

Our Sustainability Statement

About this Report [102-1, 102-50, 102-52]

Scientex Berhad (hereinafter referred to as “Scientex”, the “Group” or the “Company”) is proud to present our Sustainability Statement for the financial year from 1 August 2018 to 31 July 2019 (“FY2019”). In this statement, we present our commitment to sustainability, which ensures a balanced optimisation of business performance, environmental stewardship and commitment to our people and the society.

Scope of Reporting [102-2, 102-4, 102-6]

The scope of reporting extends to the activities of the Group’s operations and its subsidiaries, which includes manufacturing plants and property development. The statement discloses our economic, environmental and social (“EES”) opportunities and risks and highlights our approach to managing them.

For purposes of reporting, we have selected the following specific business operations to report on material sustainability matters that are most relevant to them:

Manufacturing Division	Property Division
<ol style="list-style-type: none"> 1. Pulau Indah Plant, Selangor (“SPF-PI”) 2. Rawang Plant, Selangor (“SGW-Rawang”) 3. BOPP Plant, Pulau Indah, Selangor (“BOPP-PI”) 4. Sg. Siput Plant, Perak (“SGW-Ipoh”) 	<ol style="list-style-type: none"> 1. Scientex Pulai, Johor 2. Scientex Durian Tunggal, Melaka

Our Sustainability Statement

Scientex's Business Operation	Applicable Material Sustainability Matters
Group Level	<ul style="list-style-type: none"> • Ethics and Integrity • Anti-Corruption • Economic Performance • Market Presence • Energy • Employee and Turnover Retention • Diversity and Equal Opportunity • Local Communities
Manufacturing Division	
SPF-PI	<ul style="list-style-type: none"> • Product Innovation • Materials Consumption • Energy • Waste Management
SGW-Rawang	<ul style="list-style-type: none"> • Procurement and Supply Chain • Product Innovation • Product Quality and Assurance • Occupational Health and Safety • Capacity Building
BOPP-PI	<ul style="list-style-type: none"> • Water and Effluent Management • Environmental Compliance
SGW-Ipoh	<ul style="list-style-type: none"> • Product Quality and Assurance (Awards)
Property Division	
Scientex Pulai, Johor Scientex Durian Tunggal, Melaka	<ul style="list-style-type: none"> • Procurement and Supply Chain • Product Quality and Assurance • Occupational Health and Safety

Reporting Framework [102-54]

In this report, we have presented the disclosures consistent with the Global Reporting Initiative ("GRI") Standards. The relevant GRI indicator numbers are specified in parenthesis next to the corresponding material sustainability matters. The denotation for each indicator number is disclosed at the end of each page. The sustainability reporting requirements by Bursa Malaysia Securities Berhad have been highlighted in this statement, which reflect our commitment to sustainability and stakeholders.

Feedback [102-53]

This report is contained in our Annual Report and accessible at www.scientex.com.my/financial-reports/. You may contact the following personnel should you have further queries on our sustainability achievements and programmes by directing the same to info@scientex.com.my:

Chew Yew Kwong

(General Manager Corporate Communications)
Phone: 03-5524 8888

Joey Wong

(Legal Manager)
Phone: 03-5524 8888

Our Sustainability Statement

About our Company

Scientex has an outstanding corporate presence in Malaysia which has grown significantly for more than 50 years. Scientex is an established and diversified company that is continuously breaking new ground in its primary businesses of manufacturing and property development. Scientex is known as one of the world's largest producers of industrial stretch film along with producers of other industrial and consumer-based flexible plastic packaging ("FPP") products. Additionally, we are also recognised as a reputable property developer of affordable, yet high quality properties with an established presence in the states of Johor, Melaka, Selangor, and Perak.

Our Vision

We endeavour to achieve excellent innovation and good business performance in a sustainable manner. This is an intended positive aspiration of Scientex to become a RM10 billion company and completion of 50,000 affordable homes.

Our Operation

[102-2, 102-6]

Our manufacturing division is one of the leading producers of stretch film and other FPP products. We are dedicated to upholding our strong position in the market as well as continuing a culture of innovation and practicing sustainable businesses. In this sustainability statement, Scientex's focus area in the manufacturing division includes SPF-PI (stretch film) and BOPP-PI (bi-axially oriented polypropylene – BOPP film), SGW-Rawang (custom-made film) and SGW-Ipoh (consumer-based hygiene packaging).

For the property division, we focus on providing quality affordable homes to our buyers. The main focus area is on the current development projects namely Scientex Pulai in Johor and Scientex Durian Tunggal in Melaka.

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SPF-PI

We are ranked as one of the world's top producers of stretch film and holds the distinction of having the largest stretch film manufacturing facility in a single location in Pulau Indah, Selangor.

