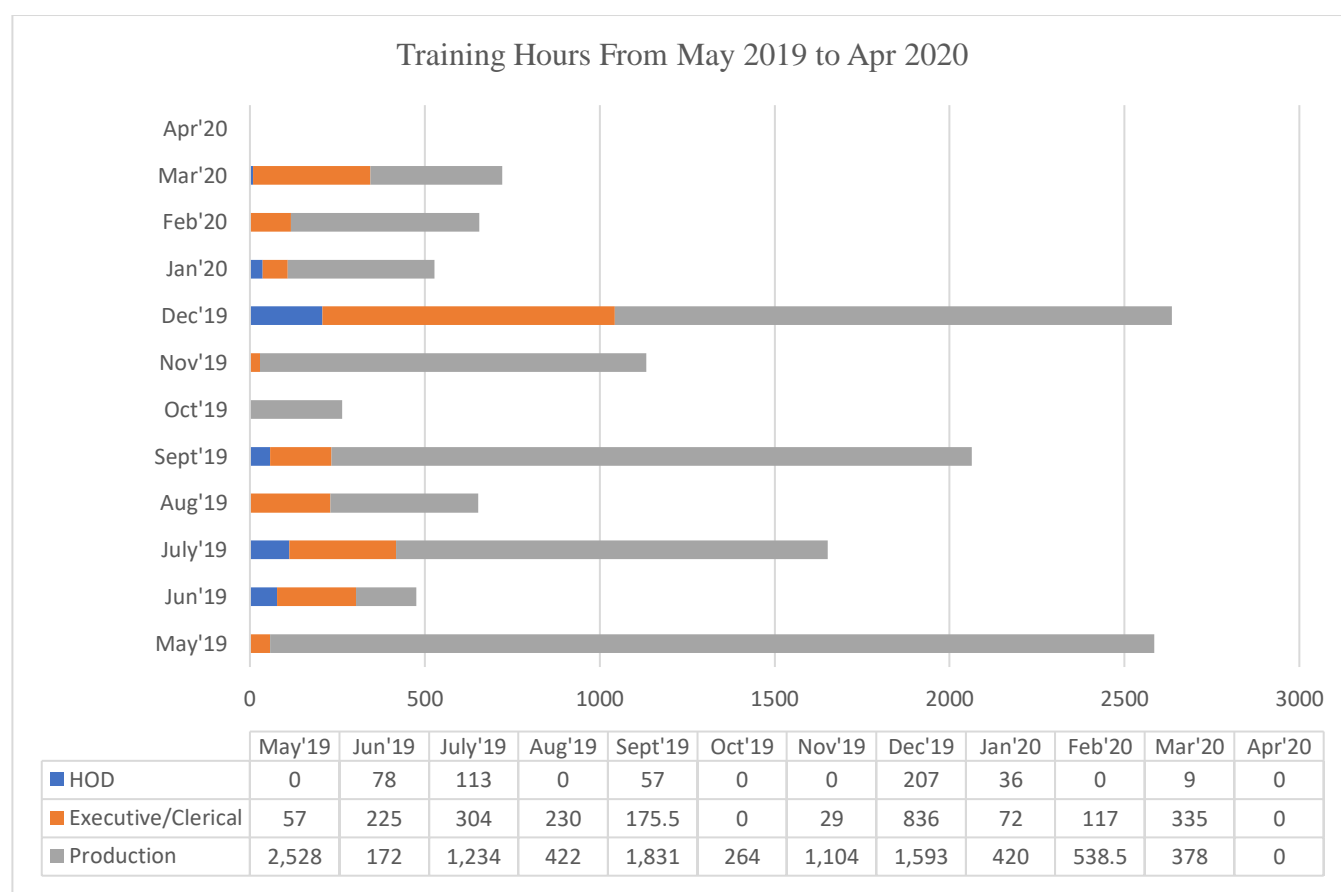
Together with our contractors and other vendors, we are a significant employer, supporting the livelihoods of tens of thousands of people in the areas where we manufacture.

Training and Development

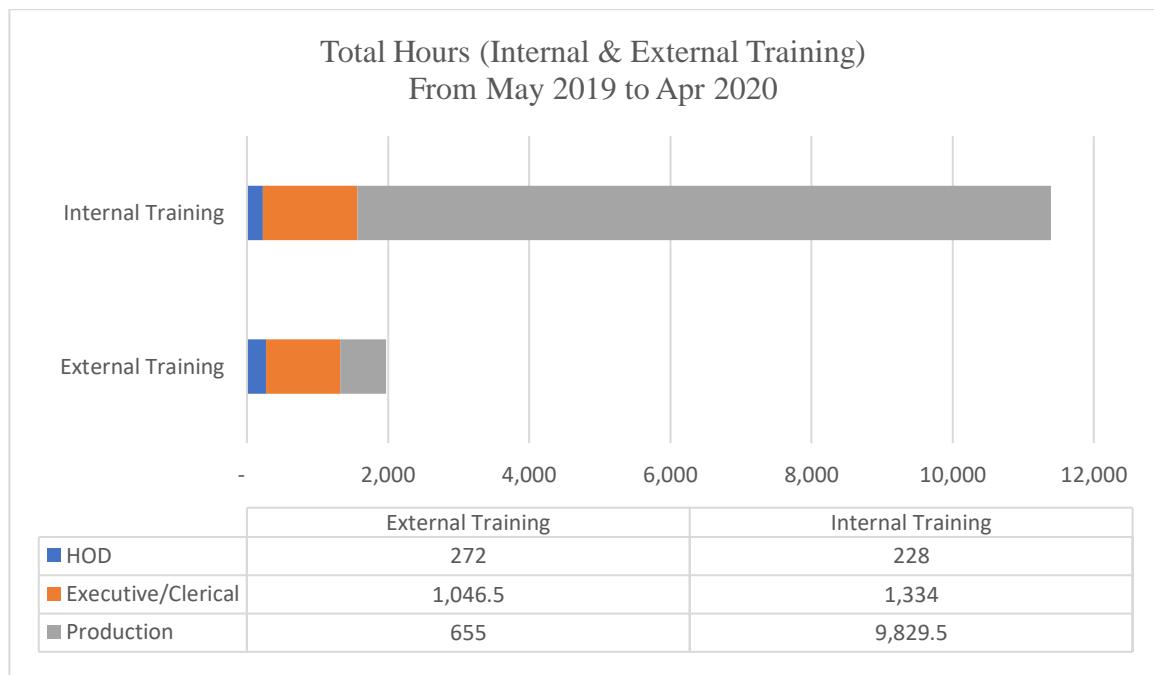
SCGM Bhd views learning as very important to ensure our employees have the required competencies to perform their work and deliver their best output. In our industry products innovation, cost-savings measures make continuous learning a priority. Leadership training and training about work culture help to prepare the employees for leadership roles and contribute to transforming our company.

As part of its transformation process, SCGM Bhd will embark training and development for the organisation, focus on addressing competency/skill gaps, especially for critical or high-risk jobs. Our approaches include collaboration with external bodies to develop technical programs which are highly customized to the specific needs of the company, sending employees for professional certification programs, arranging on-the-job attachment and engaging specialists for certain jobs to facilitate knowledge transfer. Besides, upskilling and retraining of existing employees are also carried out regularly.

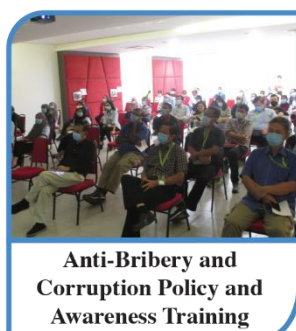
The table below shows the training hours and the types of training for Head of Departments, Executive/Clerical and Production level respectively.



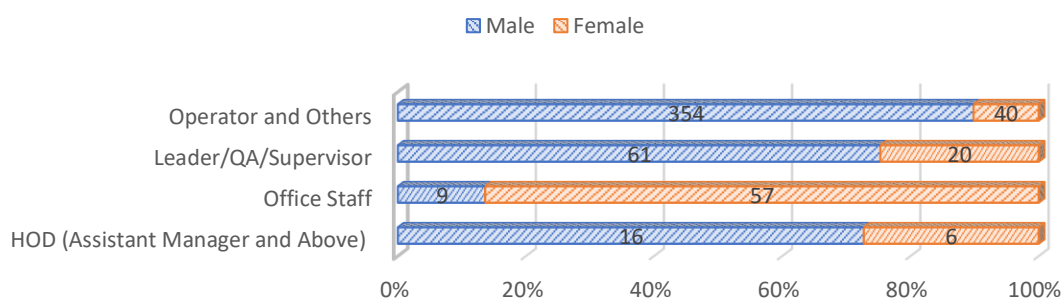
No	Training
1	FSSC Understanding
2	FG Handling
3	5S Understanding
4	Safety Awareness
5	HACCP & Personal Hygiene Policy & Rejection Criteria
6	Routine On-the-job Training (OJT)
7	Fire Drill & Fire Extinguisher
8	First Aids box Usage
9	Waste Handling
10	Forlift Driving Skill
11	Ceramah dan Latihan Pasukan Keselamatan Kebakaran (ERT)
12	Certified Environment Professional in scheduled waste management



We take a structured approach to learning, firstly identifying the training needs throughout our organisation, then developing programs to address prioritized needs, in line with our organisation-wide policy about learning and employee development.

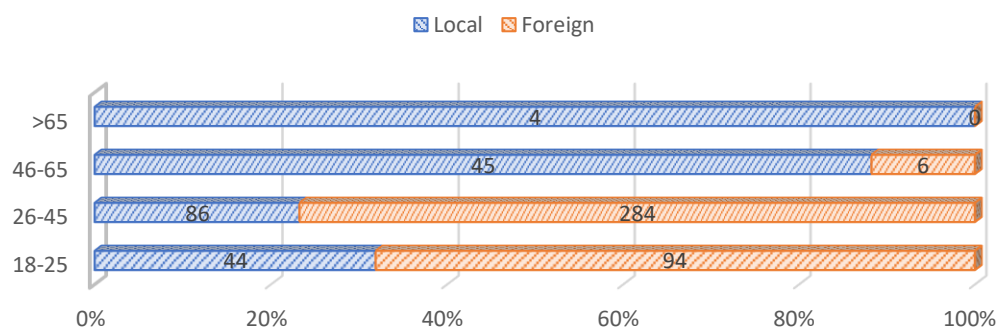


NUMBER OF WORKERS BY GENDER FY2020



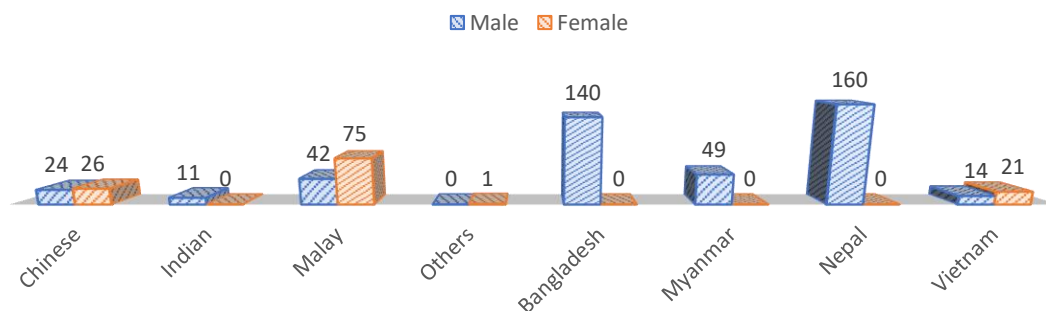
	HOD (Assistant Manager and Above)	Office Staff	Leader/QA/Supervisor	Operator and Others
Male	16	9	61	354
Female	6	57	20	40

