

# SUSTAINABILITY STATEMENT

**The Board of Directors (“Board”) is pleased to present its Sustainability Statement for the financial year ended 31 May 2019 (“FY 2019”).**

## SCOPE OF DISCLOSURE

The information provided in this Sustainability Statement covers the financial period from 1 June 2018 to 31 May 2019 and applies to the entire Ancom Logistics Berhad (“ALB” or “Company”) and its subsidiaries (“Group”) as described in the Audited Financial Statements for FY 2019. As a result, all subsidiaries under the umbrella of the Company have been included in the reporting scope. In determining the sustainability disclosure of the Group, the reporting scope cover Malaysia and Singapore which is based on the geographical location of external customers.

## CUSTOMER MANAGEMENT

We strive to deliver positive customer experience, and this task is always high on our priority list. We pride ourselves in providing reliable, cost effective and innovative solutions in transportation and storage, and ensuring these tasks are executed in a timely and secured manner, to meet customer needs.

Besides providing services in the most efficient manner possible, we strive to ensure that safety is never out of our minds. We ensure that products in transit have clear product signage and labels displayed on the product’s body. Additionally, products will be clearly labelled with a copy of Material Safety Data Sheet to ensure the safe, proper use and handling of the products.

## SUPPLIER MANAGEMENT & PROCUREMENT PRACTICE

We operate a procurement function which provides guidance and strategic direction to a network of procurement specialists. In addition, we have an all-encompassing approach to maximise value creation by reducing supply chain costs, improving transactional processes, maintaining long term relationship with suppliers, complying with laws and regulations and enhancing efficiency, while providing sustainable fit for purpose solutions. This approach is embodied throughout the procurement function, which has a common vision to deliver excellence in procurement practice through the operational effectiveness, cross-functional collaboration between subsidiaries within the Group and its related companies.

In addition to the overarching procurement policy which applies to all operating locations, we have procurement guidelines, which recognise our responsibility and commitment to continuously improve our environmental credentials through responsible supplier sourcing, waste management, pollution prevention, use of renewable energy, energy efficiency and supply chain efficiency.

We believe in contributing back to the economy which has given us much in economic benefits. The Group’s procurement for the FY 2019 was mainly from local suppliers and contractors.

## COMMUNITY ENGAGEMENT & INVESTMENT

We are aware of our role in society, especially in a multicultural setting. Our social engagement also includes sharing our knowledge and professional skills. We offer students internships and work placements to encourage their interest in transportation and logistics.

The Group has participated in various community projects, and has also contributed financially to various charitable organisations in FY 2019.

The Group encourages its employees to volunteer for community projects. During the financial year, the Group has participated in various activities organised by its related companies to reach out to the local community, such as visiting the needy group, distributed food and provided medical supplies to them, contributed donations and other charitable activities.

**SUSTAINABILITY STATEMENT (CONT'D)****INDIRECT ECONOMIC IMPACT**

Our business generates a wide range of indirect economic benefits, including continual investments in our regional logistics network which benefit all of our communities by facilitating commerce and providing jobs. We also use our scale to stimulate the markets for alternative fuels and advanced fleet technologies. Our continued investments help drive supply and demand for these promising solutions.

**ENVIRONMENTAL IMPACT****CARBON EMISSIONS**

Carbon emissions are inevitable in our line of business, and we do our very best in minimising these emissions. Our vehicles are routinely sent for regular maintenance to ensure optimal performance and efficiency. Additionally, our drivers are trained to not leave engines running when vehicles are idle to minimise emissions.

**WASTE AND EFFLUENT MANAGEMENT**

As a responsible corporation, we have initiated various sustainable environmental conservation efforts. Our commitment towards environmental conservation and compliance are realised through our best efforts in ensuring our operating facilities comply with the necessary regulatory requirements. We ensure our employees are competent persons under regulations pertaining to industrial effluent and scheduled waste management, among other things. Used materials such as papers, paper cartons and cardboard boxes are re-used, where possible, or sent to recycling centers. Our transportation and storage operation do not produce significant amount of scheduled waste.

**WATER CONSUMPTION**

In FY 2019, we consumed a total of approximately 4,000m<sup>3</sup> of water. Water is used primarily for drinking and sanitation at our facilities and is obtained solely from municipal suppliers and discharged into public sewage systems. We implement measures to minimise water consumption as part of our environmental management system.

**ENERGY CONSUMPTION**

In FY 2019, we consumed a total of approximately 310,000kWh of electrical energy. The Group is continuously looking for ways to ensure business operations are energy efficient. By minimising energy consumption, we can lower our operational cost and reduce our carbon footprint.

To minimise energy usage, energy-saving lightbulbs are used whenever possible throughout our operations. Additionally, our Group uses inverted air-conditioners, which are more energy-efficient, as opposed to traditional air-conditioners.

**WORKPLACE DIVERSITY & INCLUSION**

In ALB, we believe discrimination bars people from living up to their full potential, creates inequality as well as less stable and prosperous societies. Talent is diverse by nature and we aim to build a diverse workforce which we believe begins with offering same opportunities and career perspectives to women and men regardless of races. However, understandably the biggest challenge will be the business nature and working models of logistics, which is still considered a male dominated industry.