SGW-Rawang

We are an established manufacturer of consumer packaging products with a presence in both the domestic and international markets and known as the largest wicketed bread bag supplier in Southeast Asia, a leading supplier of lamination based film in Malaysia and one of the very few suppliers of 9 layered barrier film in the region.



BOPP-PI

We formed a strategic alliance with Futamura Chemical Co., Ltd ("Futamura"), a world-class leading producer of BOPP film and other film products in Japan.

SGW-Ipoh

We focus on consumer-based hygiene packaging which requires high quality printing. This plant has achieved SMETA (Sedex Members Ethical Trade Audit) Social Compliance Certification and won the Awards in the Asian Packaging Excellence Awards for FY2018 and FY2019. We continue to improve our printing quality and capabilities by moving towards High Definition ("HD") printing to better serve our customer.



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Scientex Pulai, Johor

Scientex Pulai is strategically located in the heart of Pulai and Gelang Patah and will soon become an integrated township encompassing mixed development complete with self-contained facilities.

Scientex Durian Tunggal, Melaka

Scientex Durian Tunggal has launched its first Rumah Mampu Milik (“RMM”) housing scheme in FY2018, and for FY2019, it has launched the first special housing scheme of Rumah Belia Melaka (“RBM”) to target B40 group which will benefit individuals who aged between 18 to 35 years old. We are committed to provide and cater to the high demand for reasonably priced homes and Scientex Durian Tunggal is expected to become a new integrated township that would be a leading development in Melaka.



Membership of Associations [102-13]

We believe in collaborating with professional bodies, industry peers and local organisations to enable knowledge transfer, sharing and receiving common benefits. We maintain close links to a number of professional, industry, national and international organisations.

Scientex is a member of the following associations:

- Malaysia Plastics Manufacturers Association (“MPMA”),
- Malaysia Employers Federation (“MEF”),
- Federation of Malaysian Manufacturers (“FMM”), and
- Real Estate and Housing Developers’ Association (“REHDA”) Malaysia.

Awards

Scientex continues to be recognised for its efforts to uphold excellence in good quality packaging solutions. In FY2019, we received two awards for our manufacturing division, listed below:

- Asian Packaging Excellence Awards – Gold – Wide Web Flexo
- Asian Packaging Excellence Awards – Bronze – Mid Web Flexo



The Asian Packaging Excellence Awards recognise the best packaging production company within the Asian region. The winner of the award is assessed against a set of pre-established criteria by an independent jury comprising industry experts. Our SGW-Ipoh operation was awarded with the Gold (Wide Web Flexo) and Bronze (Mid Web Flexo) awards respectively for our excellence in the aspects of print quality and customer satisfaction. We are the only flexographic printer in Malaysia that applies the HD printing on flexographic. We keep abreast to ensure that our products use the HD print and we continuously improve our efforts in the innovation of our manufacturing processes.

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A message from the Managing Director

It is a great pleasure to present our Sustainability Statement for FY2019. We have been in business for 51 years as of 2019 and are proud to be recognised as one of the leading and model corporations in Malaysia. We acknowledge the value of integrating the culture of sustainability throughout the Group, together with the elements of sustainable development in our operations and establishing firm relationships based on trust with our stakeholders.

Our focus is clear – to persistently meet our vision of being a conscientious company committed to achieve excellent innovation and good business performance in a sustainable manner. We concentrate on product quality, employee well-being, customer satisfaction, fair business operating with partners and responsibility towards the communities and environment in and around our manufacturing plants and property developments. This year we have aligned the contents with the guidelines in Bursa Malaysia 2nd Edition of the Sustainability Reporting Guide and Toolkits and strengthened our sustainability reporting quality by adopting the latest GRI Standards. By doing so, our statement is structured and focused, with standardised disclosures that can be benchmarked against our local industry peers and global market leaders.

To ensure continuous improvement towards sustainability, we address our entire value chain extending from raw material procurement, manufacturing, product innovation, property development, to customer satisfaction. We focus on monitoring our environmental footprint in terms of material consumption, energy and waste management. As a plastic manufacturer, we have a responsibility to address these issues by improving the quality of our packaging applications and products to ensure that it serves its intended purpose. As a reputable FPP producer, our products are also used in the packaging of food and/or food related products. The global trend towards convenience food packaging brings forth new challenges to address the issues of freshness and durability of the food packaging. Our on-going collaboration with stakeholders to develop new and innovative packaging solutions are part of our efforts to provide protection and prolongation of the shelf life of the food. This will certainly go a long way towards reducing food wastage and unnecessary wastage of precious resources.