NUMBER OF WORKERS BY AGE RANGE FY2020



	18-25	26-45	46-65	>65
Local	44	86	45	4
Foreign	94	284	6	0

NUMBER OF WORKERS BY RACE/NATIONALITY FY2020



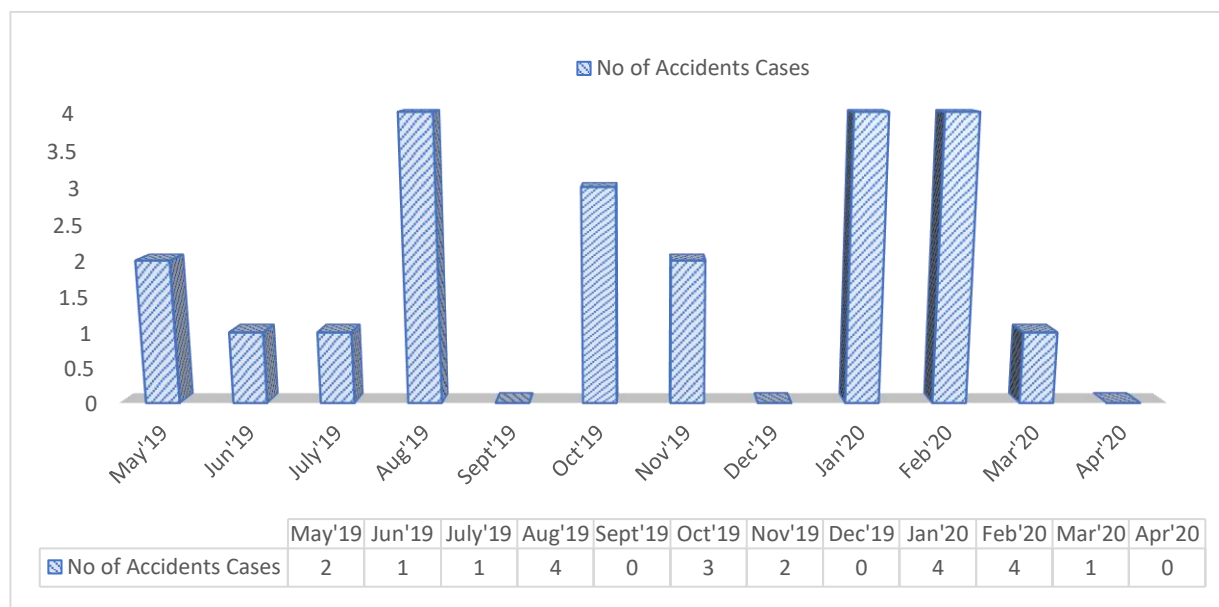
	Chinese	Indian	Malay	Others	Bangladesh	Myanmar	Nepal	Vietnam
Male	24	11	42	0	140	49	160	14
Female	26	0	75	1	0	0	0	21

Our Performance

In our effort to track and protect the health and well-being of our employees, we record the details of all fatalities, permanent and temporary disability, minor incidents, medical treatment, and all medical aid incidents.

Our performance in safety and health (both for our employees and our customers) is monitored and reported to our management, and periodic internal and external audits are also undertaken.

Within the financial reporting period, regrettably, we have a total of 22 accident cases reported. The graph below shows the no of cases and manpower loss days.



MEDICAL LEAVE RECORD MAY 2019 - APRIL 2020

DEPARTMENT	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
ADMINISTRATION	1	0	2	3	2	2	4	4	6	5	14	0
DC&PACK	32	55	46	55	53	49	55	73	54	46	20	8
ENGINEERING	1	1	1	1	0	0	0	1	0	0	0	0
EXTRUSION	8	8	12	13	8	8	9	11	20	11	20	2
FINANCE	3	9	3	0	2	9	2	0	4	6	13	0
FORMING	13	13	12	33	56	27	8	25	32	12	16	10
FORWARDING	4	7	5	3	13	2	6	4	13	3	6	0
HUMAN RESOURCES	3	2	1	2	6	5	3	3	3	1	0	0
INFORMATION TECHNOLOG	0	1	0	0	0	0	0	0	0	2	0	0
MAINTAENANCE	5	2	8	7	5	12	4	13	5	11	8	1
MOULDING	19	30	15	14	15	14	11	6	11	18	17	11
PROD-PLANNING	6	7	9	9	2	6	4	9	4	4	3	1
PRODUCTION	5	3	4	3	6	2	3	9	27	4	1	0
QUALITY ASSURANCE	6	9	5	6	3	8	9	8	4	8	3	0
SALES&MARKETING	2	14	8	6	3	6	12	7	23	6	2	0
WAREHOUSE	1	3	2	3	2	2	3	2	1	5	8	1
TPG DC&P	15	41	25	29	36	16	12	6	2	1		
TPG EXTRUSION	0	7	1	3	5	7	3	1	0	0		
TPG FORMING	1	4	11	5	0	0	0	1	0	0		
TPG FORWARDING	0	1	0	0	1	0	1	1	0	1	0	0
TPG MAINTENANCE	2	1	2	2	4	2	1	0	1	0		
TPG PRODUCTION	0	2	5	2	1	3	1	0	2	0		
TPG WAREHOUSE	0	0	1	1	12	1	0	0	0	0	0	0
TOTAL	127	220	178	200	235	181	151	184	212	144	131	34

A total of 1,997 medical leaves days were recorded during the financial reporting period and the company experienced a productivity loss of 15,976 hours as a result. SCGM Bhd will endeavor to understand the reasons why medical leave was taken by taking the necessary steps to find out the well-being of our staff.

In terms of process, when an accident occurs, the relevant Environment, Safety and Health unit report the accident via our Group-wide online system, the Sustainability Management System (SMS). This data is then counted as part of the operating unit's ESH performance for the month. At Divisional level, a monthly report is submitted to Group Sustainability and Quality Management, which includes the incident statistics in the overall ESH performance for the month. There is also quarterly reporting of these statistics at each Divisional and Group level.

Health Prevention Programs

Education and training related to assisting workforce members, their families, or community members regarding serious diseases are provided in the appropriate language and pictorial formats, during campaigns and roadshows. For example, we conducted a campaign about Dengue Fever, proper waste disposal which involved educating the workforces and general public about practical prevention methods.

Anti-Corruption Training

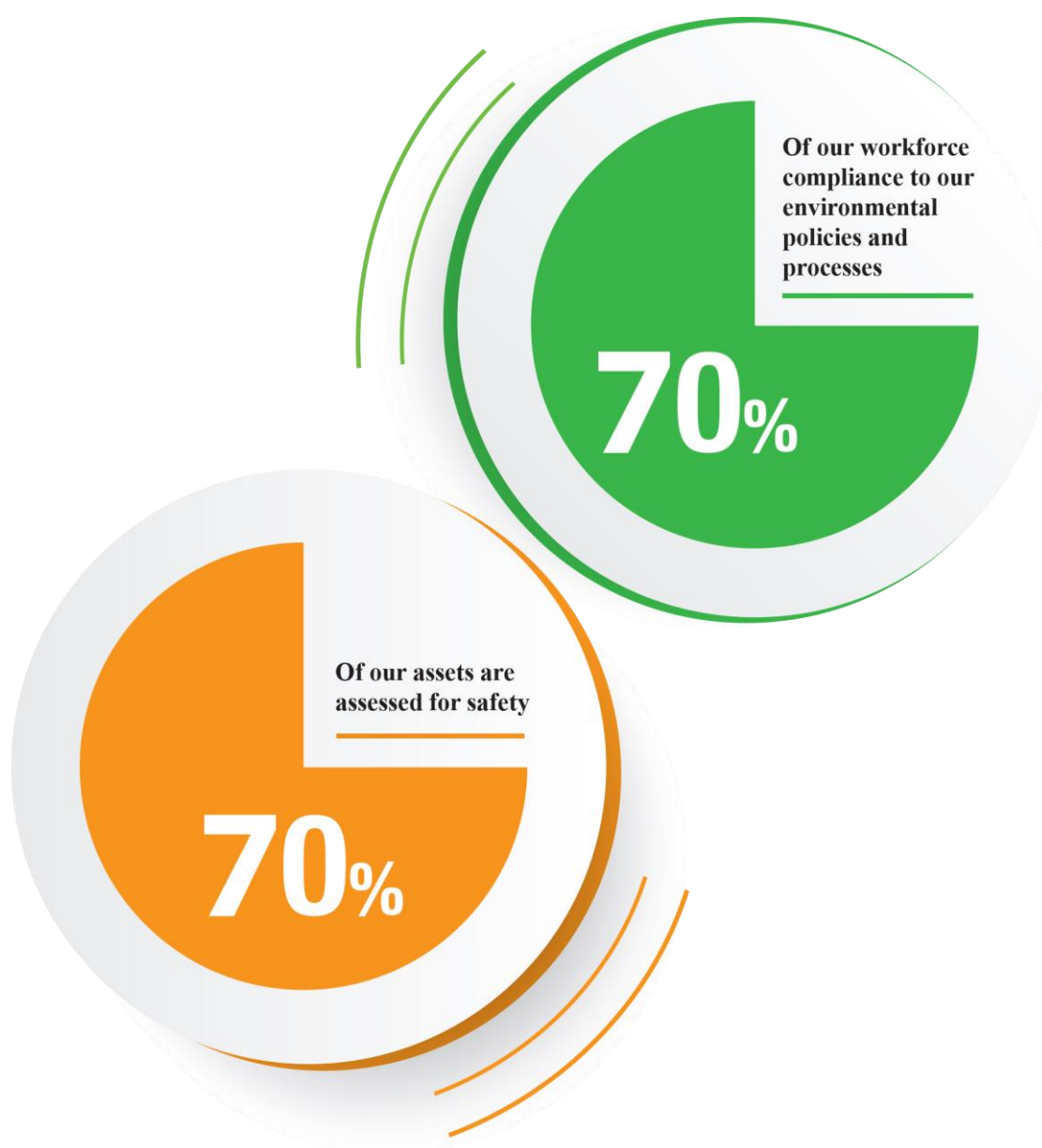
In line with the enforcement of Corporate Liability Provision Under Section 17A of The Malaysian Anti-Corruption Commission Act 2009 (MACC) with effect from 1 June 2020. SCGM Bhd has adopted an Anti-Bribery Corruption (ABC) Policy and conducted in-house awareness training for all employees.



Programmes

Education and training related to assisting workforce members, their families, or community members regarding serious diseases are provided in the appropriate language and pictorial formats, during campaigns and roadshows. For example, we conducted a campaign about Dengue Fever, which involved educating the workforces and general public about practical prevention methods.

We assess our assets including our manufacturing facilities, and construction sites regularly during their lifecycle to see what, if any, ESH improvements can be made.