We are well represented by all races and age groups with men outnumbering women. Our workforce is comprised of employees with a fair representation of major ethnic groups in Malaysia. We strive to increase the number of women in all positions especially management role over the longer term.

We encourage the hiring of locals, as we believe in contributing back to the society in which we operate our business in. For FY 2019, our workforce fully consists of locals.

## SUSTAINABILITY STATEMENT (CONT'D)

We encourage our people to perform the best of their abilities by motivating, connecting and valuing their contributions. We also believe that teamwork is one of the pillars to a corporation's success. Regular teambuilding activities/sessions are held to strengthen the bond among the employees.

We are a culturally diverse group, with the workforce representing people of different ethnicities in Malaysia. To strengthen the spirit among people of different beliefs and culture, we continued to celebrate major festivals such as Chinese New Year and Hari Raya, among others in FY 2019.

### OCCUPATIONAL SAFETY & HEALTH, WORKFORCE TRAINING AND DEVELOPMENT

Keeping our people safe is our first and primary responsibility as a company. It is a core value for us, and an unequivocal expectation from our employees, their families and communities. We aim to establish a "Safety First" culture in the Group. Training, coaching, and recognition are critical components to continuously encourage a culture of safety.

Safety training courses which helps address the major sources of known risk has been introduced such as:

- (a) Scheduled safety drills such as fire and evacuation, chemical leakage, storage tank leakage and falling ill on-site drills were conducted for all the driver and operating personals at the Bulk Liquid Terminal to ensure that employees are well trained to handle emergency situations;
- (b) Regular training on workplace safety, product handling, inspection of firefighting equipment, fire safety talk by the Public Fire Safety and Prevention Education Centre, the personal protection equipment talk and fire and chemical handling drills were carried out for the employees on a regular basis;
- (c) Regular first aid training to employees at the Group's Bulk Liquid Terminal; and
- (d) Fire drill conducted with Bomba Malaysia/West Port Bomba at the Group's Bulk Liquid Terminal to test the emergency response readiness in the event of fire or accident at the Terminal.

In cognisance of the Group's "Safety First" culture, the Group has ensured all of its staff were adequately trained in matters of health and safety.

Management and Supervisory Development programs which highlighted career advancement opportunities were also organised by the Group for employees.

As for health benefits for employees, we provide medical coverage and insurance benefits. We are also constantly reviewing our policies and management systems on Occupational Safety and Health and to ascertain they are effective, appropriate and could be continually used in the organisation.

Additionally, to ensure safe and smooth provision of our services, the Group sends 78 drivers and 30 workers for annual health screenings.

We are committed in making Occupational Safety and Health as a culture and behaviour in all our daily work.

### EMPLOYEE BENEFITS

At ALB, we do our best to be an exemplary corporate citizen. We believe in providing for our employees, in order to make their work life more comfortable.

The Group provides group insurance coverage including personal accident, hospitalisation and surgical and life insurance, transport allowances and medical allowances to employees based on their job-scope and area of coverage.

**SUSTAINABILITY STATEMENT (CONT'D)****ANTI-CORRUPTION**

The combination of sound corporate governance and ethical business conduct are fundamental to the achievement of our objectives to grow our business sustainably and enhance stakeholders' value. We therefore strive to uphold our reputation for integrity in every sphere of our operations. It is our policy to conduct business in a fair, honest and transparent way. We oppose corrupt practices or acts of bribery to obtain an unfair advantage.

On 24 July 2019, the Board has established a Whistle-Blowing Policy. Any incidents of bribery, corruption, unethical behaviour, malpractices, illegal acts and other unlawful or improper conduct can be reported by our employees and business partners through our whistleblowing channel at [www.ancomlogistics.com.my](http://www.ancomlogistics.com.my). By protecting the confidentiality of whistle-blowers, we encourage whistleblowing to be done without fear of reprisal or victimisation should it be done in good faith.

In FY 2019, there were no confirmed incidents of corruptions and no significant fines or non-monetary sanctions for non-compliance with laws and regulations. We will continue to take serious measures to prevent any occurrence of such incidents in the Group.

**PRODUCT AND SERVICES RESPONSIBILITY**

As a provider of transportation and storage services, we are an important component of our customers' supply chains. We have recorded each and every complaints and feedback from our customer as basis for further improvement on our services.

Our customers also entrust us with their sensitive information, and we uphold this trust through our privacy and information security programs. We are constantly evaluating ways to deliver better service to customers while respecting their rights to privacy and securing information in accordance with policies of the Group.

**COMPLIANCE**

An effective governance structure and risk management system forms the backbone of our business operations. Risk assessments are conducted periodically to identify and mitigate significant risks that are affecting our business operations. Annually, we review the adequacy of insurance coverage of all our business operations to safeguard against potential threats.

Employees of the Group are involved in identifying and mitigating sustainability risks across all areas of the Group's operations. The Group's Internal Audit function oversees the adequacy and effectiveness of the risk management framework while monitoring compliance with policies and procedures and with other relevant professional and regulatory requirements.