Even as we make a conscious effort to reduce wastage and the use of resources as part of our overall effort to protect the environment, our stretch films and other products such as strapping bands and raffia continue to play an effective role in the facilitation of global trade. Our recyclable products are mainly deployed and used in the

warehousing, transportation and logistics industry. These cost competitive products are used extensively in the unitisation and safe transportation of a wide variety of goods in a convenient, secure and efficient manner without inflicting high packaging costs and creating an adverse impact on the environment due to its recyclable nature.

We recognise that plastic littering has become one of the major global problems and it is also affecting Malaysia. One of our social commitment is to work with local community to conduct marine clean-up and recycling waste programmes and campaigns to promote circular economy. We are working closely with our stakeholders in providing recyclable solutions in line with the global sustainability agenda.

As a Group, we recognise our responsibility to make our operations sustainable. This report highlights our progress over the past year, including our efforts to focus on practices that reduce our production waste and environmental footprint.

On the property front, we have been providing affordable housing to the community for more than 20 years. We want to achieve our aspiration for the next 9-years by looking to complete 50,000 affordable homes by 2028. We remain conscious of our social responsibility and supportive of the Government's policy to ensure that our homes remain truly affordable by keeping our construction costs under control with the adoption of industrialised building systems, efficient planning and usage of land area and other measures to keep our selling prices and products within the reach of our fellow citizens, particularly those in the B40 and M40 income segments.

As an employer, we are also committed to having a diverse workforce and we strive to continuously provide a conducive platform to our employees for their career growth and well-being.

On behalf of our Group, we thank you for the continuous support and concern in the Group's achievements and we hope to continue to provide good quality products and affordable homes while promoting sustainability.

LIM PENG JIN
Managing Director

Our Sustainability Statement

Our Contribution Towards Sustainable Development

The Agenda 2030 for Sustainable Development, launched in 2015, is a comprehensive blueprint developed by United Nations (“UN”) for sustainable development aimed towards a better and sustainable future for all. The agenda is built on the principles of 17 Sustainable Development Goals (“SDGs”). All the goals are set with targets to be achieved globally by 2030.



We have aligned ourselves with 4 out of 17 UN SDGs to support the initiatives by the Government of Malaysia, through our operations. We support the goals through socio-economic enhancement of our society (SDG 8), innovative product safety and practices that alleviate negative operational impact that contribute towards sustainable cities (SDG 9 and 11) and contribute towards responsible consumption and production (SDG 12).



8 DECENT WORK AND ECONOMIC GROWTH 	Promote inclusive and productive employment and decent work for all
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Promote inclusive and sustainable industrialisation and foster innovation
11 SUSTAINABLE CITIES AND COMMUNITIES 	Frontline provider for safe, affordable, accessible and sustainable urban development
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Ensure responsible consumption and production patterns

Our Sustainability Statement

Governance and Accountability [102-18, 102-20, 102-32]

Sustainability leadership is pivotal in ensuring that sustainability is being integrated into our business operations. To this end, we have established a three-tiered sustainability governance structure.

At the apex of the governance structure is the Board of Directors (“BOD”) who head the sustainability agenda of the Group. The Sustainability Steering Committee (“SSC”) formed which comprises the Executive Committee (“EXCO”) members is responsible to develop suitable strategies and initiatives that are aligned with the sustainability aspirations of Scientex. Based on the direction provided by the SSC, the Sustainability Working Committee (“SWC”) implements the initiatives, programmes and campaigns across the Group; and plays a key role in data management. Members of the SWC comprise representatives from the Corporate Department, Manufacturing Division and Property Division.



Corporate Department

- Human Resources
- Finance
- Legal
- Company Secretary
- Investor Relations
- Corporate Planning
- Information Technology

Manufacturing Division

- Sales & Marketing
- Finance
- Operation
- Human Resources
- Health, Safety & Environment
- Information Technology
- Purchasing Department

Property Division

- Project Manager
- Sales and Marketing
- Finance
- Purchasing Department
- Human Resource
- Contract Department
- Construction Department
- Customer Services
- Health, Safety & Environment

102-18: Governance structure

102-20: Executive-level responsibility for economic, environmental and social topics

102-32: Highest governance body’s role in sustainability reporting

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Stakeholder Engagement [102-40, 102-43, 102-44]

We define stakeholders as entities or people who have an impact on our business or whom may be impacted by our business. We believe that our success depends on building relationships and continuous engagement with both our internal and external stakeholders. For the reporting of FY2019, Scientex conducted a stakeholder prioritisation exercise to identify the key stakeholders. The table below provides an overview of the areas of interest to our key stakeholders, how we engage with them and the frequency of engagement.