Diversity and Inclusion and SCGM Labour Policies

Alongside the expansion of its manufacturing base in Johor, SCGM has developed a globally-minded workforce as a means to sustain our growth path. Even though we have not formally established a diversity and inclusion policy, we are seeking to develop a 'borderless' working culture to support our global direction. To this end, we are implementing diversity and inclusion activities to equip managers and employees to operate in a global environment.

The objective is for the company's staff to have an improved appreciation and respect for differences because we know that diverse workforce will help us to better understand our existing and potential customers – and thereby be better equipped to meet their needs.

To prevent discrimination, we have a Sexual Harassment Policy and a Grievance Procedure available to all employee programs and ensure they are briefed about these. During the reporting period, there were no instances of discrimination reported. We are looking into setting up an Employees Feedback mechanism in the coming financial reporting year.

We do not tolerate discrimination in our workplace as it does not augur well for our people, and create the risk of reputational damage, purchaser boycotts, and exposure to legal liability.

To illustrate our commitment to ensure effective communication at our workplace, we have identified major languages and implemented it in all our notices.

To further illustrate this principle of equal opportunities at the Board level, women comprises 43% of the Board of Directors.



8.3 HUMAN RIGHTS

Respecting and Protecting Human Rights in Our Workforce

Human Rights is an increasing area of concern from a wide range of stakeholders.

SCGM Bhd will register to become a signatory of the United Nations Global Compact (UNGC) and to become a member of Global Initiative on Human Rights. The company’s observance and direction of fundamental human rights are enshrined within its policies and COBC.

In our reporting period, we have yet to implement a formal charter of the human right policies. In addressing these issues holistically, SCGM Bhd will strive to do so in the near term.

SCGM Bhd believes it has to respect the rights of all individuals regardless of race, colour creed or nationality, including but not limited to, its employees and communities wherever it operates.

Ongoing general awareness sessions are being rolled out to raise awareness about fundamental Human Rights and its relevance to business for our management team.

The pictures below show our recently upgraded facilities according to our staff who worked in SCGM Bhd.



2 Blocks of Hostel made of brick with fire system



Canteen



Sport Facilities provided by Company



Bed for Staff



Fire Rated Door



Women’s Dormitory

For males, we provide 4 beds to a room and 2 beds to a room for women separated on each floor accessible only by access card. Each block is monitored 24 hours by our security guards to ensure our employees are well protected and to avoid any mishaps. Besides, we have also provided RHB ATM machine at our entrance to facilitate withdrawal of salary, transfer of salary to their hometowns. To further illustrate our commitment to ensure the welfare of our staff, we have engaged licensed money changer once a month for staff who wish to repatriate their funds back home.



Child Labour Policy

Child Labour Policy was adopted, and every supplier is requested to sign attesting the prohibition of child labour within their business environment.

Enclosed herewith our Child Labour and Forced Labour Policy which was adopted on March 20th 2020.



Child Labour and Forced Labour Policy

ADOPTED ON MARCH 20TH 2020

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1 Preamble

The protection of human rights and fundamental freedoms is a top priority for SCGM BHD and is codified and enforced through the company's own Code of Conduct and the SCGM BHD Social Standards. SCGM BHD will therefore not tolerate any form of child labour or forced labour.

2 Introduction

According to the International Labour Organisation (ILO), approximately 218 million children between the ages of 5 and 17 are in employment worldwide. Of these, some 152 million work under conditions that violate their rights and deprive them of their childhood. It is estimated that 12 million people worldwide, half of which are children, are forced to perform work that they would not otherwise engage involuntarily under threat of punishment.

The elimination of child labour and forced labour is a central challenge for the international community and is promoted by international organisations such as the United Nations. Nonetheless, due to the lack of comprehensive national and international mechanisms, the massive violation and curtailment of elementary human rights cannot be prevented. As an international group, SCGM BHD takes an active stand against child labour and forced labour.

The **SCGM BHD Child Labour and Forced Labour Policy** unconditionally prohibits and condemns both child labour and forced labour and at the same time contains procedural rules for addressing instances of child or forced labour.

3 Relationship between the Child Labour and Forced Labour Policy and the SCGM BHD Social Standards

SCGM BHD is committed to compliance with the SCGM BHD Social Standards and requires the same level of commitment from its suppliers. These Standards set out the basic rights of employees and guidelines for environmental stewardship based on internationally recognised standards.

The purpose of this Child Labour and Forced Labour Policy is to address the issue of child labour and forced labour in greater depth than in the Social Standards and provide background information. It entails no further obligations for Suppliers.

4 Application of the Policy

4.1 SCGM BHD Group

This Policy applies to all companies and undertakings of the SCGM BHD Group. Compliance is mandatory for all employees, suppliers, business associates and customers.

4.2 Partners

The Child Labour and Forced Labour Policy complement the SCGM BHD Social Standards, which are mandatory for companies that currently do business with the SCGM BHD Group. Acceptance of the SCGM BHD Social Standards, and as a result this Policy, by potential business partners is also a mandatory prerequisite for entering into new business relationships. SCGM BHD expects its business partners to fulfil their duty of care and obliges to advise subcontractors and sub-suppliers on their obligation to comply with the SCGM BHD Social Standards.

The duties and obligations arising from these Social Standards apply for all employees of our suppliers, whether they are directly, indirectly, permanent or so-called homeworkers suppliers must inform their employees of their rights and obligation under the Social Standards and applicable domestic law appropriately. They must also designate a company representative to oversee compliance with the requirements contained in the SCGM BHD Social Standards. The name of this company representative, who will be the point of contact for SCGM BHD, must be communicated to SCGM BHD.

5 Child Labour in General

5.3 The distinction between Child Labour and Young Workers

In keeping with internationally recognised standards, SCGM BHD makes a distinction between child labour and young workers. SCGM BHD will not tolerate child labour under any circumstances. The employment of young workers, i.e. minors who have reached the minimum age of employment and completed compulsory schooling is allowed under strict conditions and in compliance with the ILO standards.

The distinction between child labour and young workers is based upon socioeconomic factors. In countries in which the educational system and the economy are not sufficiently developed, the existence of families can be jeopardised if minor children who have reached the minimum age of employment are not allowed to work. SCGM BHD, therefore, considers it preferable to forego any general ban on the employment of young workers and instead to respect domestic law and international standards. SCGM BHD does not, however, actively promote the employment of young workers for normal work and such cases are the exception. SCGM BHD expressly advocates dedicated training programs and educational opportunities for young workers.

SCGM BHD monitors compliance with the ban on child labour as well as the conditions for the employment of young workers by its business partners.

5.4 Child Labour

5.4.1 Definition

The definition of child labour adopted by SCGM BHD is based upon the internationally recognized standards of the ILO. Accordingly, child labour is first of all work that deprives children of their childhood, their potential and their dignity and is harmful to their physical and mental development. In keeping with the ILO standards, SCGM BHD defines child labour as:

- Work that is mentally, physically, socially or morally dangerous and harmful
- Work that fails to take into account compulsory schooling
- Work that prevents children from attending school
- Work that makes it necessary for children to leave school prematurely
- Work that requires children to combine school attendance with long and heavy work

The worst forms of child labour involve enslavement, separation of children from their families and exposure to hazardous conditions.

SCGM BHD sets age limits to prevent the employment of children who are too young. Here too, the international standards of the ILO are taken as the basis. In keeping with ILO Convention 138, the employment of children who are **under 15 years of age** and have **not completed compulsory schooling** is not allowed.

Besides, work that jeopardises their physical, mental or psychological well-being may not be carried out by persons under the age of 18. Under exceptional circumstances and in strict compliance with safety regulations, that age may be reduced to 16.

5.4.2 Prohibition of Child Labour

SCGM BHD is an internationally active group that has accepted responsibility for setting minimum standards for itself and its business partners to achieve the minimum level of protection agreed at the international level. The SCGM BHD Social Standards provide the basis for collaboration with all suppliers. They prohibit child labour and provide information on minimum criteria for employment. In the event of any failure to comply with the Social Standards, SCGM BHD will require that the situation be remedied as quickly as possible.

5.4.3 Preventive Strategy

Reliable control mechanisms must be implemented at the level of hiring procedures to prevent child labour. SCGM BHD therefore, requires that its business partners put in place effective controls. It is necessary to verify the age of applicants for employment by requiring the presentation of valid identification issued by an official authority before employment. A copy of such identification and all other legally required documentation must be kept on file during the entire period of employment. In the event it should prove impossible to present such identification, other legal proof of age such as a diploma, birth certificate or official document from the place of residence of the applicant may be accepted. Employers will be responsible for verification of the authenticity of documents submitted.

In cases in which the physical appearance of an applicant does not seem to be consistent with the documents presented, medical documents from a reliable source should be required as proof of age.

Employers must also determine whether applicants have already completed their compulsory schooling.

5.4.4 Dealing with Violations / Procedure

This Policy contains a set of rules that cover procedural and investigatory measures to be adopted if a business partner of SCGM BHD is found to be using child labour. In order to ensure the well-being of the child in such cases, SCGM BHD requires compliance with the minimum conditions set forth below:

- The child must cease work immediately.
- The employer must provide the child with appropriate compensation for the loss of employment.
- The employer must safeguard and promote the welfare of the child, which will include, for example, verification of continuation of compulsory schooling and financial assistance for the family of the respective child.

SCGM BHD has taken it upon itself to monitor implementation of these measures. Information on implementation will therefore be requested from employers at regular intervals. In the case of difficulties during the implementation phase, business partners may turn to SCGM BHD for advice.

SCGM BHD will also require proof of implementation of all measures required to ensure that hiring processes are designed to preclude child labour in the future through careful examination of documents. Proof of age must be kept on file for all employees.

SCGM BHD also requires formal confirmation to the effect that all possible actions have been taken and implemented. SCGM BHD also reserves the right to verify the implementation of such actions on site. In the event a business partner should refuse to cooperate, SCGM BHD reserves the right to terminate the business relationship as a last resort.

5.5 Young Workers

5.5.1 Definition

In keeping with the understanding of the ILO, SCGM BHD defines young workers as those who have completed their compulsory education and are at least 15 but not yet 18 years of age. Employment of young workers is permitted only in compliance with the provisions of national law and international standards.

5.5.2 Employment of Young Workers

For SCGM BHD, the employment of young workers is permissible only if their specific needs are taken into account and appropriate measures adopted to meet such needs. The employment of young workers will also be permissible only in the absence of any conflict with national legislation and international standards. In keeping with ILO Recommendation R146, employment of young workers will be subject to the following conditions:

- Young workers must be registered with the proper authorities.
- Employers should implement a system based on national law to identify work that is not suitable for young workers.
- Employers must ensure that young workers do not perform physically strenuous work or work that involves hazardous materials.
- Young workers may not perform any dangerous work, jeopardizes their physical, mental or psychological well-being, impairs their intellectual, moral and social development or is not commensurate with their qualifications.
- Young workers may not work overtime. Assignment to night shifts is also prohibited.
- Twelve hours of rest must be provided between any two shifts. Provision must also be made for weekly days of rest.
- Young workers must receive at least four weeks of paid leave per year. The paid leave of young workers may not be shorter than that of adult employees.
- Young workers should be covered by social security insurance. Such insurance should cover work accidents, medical care and health insurance and include other appropriate employment-related insurance.
- Employers should provide young workers with fair pay based on the principle of “equal pay for equal work”.

5.5.3 Strategy for the Avoidance of Non-Compliance with Rules for the Protection of Young Workers

To ensure compliance with rules for the protection of young workers, SCGM BHD expects all minor workers to be properly registered with the responsible authorities. Besides, compliance with requirements will be verified through SCGM BHD social audits for suppliers of raw materials. Suppliers of resin and sheets will be also monitored based on self-assessment questionnaires.

5.5.4 Dealing with Violations / Procedure

In the case of any violation of rules about the protection of young workers, SCGM BHD will require that the violation be remedied immediately. Besides, appropriate indemnification will be required.

SCGM BHD has taken it upon itself to monitor implementation of these measures. Information that documents implementation will, therefore, be requested from employers at regular intervals. In the case of difficulties during implementation, business partners may turn to SCGM BHD for advice. SCGM BHD also reserves the right to verify the implementation of such actions on site. In the event a business partner should refuse to cooperate, SCGM BHD reserves the right to terminate the business relationship as a last resort.

6 Forced Labour

6.6 Definition

SCGM BHD defines forced labour in line with ILO Convention No. 29 as any work or service performed involuntarily under threat of penalty. SCGM BHD will not tolerate or condone any form of forced labour, modern slavery or human trafficking (hereinafter referred to as “forced labour”).

6.7 Prohibition of Forced Labour

SCGM BHD is an international group that takes an active stand against all forms of forced labour. SCGM BHD strictly prohibits the use of forced labour and expects the same of its business partners. The freedom of workers may not be restricted and must be ensured at all times.

Through compliance with the SCGM BHD Code of Conduct, the SCGM BHD Social Standards and the Malaysia’s Child Act 2001, SCGM BHD takes a firm stand against all forms of forced labour and as a result lives up to its sense of corporate responsibility.

6.8 Preventive Strategy

SCGM BHD will not tolerate or condone any form of forced labour and expects the same of its business partners. Acceptance of the SCGM BHD Social Standards, which condemn and prohibit all forms of the forced labour, is a basic prerequisite for establishing a business relationship with suppliers. In the case of companies that do business directly with SCGM BHD, social compliance audits will be carried out at regular intervals to determine compliance with social standards. In the case of resin and sheets suppliers, this will be accomplished by submission of self- assessment questionnaires.

SCGM BHD also provides its employees with annual training as regards the values and rules embodied in its Social Standards. Special attention is devoted to the Standards to a recognition of forced labour and related practices. This enables employees to recognise and report violations.

6.9 Dealing with Violations / Procedure

Any violation of the rules contained in the SCGM BHD Social Standards must be remedied immediately. Measures must then be taken to prevent the repetition of the violation of the Social Standards. SCGM BHD also expects the parties affected to receive appropriate compensation.

SCGM BHD sees it as its duty to monitor the implementation of these measures. Information regarding implementation of the measures will, therefore, be requested from employers at regular intervals. In the case of difficulties during the implementation of such measures, business partners may turn to SCGM BHD for advice. SCGM BHD also reserves the right to verify the implementation of such actions on site. In the event a business partner should refuse to cooperate, SCGM BHD reserves the right to terminate the business relationship as a last resort.

7 General Information

General information on the SCGM BHD Social Standards may be downloaded on our company's website www.scgmbhd.com.

8 Point of Contact in the Case of Violation

Violations of the SCGM BHD Social Standards, whether actual or potential, may be reported directly to SCGM BHD at ir@scgmbhd.com

SCGM BHD has also set up a worldwide external ombudsman system for reporting cases of child labour or forced labour. If requested, any information provided will be treated anonymously. Employees and third parties such as, for example, suppliers, their employees or customers, are free to contact the ombudsman at any time.

**SCGM BHD Ombudsman:
DAVID CHENG – SCGM BHD
INVESTOR RELATIONS
DIRECTOR**

Telephone: + 607 6522288
Mobile: + 6017 7700887
E-Mail: ir@scgmbhd.com
Address: PTD 109444 Jalan Sengkang
Kawasan Perusahaan Sengkang
81000 Kulai, Johor

Report Form:

A special form is available to permit direct contact with the SCGM BHD Ombudsman at: www.scgmbhd.com/reporting

International Telephone Numbers:

International telephone numbers are provided that make it possible to contact the SCGM BHD Ombudsman at any time.

9 Point of Contact for Issues Involving Child Labour and Forced Labour

If you have any questions on this Policy, the SCGM BHD Social Standards or the subject of child labour and forced labour in general, you may contact SCGM BHD directly by e-mail at davidcheng@scgmbhd.com

10 Application

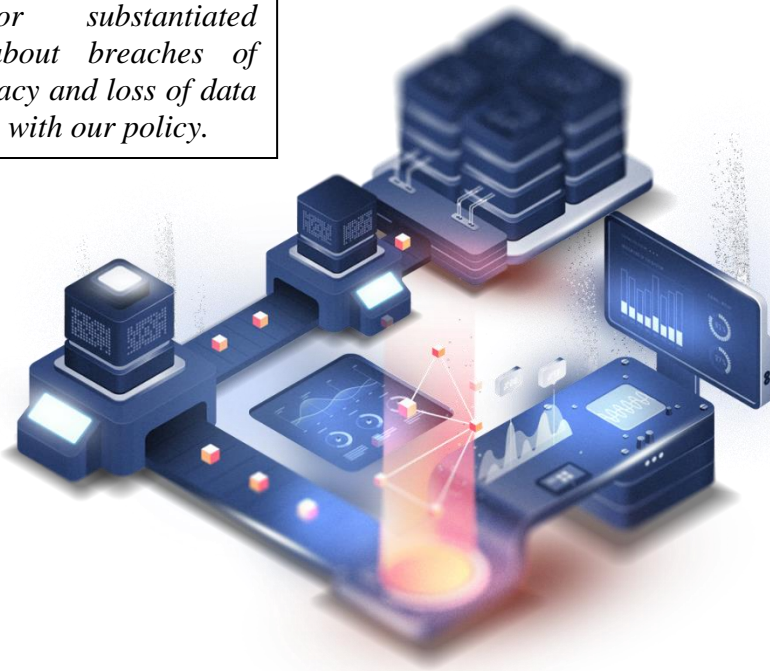
This Policy takes effect on March 20th 2020.

Customer Privacy

Protecting customer privacy and data security is an important part of our commitment to our customers.

We comply with relevant privacy and data security legislation wherever we operate. In 2016 we introduced a Standard Operating Procedure (SOP) for SCGM Bhd to comply with the Personal Data Protection Act 2010 (PDPA). When a customer or prospective customer provides their personal details either through the SCGM Bhd website or other relevant document or channel, they are required to sign the PDPA Notice to ensure statutory compliance with PDPA. Throughout this reporting period, SCGM Bhd had received no complaint regarding a breach of customer privacy.

We monitor substantiated complaints about breaches of customer privacy and loss of data in accordance with our policy.



8.4 OUR SUPPLY CHAIN / PROCUREMENT

We select all suppliers or vendors through a rigorous pre-qualification selection process. This includes checking their work processes to ensure compliance with Quality and Environmental, Safety and Health (ESH) industry standards.

Our selection criteria also include consideration of local suppliers to support the local economy. SCGM Bhd defines 'local' as being Malaysian-based companies who are registered in Malaysia. In support of our commitment to the local economy, SCGM Bhd will strive to use local suppliers located within the vicinity as much as possible.



8.5 PROCUREMENT OF MATERIALS

As part of our commitment to the community to support the local economy, SCGM Bhd endeavours to source its raw materials locally in its manufacturing process. We purchased approximately 95% of our raw materials locally as tabulated below.

Resin Type	Local	Foreign	Distance from Kulai
PP	100%	-	47 km
HIPS	100%	-	46km
PET	98%	-	269km
OPS	-	100%	-
PVC	-	100%	-

In addition to its other components such as spare parts, consumables, etc. SCGM Bhd would directly purchase from Kulai District or within 10 km from the factory.

Further measurements will be provided in the next reporting period as SCGM Bhd will set up KPIs for its purchase of raw materials and consumables.

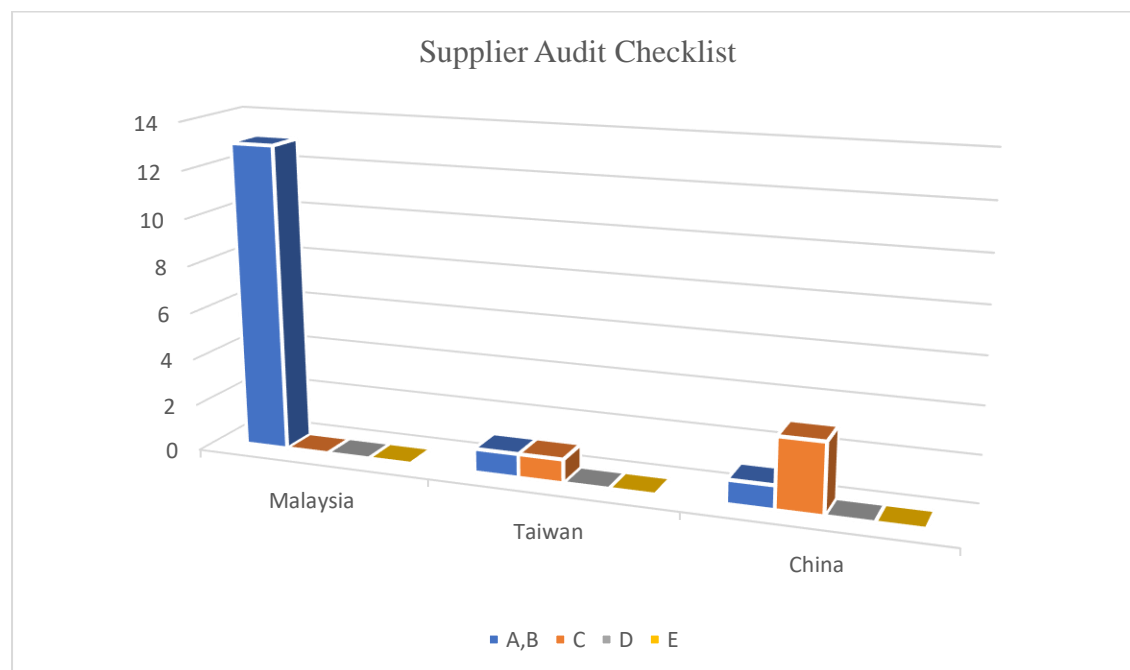
8.6 SUPPLIER ESH COMPLIANCE

Supplier internal assessment was conducted last year to ensure suppliers conform with our sustainability guidelines and based on the guidelines provided, enclosed below are the results of our Supplier ESH Performance Audit.

2020 AUDIT PERFORMANCE

	LIST OF FACTORIES WE PROCURE FROM	TOTAL AUDITS	RESULT A, B	RESULT C	RESULT D	RESULT E
Malaysia	13	0	13	0	0	0
Taiwan	2	0	1	1	0	0
China	4	0	1	3	0	0

For year 2020, we did not perform physical audit on the suppliers, however we request suppliers to fill up our supplier audit checklist and based on the checklist we found that more than 90% of the suppliers met or conform with our requirements in line with our sustainability guidelines. The chart below depicts our results from surveys being conducted.



The table below depicts the results of assessment based on the survey being conducted. SCGM Bhd will continue to review its supplier assessment with ratings C and below.