Stakeholder	Areas of Interest	Engagement Methods	Frequency of Engagement
 Customers	<ul style="list-style-type: none"> Reliable service and on-time delivery Product quality and safety Customer services 	• Customer feedback and surveys	• As and when required
		• Market research	• Monthly/Quarterly
		• Advertisement and marketing	• Weekly/Monthly
		• Customer satisfaction surveys	• As and when required
 Vendors/Partners	<ul style="list-style-type: none"> Timely pay-outs Procurement practices Supplier good business conduct 	• Supplier assessment	• Annually
		• Supplier registration	• As and when required
 Employees	<ul style="list-style-type: none"> Competitive pay and benefits Clear communication on company's updates Work-life balance Career growth and opportunities 	• Training programmes and workshops	• As and when required
		• Employee engagement survey	• As and when required
		• Employee engagement events	• As and when required
 Government/Regulators	<ul style="list-style-type: none"> Regulatory compliance Corporate governance Standards and certifications 	• Facility visits	• As and when required
		• Regular audits and inspections	• Quarterly/Annually
 Investors and Shareholders	<ul style="list-style-type: none"> Growth trajectory Market Diversification Corporate governance 	• Annual general meeting	• Annually
		• Annual report	• Annually
		• Investor relations engagement	• As and when required
 Local Communities	<ul style="list-style-type: none"> Social issues Environmental issues Affordable homes 	• Community engagement programme	• Monthly/Quarterly
		• Property launching events	• As and when required
 Media	<ul style="list-style-type: none"> Company reputation 	• Engagement sessions	• As and when required
		• Press releases	• As and when required

102-40: List of stakeholder groups

102-43: Approach to stakeholder engagement

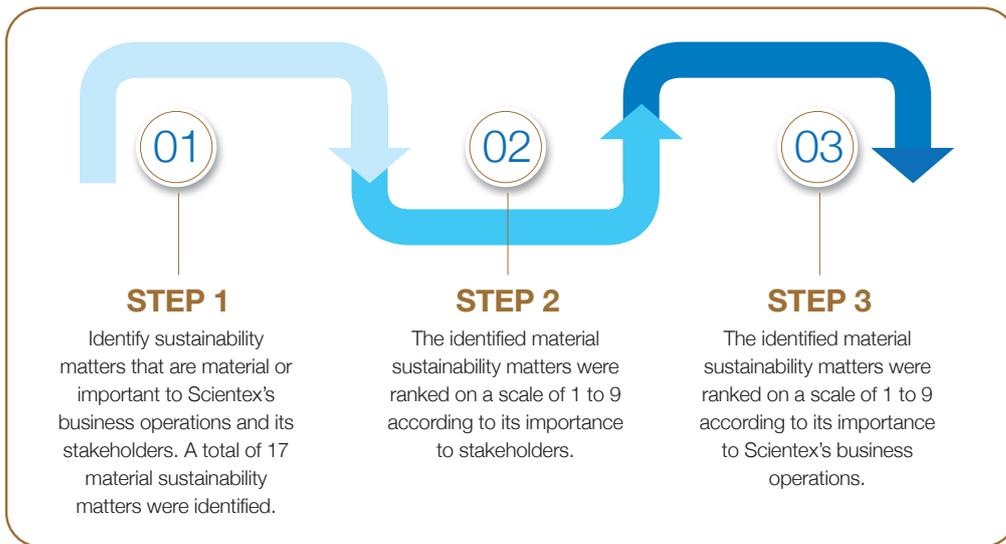
102-44: Key topics and concern raised

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OUR MATERIAL SUSTAINABILITY MATTERS

Materiality Matrix [102-47]

It is important to identify the material sustainability matters that are most relevant to Scientex's operations. These matters represent the Group's EES opportunities and challenges. We conducted a materiality assessment with the SWC in a workshop mode. The steps involved in the materiality assessment are summarised as below.



Based on the materiality assessment, the identified 17 material sustainability matters are those which are relevant to our business operations and stakeholders. These matters were then plotted into a matrix for better visualisation of the critical material sustainability matters.



The 17 identified material sustainability matters are categorised as the highest priority (in blue shades) to our business operations and stakeholders, while those that are located in the light blue shades of the matrix are of high priority. We note that the 17 material sustainability matters represent the 4 pillars of sustainability where each matter will be relevant to the interest and concern of different stakeholders.

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Mapping Our Material Sustainability Matters

To showcase the relevance of the 17 material sustainability matters, we have mapped them to the applicable GRI indicator(s), Scientex's stakeholders and the relevant SDGs, as shown below.