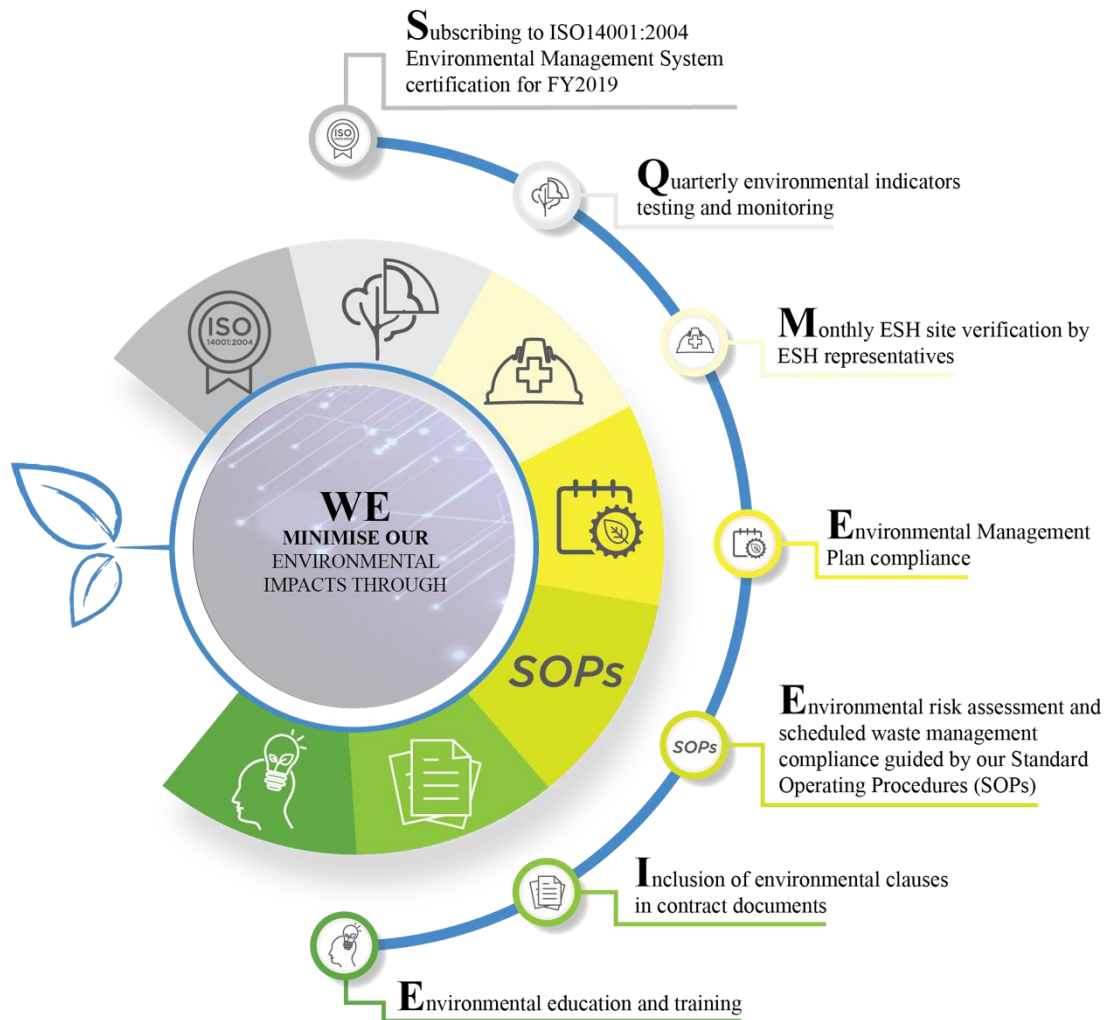
	A VERY GOOD	B GOOD	C ACCEPTABLE	D INSUFFICIENT	E UNACCEPTABLE
Social management System	8%	10%	21%	59%	1%
Workers Involvement	48%	31%	15%	4%	1%
Freedom of Association	99%	1%	0%	0%	0%
No discrimination	85%	10%	5%	0%	1%
Fair remuneration	36%	50%	13%	0%	0%
Decent working hours	36%	0%	8%	55%	1%
OHS	76%	10%	1%	9%	3%
No Child Labour	98%	1%	0%	1%	1%
Special protection for young workers	95%	3%	1%	0%	1%
No precarious employment	99%	1%	0%	0%	0%
No bonded labour	100%	0%	0%	0%	0%
Protection of the environment	74%	13%	12%	1%	0%
Ethical business behaviour	80%	12%	8%	0%	0%

8.7 SOCIAL INVESTMENT AND SUSTAINABILITY ENGAGEMENT



9.0 MINIMISING ENVIRONMENTAL HARM

Environmental responsibility is vital to SCGM Bhd's commitment to sustainable development. We track and monitor our impact on the environment through a combination of initiatives, from planning, to the final stages of our manufacturing process and as well as our development of our factory.







9.1 ENVIRONMENTAL COMPLIANCE

As a responsible manufacturer, SCGM Bhd endeavor to be environmentally compliance in achieving the goals and target of zero environment incidents.

During our manufacturing process, we monitor our activities via ESH performance monthly reporting and management review during internal audits. We have also organized training for our staffs, stakeholders, and vendors to ensure compliance in areas of scheduled waste handling.

Through our environmental compliance programme, SCGM Bhd has identified several issues relating to the environment that may result from our operations. These issues have been listed below with the associated mitigation initiative being applied.

Issue	Mitigation Initiative
Materials 	Ensuring toxic materials used in our operating units and construction sites (if any) are handled and disposed properly
Effluent 	Monthly inspection to check on the quality of water discharged
Noise 	Noise monitoring tests are carried out at site to monitor noise levels
Waste 	Tracking and monitoring of waste generation, as well as recycling activities are carried out across our operating units and construction sites

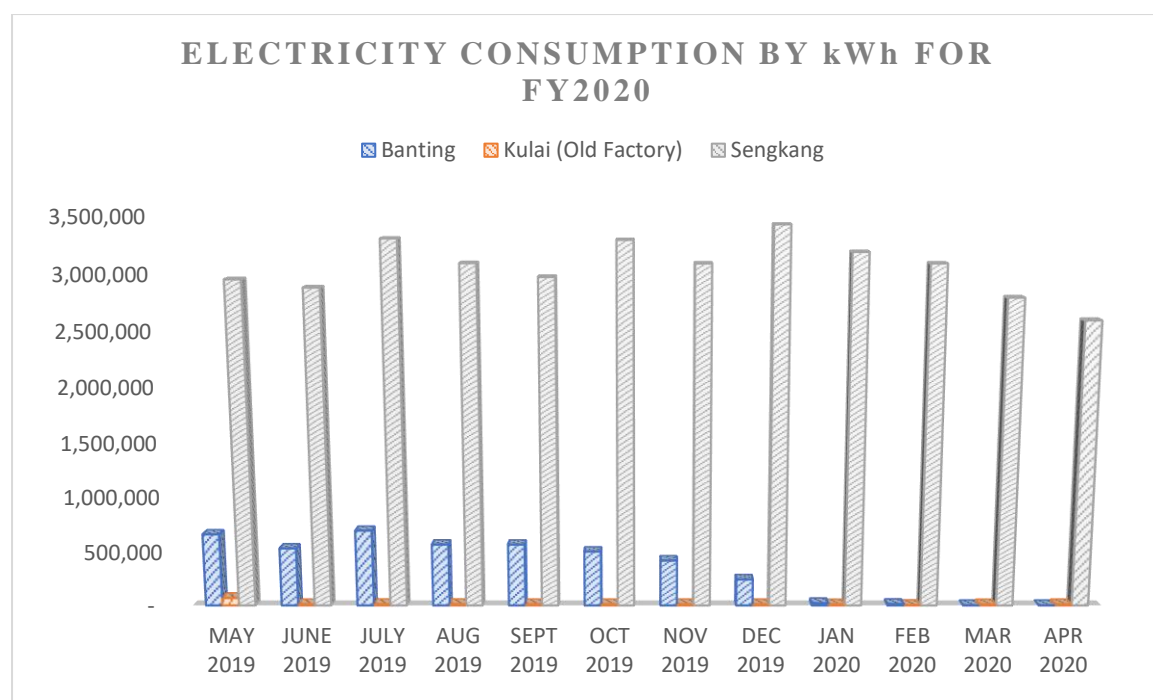
In the reporting period, SCGM Bhd had no significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations.

9.2 ENERGY AND CARBON EMISSIONS

Carbon management is a direct measure of the sustainability of our carbon footprint. Carbon emission also impacts the environment. SCGM Bhd is aware of the potential risks of changing the environment as a result of climate change, involving exposure of extreme weather events and the need to emphasize our resilience in our business value chain and products.

For the purpose of this calculation, we calculated our carbon emission using the following website calculator <https://greentechmalaysia.my/carboncalculator/>

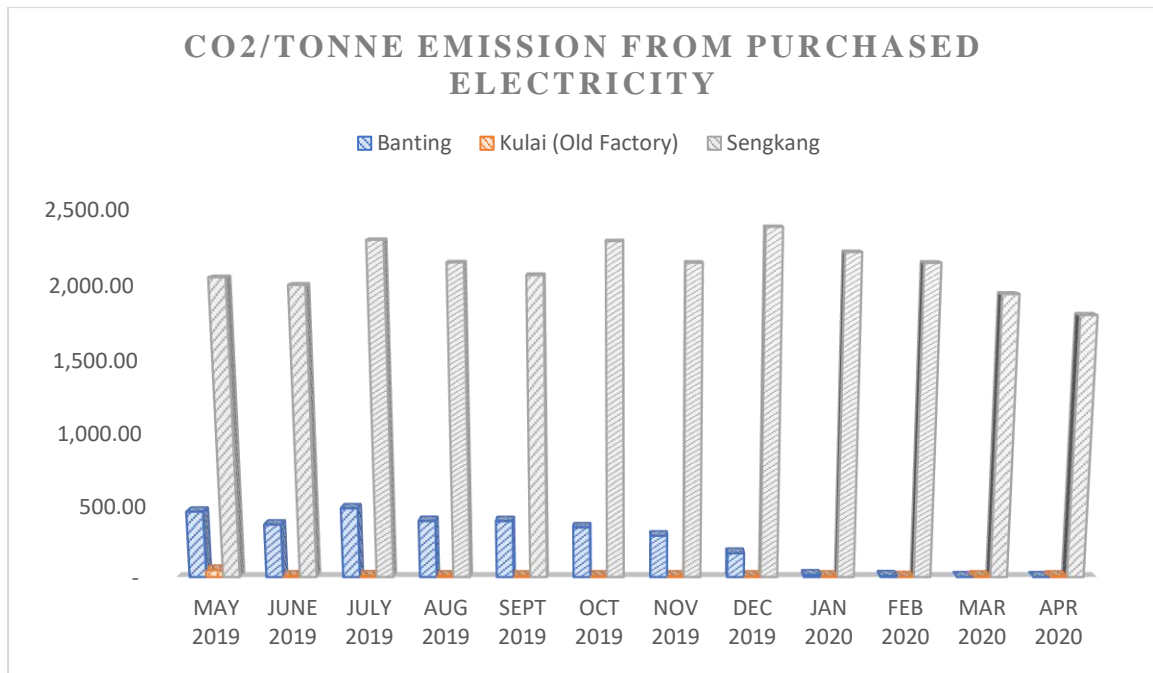
For purposes of calculation of our energy and carbon emission, we have expanded our scope of work this year to include our factory in Banting, Kulai (Old Factory) and Sengkang.



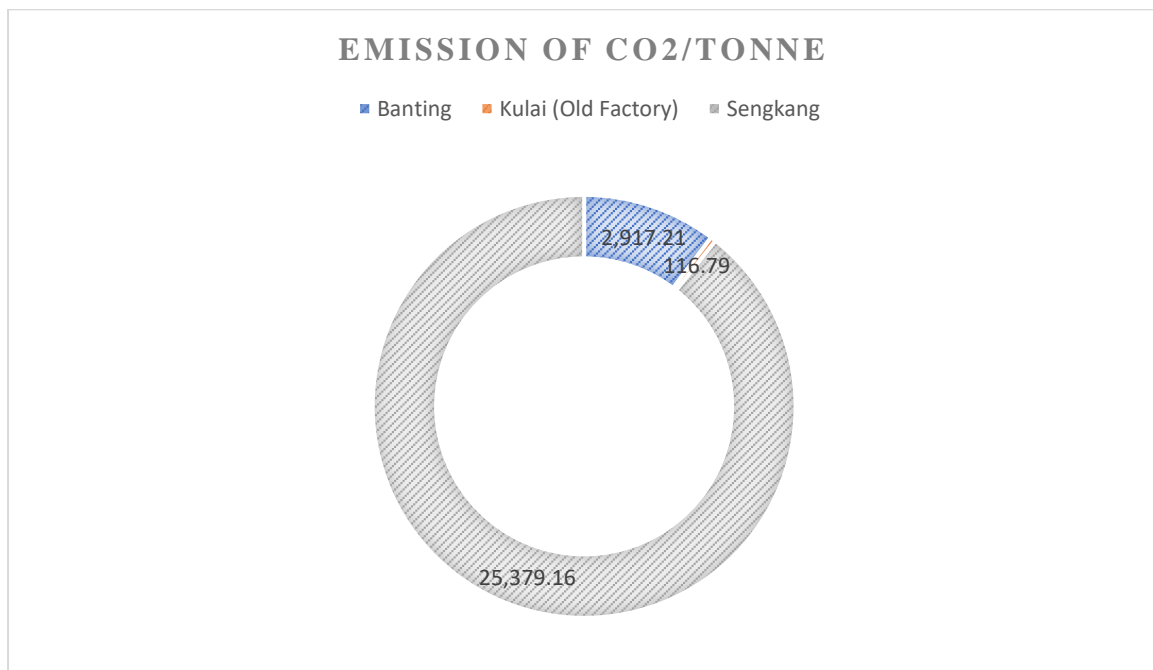
Based on the graph above, we consume purchased electricity contribute a total 4,203,477, 168,280, 36,569,402 kWh for each of the respective plant i.e Banting, Kulai (Old Factory) and Sengkang respectively.

We acknowledge the high consumption of purchased electricity and will endeavour to look into alternative energy source such as solar panels to reduce our CO2 emissions.

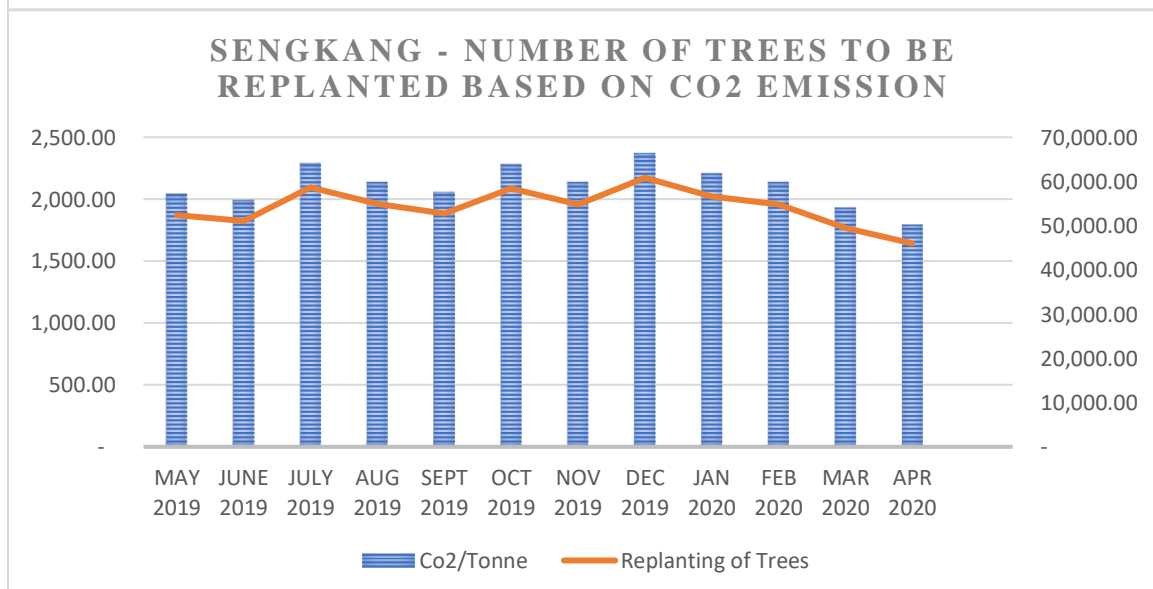
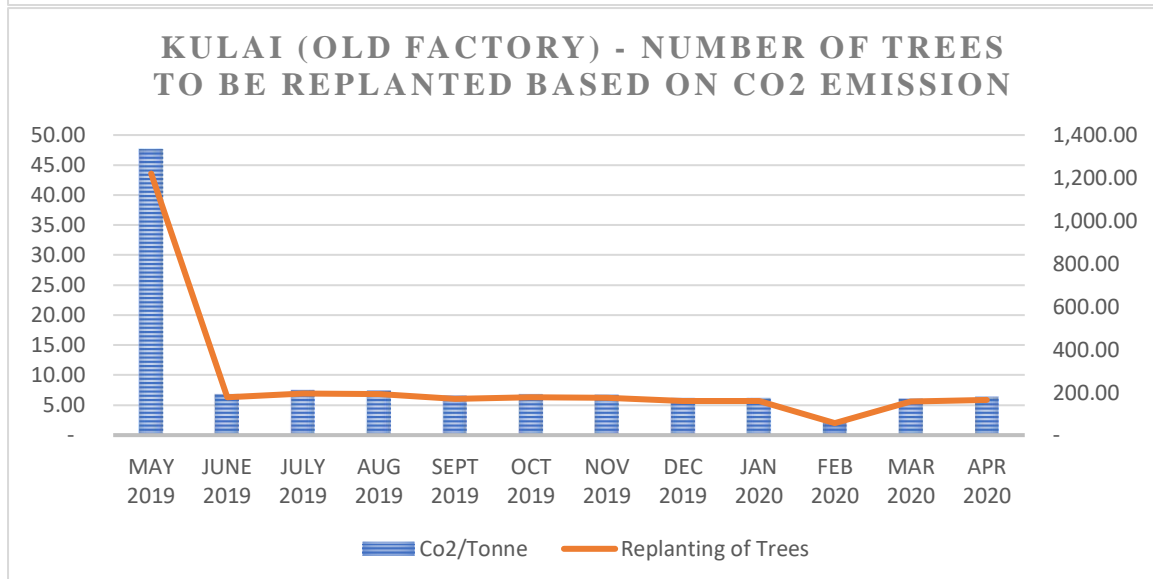
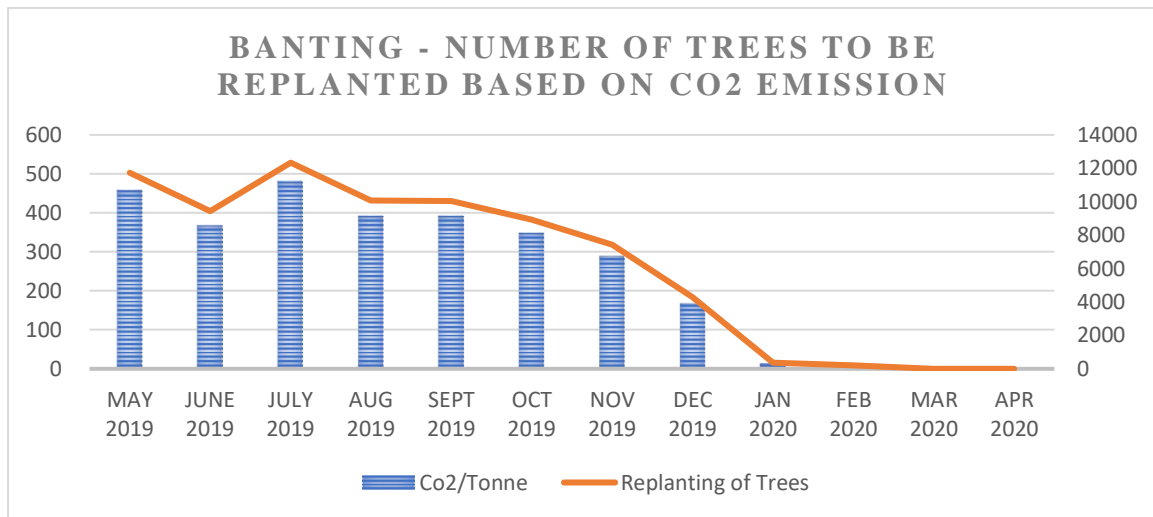
The following graph depicts the CO2 emission based on our scope of the study as shown below.



The total emission of CO2, all three plants during the financial period FY2020 contributed 28,413.16 Co2/Tonne and replanting of 728,543 trees are required for SCGM Bhd to be sustainable.

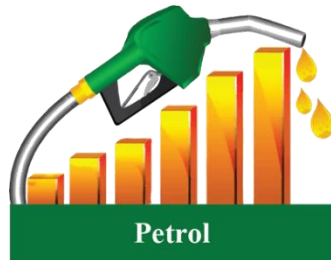


In the next few graphs, we will demonstrate the number of trees to be replanted on a monthly basis based on the Kw/Hour used by each plant.