Material Sustainability Matters	Applicable GRI Indicator(s)	Relevant Stakeholders	Relevant SDGs
GOVERNANCE			
1. Ethics and Integrity	GRI 102: General Disclosures GRI 103: Management Approach	Government/Regulators, Investors and Shareholders, Vendors/Partners, Employees and Customers	
ECONOMIC			
2. Anti-Corruption	GRI 205: Anti-Corruption	Government/Regulators, Investors and Shareholders, Vendors/Partners and Employees	
3. Economic Performance	GRI 103: Management Approach GRI 201: Economic Performance	Employees, Investors and Shareholders	
4. Market Presence	GRI 103: Management Approach GRI 202: Market Presence	Employees, Investors and Shareholders	
5. Product Quality and Assurance	GRI 102: General Disclosures GRI 103: Management Approach	Investors and Shareholders, Customers and Employees	 
6. Procurement and Supply Chain Management	GRI 102: General Disclosures GRI 103: Management Approach GRI 204: Procurement Practices	Vendors/Partners	 
7. Product Innovation	GRI 103: Management Approach	Customers, Investors and Shareholders	

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Material Sustainability Matters	Applicable GRI Indicator(s)	Relevant Stakeholders	Relevant SDGs
ENVIRONMENTAL			
8. Environmental Compliance	GRI 103: Management Approach GRI 307: Environmental Compliance	Government/Regulators and Local Communities	
9. Materials Consumption	GRI 103: Management Approach GRI 301: Materials	Vendors/Partners and Local Communities	 
10. Waste Management	GRI 103: Management Approach GRI 306: Effluents and Waste	Government/Regulators, Employees and Local Communities	
11. Energy	GRI 103: Management Approach GRI 302: Energy	Government/Regulators and Local Communities	
12. Water and Effluent Management	GRI 103: Management Approach GRI 303: Water and Effluents GRI 306: Effluents and Waste	Government/Regulators and Local Communities	
SOCIAL			
13. Diversity and Equal Opportunity	GRI 405: Diversity and Equal Opportunities	Employees	
14. Employee Turnover and Retention	GRI 103: Management Approach GRI 401: Employment	Employees	
15. Occupational Health and Safety	GRI 403: Occupational Health and Safety	Employees, Vendors/Partners and Government/Regulators	
16. Capacity Building	GRI 404: Training Education	Employees	
17. Local Communities	GRI 413: Local Communities	Local Communities and Media	  

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GOVERNANCE

8 DECENT WORK AND ECONOMIC GROWTH



To uphold good governance and fair operating practices in our organisation, thus maintaining our reputation and reducing legal risks.

Ethics and Integrity [102-16, 102-17, 103-2]

The Group's core values are honesty and integrity and dealing in a fair and transparent manner with our stakeholders. This requires the highest standards from our management and employees in all our interactions with our stakeholders including suppliers, customers, governments and regulatory bodies, among others.

We seek to uphold a high level of honesty, trustworthiness, ethical standards and professionalism in all aspects of decision making and implementation of our obligations.

Scientex is committed to integrity and ethical conduct in the way we carry out our business and operations, which is reflected in the Whistleblowing Policy that we seek to enforce. This policy applies to all levels of employees and stakeholders of Scientex. We provide a platform for our employees to channel any whistleblowing matter according to procedures outlined in the Whistleblowing Policy. The Whistleblowing Policy is available for viewing at www.scientex.com.my/corporate-governance/.

ECONOMIC

8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



To be established as a market leader in the region by committing towards economic improvement through inclusivity, productive employment and sustainable product innovation. To ensure the creation of safe, affordable, accessible, and sustainable urban development, while enforcing responsible business practices.

Anti-Corruption [205-2, 205-3]

As part of our effort in strengthening the Group's ethical conduct, we have put in place an Anti-Corruption and Anti-Bribery Policy. We instil a culture of ethical conduct by communicating the requirements of the policy to our employees through memos and electronic mails. We are pleased to disclose that for FY2019, we recorded zero complaints on corruption within the Group.

Economic Performance [103-2, 201-1, 201-3, 201-4]

As of 31 July 2019, Scientex recorded a revenue of RM3.25 billion. We strive to create value in our business by recognising the importance of expanding our annual income in a productive and sustainable manner. In FY2019, we have paid the single tier interim dividend amounting to RM51.5 million to shareholders while the single tier final dividend at 10 sen per ordinary share amounting to RM51.5 million is subject to the shareholders' approval at the forthcoming annual general meeting. Dividends provide a stable income stream to our shareholders and help to improve investment returns. As part of our economic contribution to the society that we operate within, we contributed RM1.3 million through sponsorship to Cancer Research Malaysia.

102-16: Values, principles, standards, and norms of behaviour
 102-17: Mechanisms for advice and concerns about ethics
 103-2: The management approach and its components
 201-1: Direct economic value generated and distributed

201-3: Defined benefit plan obligations and other retirement plans
 201-4: Financial assistance received from government
 205-2: Communication and training about anti-corruption policies and procedures
 205-3: Confirmed incidents of corruption and actions taken

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Aside from dividend and sponsorship, we also comply with statutory requirements to ensure timely contribution to the Employees Provident Fund (“EPF”) for all our employees. On our part as the employer, we contribute 13% for employees who earn less than RM5,000 and for those who earn above the RM5,000 salary bracket, we contribute a minimum of 12%. We ensure employees’ contribution at a minimum of 11% for both groups.

In terms of financial assistance, we do not receive financial assistance from the government. However, in our manufacturing division, we are allowed to claim reinvestment allowance for the qualifying capital expenditure, as well as double deduction for certain expenses incurred for the promotion of exports.

Market Presence [103-2, 202-1, 202-2]

Market presence is paramount to Scientex as it helps us grow and achieve notable economic performance. Scientex has a proven track record in the flexible plastic packaging market, supported by our dedicated employees and their capabilities. To demonstrate our commitment to market presence globally, we promote business growth by relying on local talent in the areas where we operate in. We are proud to present that 100% of our senior management team which includes the Managing Director and EXCO members are Malaysian citizens.

In terms of remuneration, we comply with the minimum wage set by the Malaysian Government (Minimum Wages Order (Amendment) 2018) of RM1,100 per month for Peninsular Malaysia. We offer attractive remuneration packages to our employees and we maintain the practice of giving quarterly incentives to our employees, which may not be commonly seen in the market.

Product Quality and Assurance [103-2, 102-43]

As a responsible manufacturer and developer, we adhere to the internationally recognised ISO standards for our operations. The regular internal and external audits carried out as part of the certification process allow Scientex to monitor its sustainability performance. The table below lists the various international certifications received by our business entities.

Standards	Subsidiary/Entity	Nature of Operations
ISO 9001:2015 (Quality Management System)	Scientex Packaging Film Sdn. Bhd. SPF-PI	Development and manufacture of plastic stretch film and other related packaging films.
ISO 9001:2015 (Quality Management System)	Property Division (Scientex Pulau, Johor and Scientex Durian Tunggal, Melaka)	Provision of construction services for building works.
ISO 9001:2015 (Quality Management System)	Scientex Great Wall (Ipoh) Sdn. Bhd. SGW-Ipoh	Development and manufacture of flexible packaging films and bags made of plastic.
ISO 9001:2015 (Quality Management System)	Scientex Great Wall Sdn. Bhd. BOPP-PI	Development and manufacture of flexible packaging films and bags made of plastic.
ISO 14001:2015 (Environmental Management System)	Scientex Packaging Film Sdn. Bhd. SPF-PI	Development and manufacture of plastic stretch film and other related packaging films.

103-2: The management approach and its components

202-1: Ratios of standard entry level wage by gender compared to local minimum wage

202-2: Proportion of senior management hired from the local community

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Standards	Subsidiary/Entity	Nature of Operations
BRC Global Standard for Packaging and Packaging Materials	Scientex Great Wall Sdn. Bhd. SGW-Rawang	The extrusion, lamination, Flexo and Gravure printing and conversion of flexible packaging film and bags intended for use in food, sanitary and hygiene industry.
ISO 9001:2015 (Quality Management System)	Scientex Great Wall Sdn. Bhd. SGW-Rawang	Development and manufacture of plastic films, printing, laminating and converting of flexible packaging products.
ISO 14001:2015 (Environmental Management System)	Scientex Great Wall Sdn. Bhd. SGW-Rawang	Manufacture of plastic films, printing and converting of flexible packaging products.
ISO 14001:2015 (Environmental Management System)	Scientex Great Wall (Ipoh) Sdn Bhd SGW-Ipoh	Development and manufacture of flexible packaging films and bags made of plastic.
ISO 22000:2005 (Food Safety Management System)	Scientex Great Wall Sdn. Bhd. SGW-Rawang	Manufacture of plastic films, printing, laminating and converting of flexible plastic packaging for food, sanitary and hygiene industry.
OHSAS 18001:2007 (Occupational Safety and Health)	Scientex Great Wall Sdn. Bhd. SGW-Rawang	Manufacture of plastic films, printing and converting of flexible packaging products.
HACCP Certification	Scientex Great Wall (Ipoh) Sdn Bhd SGW-Ipoh	Management of a Hazard Analysis and Critical Control Point (HACCP) System for manufacture of printed and unprinted flexible plastic packaging, films and bags for food and hygiene industry.
HACCP Codex Alimentarius	Scientex Great Wall Sdn. Bhd. BOPP-PI	Product development and manufacture of Biaxially Oriented Polypropylene (BOPP) film for food packaging industry.
GMP Codex Alimentarius	Scientex Great Wall Sdn. Bhd. BOPP-PI	Product development and manufacture of Biaxially Oriented Polypropylene (BOPP) film for food packaging industry.