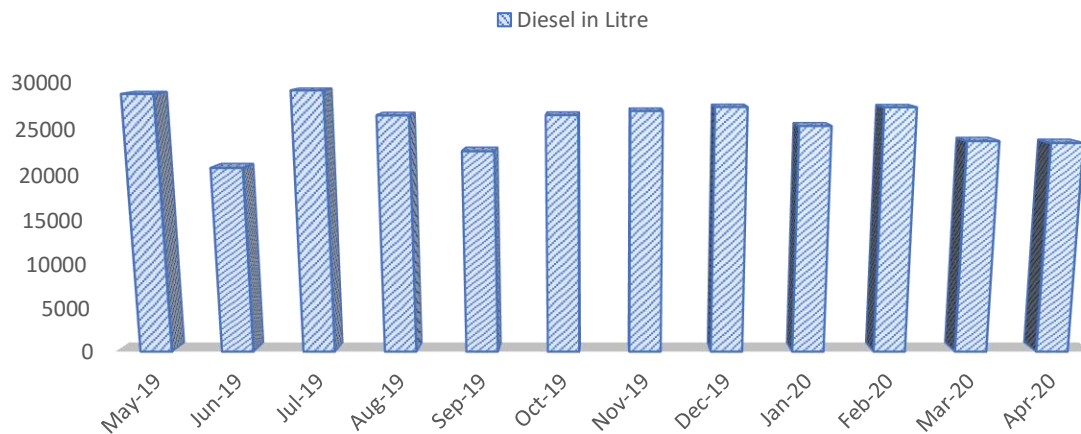


Logistics Consumption

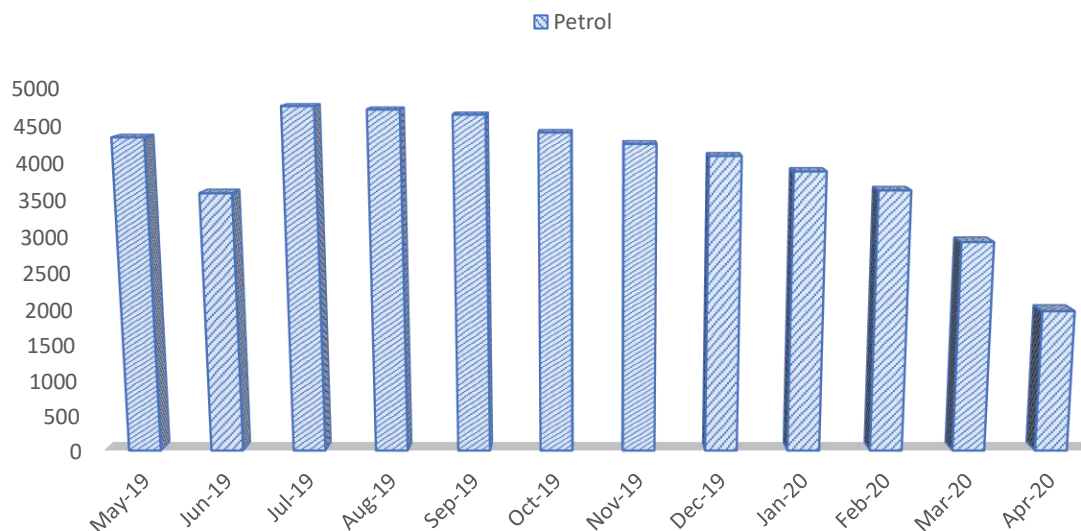
The charts below depict the diesel and petrol consumption used by company trucks, vehicles and fleets during the financial period.



DIESEL IN LITRE - CONSUMPTION FY2020

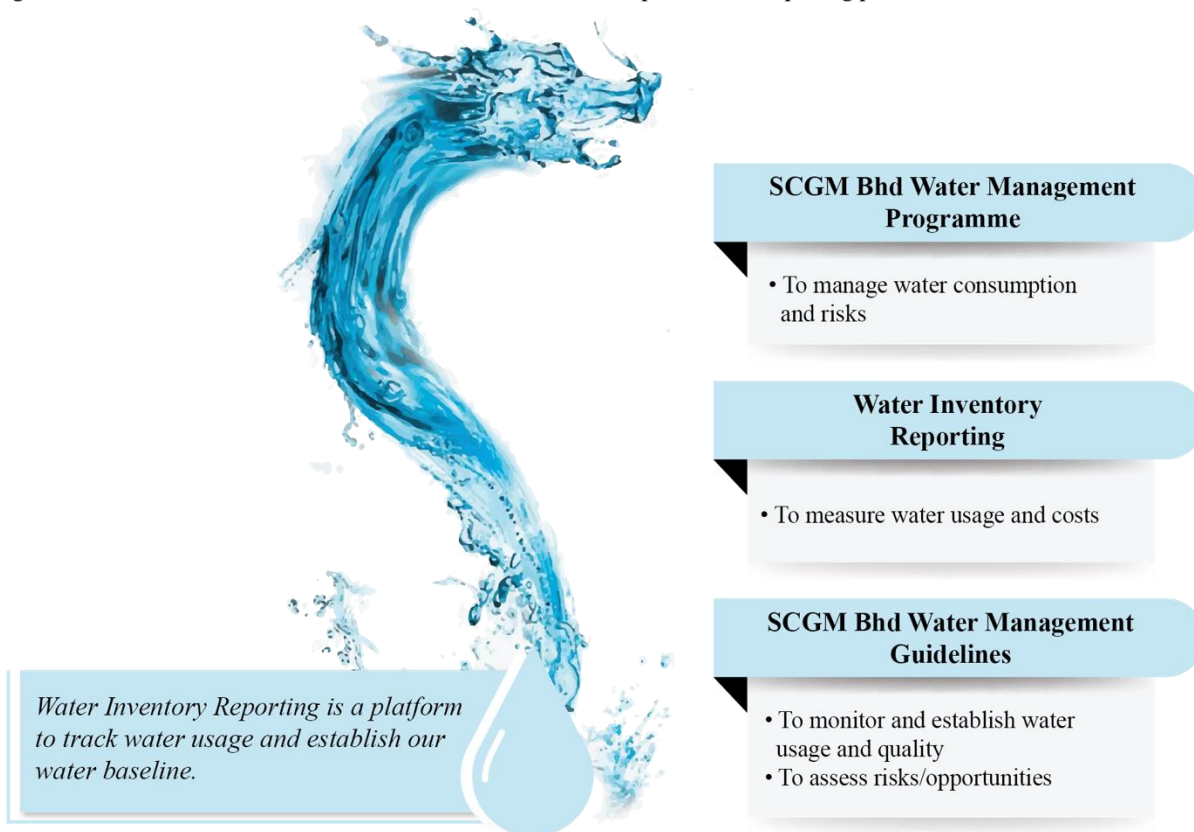


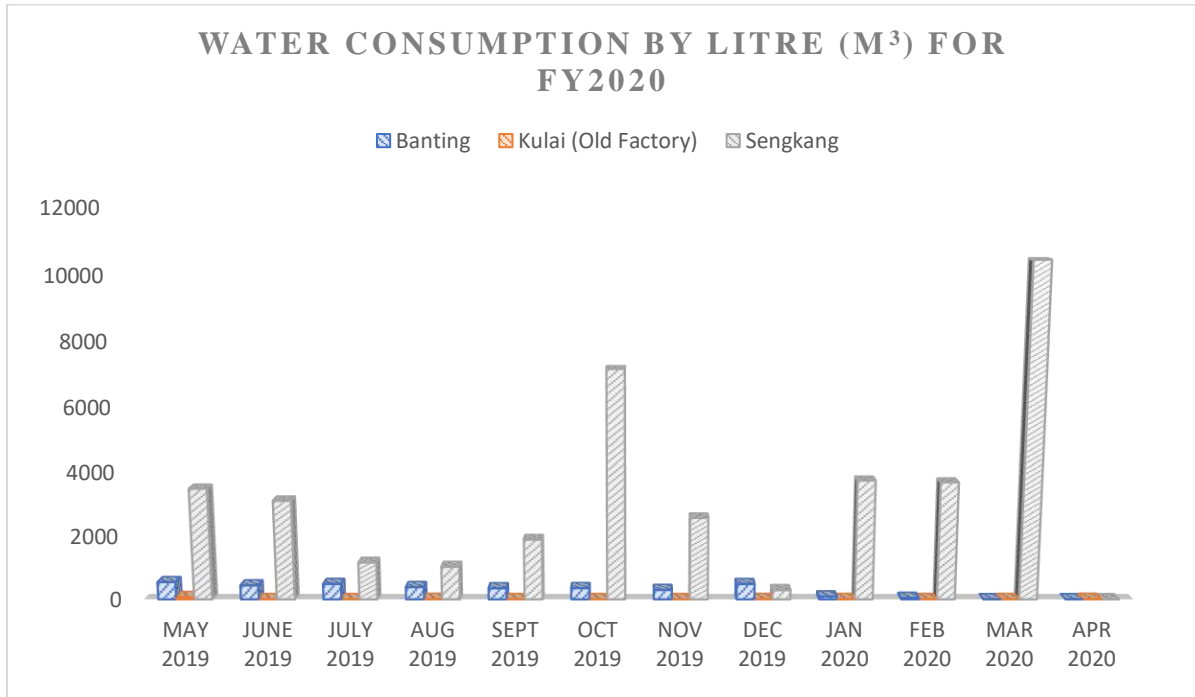
PETROL IN LITRE - CONSUMPTION FY2020



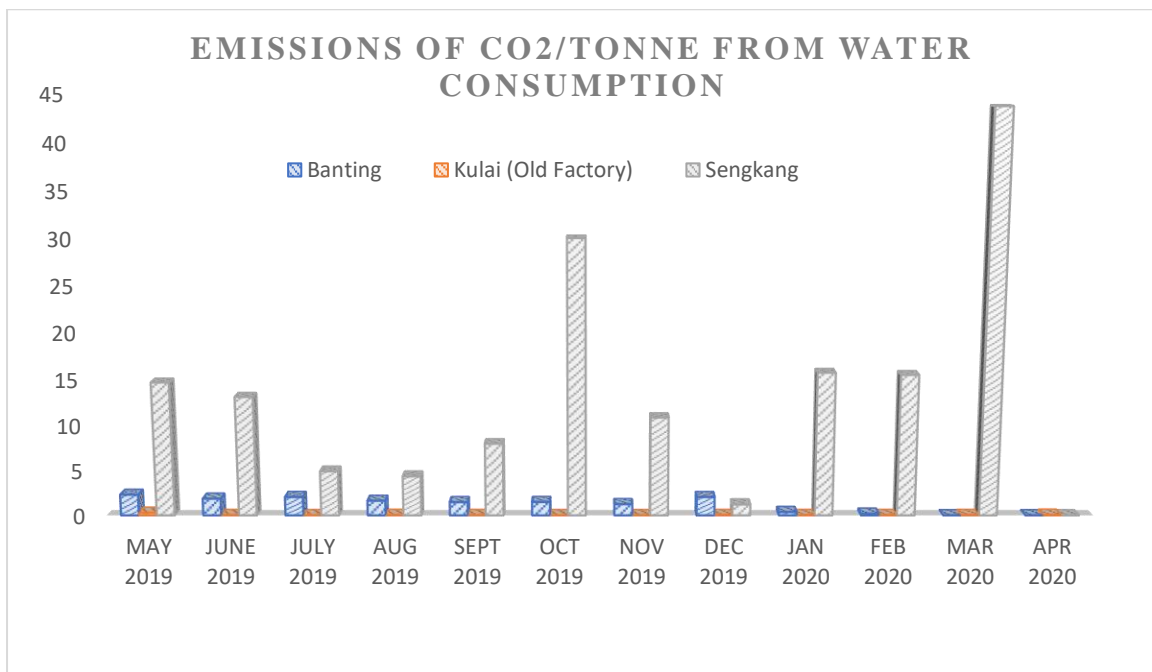
9.3 WATER AND WASTE

Water is vital to our planet and the most important resources to our planet as well as our community. At SCGM Bhd, we strive to minimise and recycle the use of water and to access our water consumption throughout our operations and identify opportunities to mitigate water related risks. The table below shows the water consumption for the reporting period.





We will calculate the CO2 emission from water usage during our financial reporting period as illustrated below.