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Product Quality and Assurance [103-2, 102-43] Con't

At Scientex, we place high importance on customer satisfaction. In order to evaluate and keep track of our customer satisfaction, we engage in open and frequent communication with our customers to understand their needs.

Our customer satisfaction survey is conducted at the end of each year and serves as an assessment of our service quality, delivery, new development and customer service. Our customer satisfaction score for SGW-Rawang was 69%, 68% and 70% for the last three years (FY2016, FY2017 and FY2018).

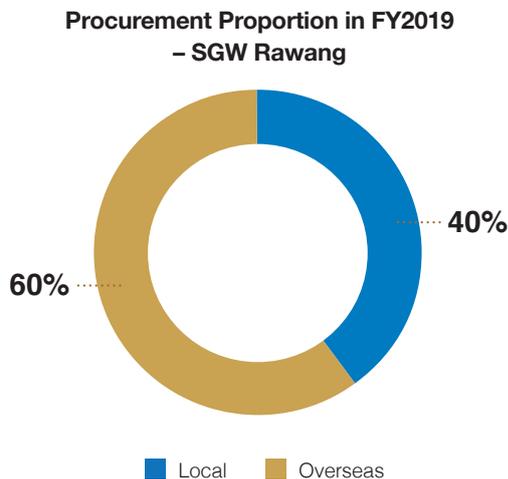
Since our customer satisfaction feedback for FY2019 will be obtained at the end of 2019, we will disclose the result in the next reporting cycle. At a minimum, we are targeting to maintain the FY2018 rate of 70%.

For the Group's property division, to ensure the quality of our properties, we conduct internal risk-based audits at least once every 12 months. During the audit, the risks and opportunities are assessed, and corrective actions are taken for any non-conformance identified.

Procurement and Supply Chain Management [102-9, 103-2, 204-1]

At Scientex, we strive to have a consistent supply of materials in addition to fair price for all the materials purchased. We work with various suppliers ranging from raw materials, contractors, to capital equipment for our manufacturing and property businesses. We encourage all our subsidiaries to undertake sustainable approaches in purchasing and contracting activities to promote waste minimisation.

To contribute to the local economy, we support local suppliers. During FY2019, for SGW-Rawang, 40% of the raw materials were locally sourced with the 60% sourced from overseas. In the case of our property development segment, we procured 100% of our materials from local suppliers.



**For property development,
100%
of materials procured are from local suppliers**



102-9: Supply chain

102-43: Approach to stakeholder engagement

103-2: The management approach and its components

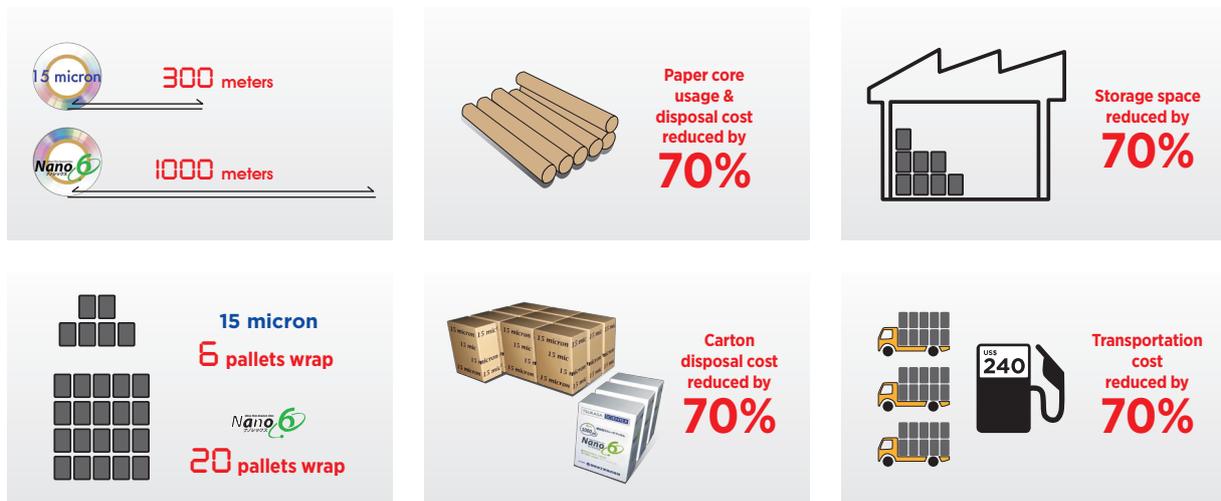
204-1: Proportion of spending on local suppliers

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Product Innovation [103-2]

We recognise that sustainability is a driver for innovation. Product innovation is fundamental as it improves our sales and maintains our position as a market leader. Our products are leveraged on innovation, technological advances, new ideas and methods to constantly improve our product offerings and to meet our customer demands while promoting sustainability efforts.