From the CO₂ Emission of water consumption, we show that we need to plant 4,525 trees to offset the CO₂ emission generated from water consumption.

SCGM will use rainwater harvesting system to collect rainwater from rainwater downpipes surrounding the factories as well as at the warehouse for the purpose of watering the factory landscape as well as washing the plant.

In line with the 4R Concept, SCGM Bhd has created an awareness to guide the staffs to segregate the waste as show in the diagram below. We aim to provide more trainings on the importance of general waste segregation and to achieve minimal harm to the environment.

Toleran sifar untuk pembungkusan plastik yang melebihi kitaran hayat yang diperlukan

Zero tolerance for plastics lasting beyond its useful life cycle





Bertanggungjawab,
Mengasingkan
Sisa Anda

Be Responsible,
Separate
Your Waste



10.0 DELIVERING SUSTAINABLE PRODUCT

We are in the business of becoming a sustainable packaging manufacturer towards our sustainability pillars of People, Planet and Environment.

For us sustainability means incorporating our mindset into our manufacturing process from the inception to finished products. We also ensure our vendors and customers adopt the same notion of sustainability by engaging them to enhance our sustainability process by further integrating it into delivering sustainable product.

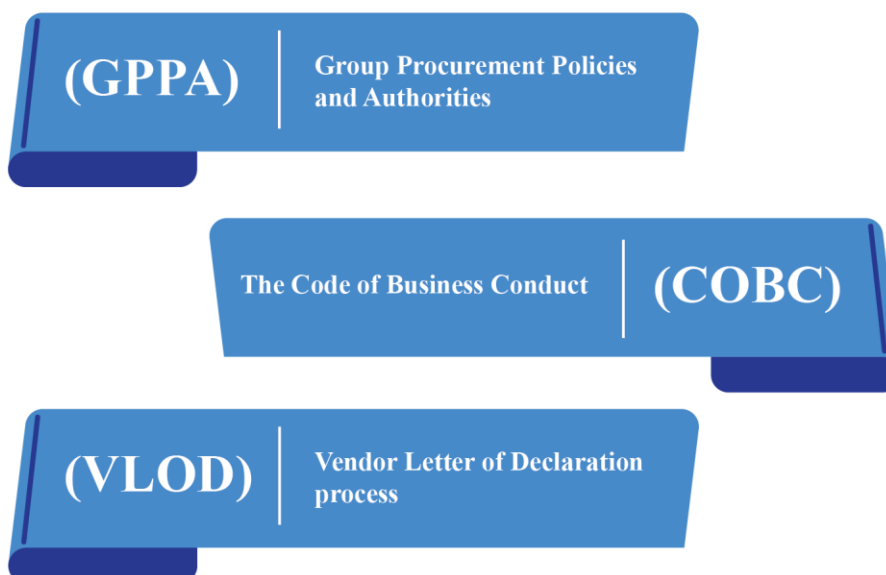


10.1 SUSTAINABILITY LED BUSINESS

Sustainable Procurement

SCGM Bhd has a diverse and inter-connected supply chain. As in any business, the dependent on our supply chain plays a critical role in ensuring that our business operations are not affected and minimize business interruption during our normal course of business.

The principles of good procurement governance are sustained through the guidance policies from SCGM Bhd, such as:



SCGM Bhd's GPPA incorporates procurement objectives and SCGM Bhd's corporate objectives. It also includes procurement best practices such as:



Through the COBC, our vendors are expected to adhere to standards of behaviour aligned to promote a fair, honest and ethical business environment where corruption is not an acceptable practice.

QUALITY

Quality is the life blood of our business. We manufacture products in giving our consumers the peace of mind and at the same time ensuring that our consumers are assured that they get the best products.

In line with the group code of business conduct, SCGM Bhd has adopted the ISO 9001 standards, food safety standards, GMP to ensure that SCGM Bhd makes good reputable products.



We aim to have less than 0.01% defects in our manufacturing process.



The SCGM Bhd Quality Policy ensures that quality is at the heart of everything we do. The Quality Policy matches customers' needs with highest quality products and services, and requires us to:

Adopt and operationalise Lean Six Sigma as a business management strategy for continuous improvement (to be rationalised in the new manufacturing plant in FY2019)



We then share the lessons learnt from these assessments widely throughout the business, as well as ensuring that any defects are addressed as we manufacture our products.

Over the years, we have shown progressive and outstanding performance towards our goals of achieving zero defects within the tolerance limit.



10.2 OPERATIONAL EXCELLENCE

Our commitment to operational excellence is underpinned by our adoption of best practice and continuous improvement methodologies throughout the business.

Cost Management and Efficiency

We actively pursue cost management and efficiency through cost reduction methodology, a collaborative team – based approach to reducing wasteful practice, processes and waste materials, and improving quality and productivity. SCGM Bhd focuses us on delivering our products on time and defects free. The basis for SCGM Bhd is developing a collaborative team effort to remove waste and reduce defects in production and processes.

Our SCGM Bhd Steering Committee comprising the Managing Director, the Financial Controller and the Head of the Sustainability and Quality Management Department provides top-driven SCGM Bhd leadership. The SCGM Bhd policy commits us to develop and build SCGM Bhd competency and capacity into our business and team to continue to improve.

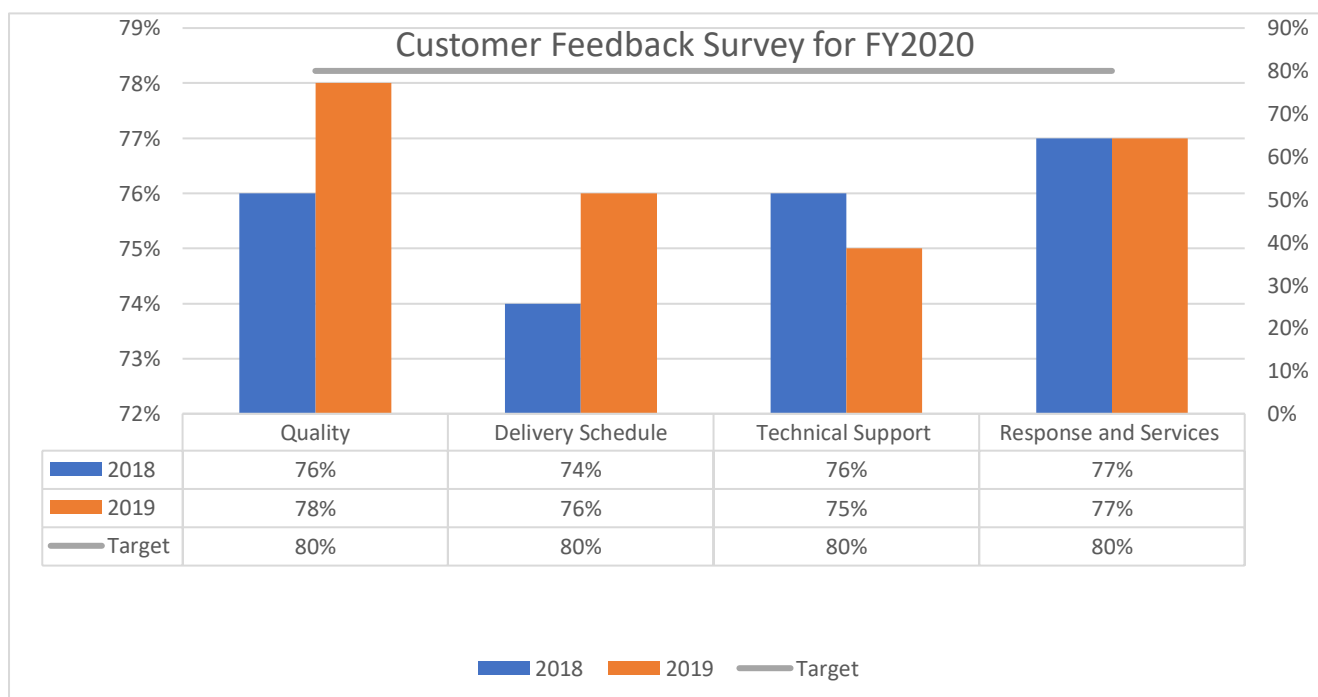
To strengthen our practices, we track our performance against the targets set in our SLI KPIs. The tracking provides evaluation of performance and enables us to develop action plans address concerns.

Customer Feedback and Satisfaction

We take our customers complaint very seriously as our customers are our very existence. SCGM Bhd has put in place a very rigid platform where complaints are dealt with expeditiously and efficiently.

SCGM Bhd will develop a new KPI incorporating customers' complaints within a specific time frame and the reporting of these complaints.

SCGM Bhd takes pride in its reputation for delivering a high quality experience for customers across multiple areas of operation.



10.3 SOCIO-ECONOMIC DEVELOPMENT

Promoting Environment Friendly Products

SCGM Bhd as a sustainable packaging manufacturer embarks on a new range of products that is environment friendly and minimise harmful to the planet earth. This is in line with our pillars to deliver sustainable development for our future generations.



SIRIM
ECO-LABEL
PHOTO-DEGRADABLE
SIRIM CRITERIA 001:2016
LICENSE NO:EL000082



DEGRADABLE WITHIN 5 YEARS

depending on heat and humidity



BENXON®

... when you expect more

Pilihan Utama Saya • My First Choice



各类环保餐盒及杯子 Degradable Lunch Box & Cup

BENXON®

**Use Original,
Use Benxon,**

The name you can trust.



Promoting “Use It Right”

SCGM Bhd will be promoting to consumers to “Use It Right” the right type of plastics for the right applications.

Plastic Type	Name	Properties	Density	Common Applications
	Polyethylene Terephthalate	Tough, rigid, shatter-resistant, softens if heated	1.38-1.39 g/mL	Soda, water, juice, and cooking oil bottles
	High Density Polyethylene	Semi-rigid, tough, flexible	0.95-0.97 g/mL	Milk and water jugs, bleach bottles
	Polyvinyl Chloride	Strong, semi-rigid, glossy	1.16-1.35 g/mL	Detergent bottles, shampoo bottles, shrink wrap, pipes
	Low Density Polyethylene	Flexible, not crinkly, moisture-proof	0.92-0.94g/mL	Garbage bags, sandwich bags, 6-pack rings
	Polypropylene	Non-glossy, semi-rigid	0.90-0.91 g/mL	Yogurt cups, margarine tubs, screw-on lids/caps
	Polystyrene	Often brittle, sometimes glossy, often has strong chemical reactions	1.05-1.07 g/mL	Styrofoam, egg cartons, packing pellets, take-out containers



LEE SOON SENG PLASTIC INDUSTRIES SDN BHD

(Company No.: 198401006602 (119117-M) (Wholly-owned subsidiary company))

Head Office:

PTD 109444, Jalan Sengkang,
Kawasan Perusahaan Sri Sengkang,
81000 Kulai, Johor, Malaysia.

Tel: 607-652 2288

Fax: 607-652 2299

KL Marketing Office:

No.1, Jalan PU 5,
Taman Puchong Utama,
47140 Puchong, Selangor, Malaysia.

MANUFACTURING PLANTS

KULAI:

PTD 109444, Jalan Sengkang,
Kawasan Perusahaan Sri Sengkang,
81000 Kulai, Johor, Malaysia.

Lot 3304, Batu 24 1/2,
Jalan Kulai-Air Hitam,
81000 Kulai, Johor, Malaysia.