At SPF-PI, our 6 microns down gauge thin films are distinctively produced directly from the cast line machine in a single process with nano layer film structure. We have developed down gauging thin films (6 microns) with WFE enhanced technology with nano layer film structure. Implemented in stages from 2014 to 2018, this product enables Scientex to reduce its film usage, raw material consumption, film weight, wastage, film storage space, disposal costs, transport costs and ultimately, our environmental footprint.



At the SGW-Rawang, we implemented the down gauging project in our lamination film that led to a reduction in environmental footprint, materials consumption and storage space.

Driven by innovation, technology, and fuelled by strategic partnerships and reputation, below are among the benefits of our FPP products to the users:

Eco-friendly Cost efficient Lightweight Safer Distribution Innovative

6 Benefits of our FPP Products

Our products do not require much of the earth's resources to produce and the materials can be reused and recycled.

Our cost for manufacturing is more efficient as the process requires less materials with the aid of advanced technology in terms of comparable performance of the same product.

With lightweight features, the products take up less space and makes transportation easier, therefore reducing storage and fuel cost as well as carbon footprint generated from transportation.

Our products can increase the shelf life of perishable products and are less likely to get damaged during the transportation process.

Continuous creative packaging concept to provide recyclable solutions in line with global sustainability agenda.

Our Sustainability Statement

ENVIRONMENTAL

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



To advocate environmental solutions and protection through responsible consumption and sustainable development.

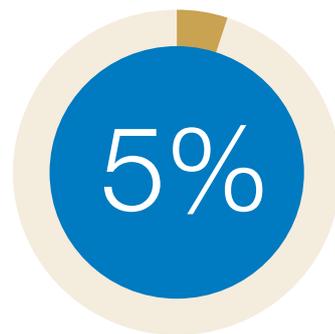
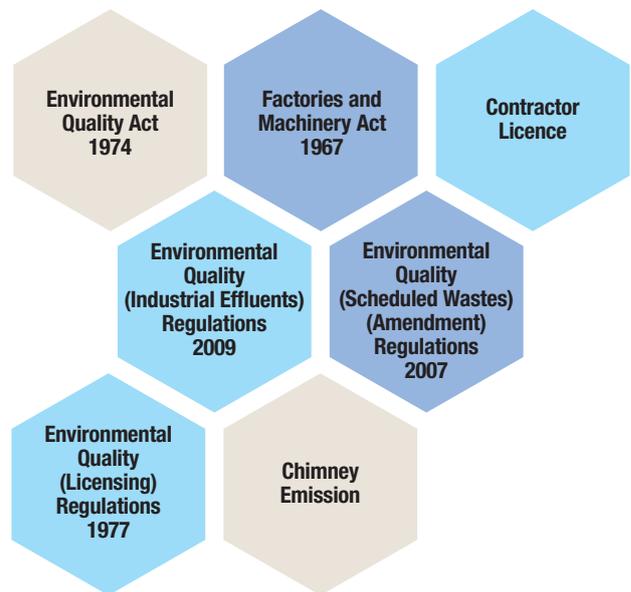
Environmental Compliance [103-2, 307-1]

Compliance is an important part in managing our environmental risks. We are committed to ensure full compliance with applicable environmental laws and regulations to reduce our environmental footprint.

We are pleased to announce that for FY2019, we did not receive any fines for non-compliance with environmental laws and regulations in BOPP-PI manufacturing plant. To ensure our compliance to environmental regulations, we conducted multiple environmental inspections and assessments such as Stack Emission Monitoring (Boiler 1, 2, and 3), Boundary Noise Level Monitoring (4 points) and Water Final Discharge Inspection in January 2019 for BOPP-PI manufacturing plant.

Materials Consumption [103-2, 301-2]

We are cognisant of our raw material consumption for the manufacturing division of the Group. At SPF-PI, we optimise our consumption by ensuring production lines are equipped with high precision online gauging systems to ensure thickness control which is an indicator for optimal material usage. Other initiatives implemented includes the use of recycling machines to reuse rejected goods from the production lines.



Recycled input used to manufacture SPF-PI's primary products

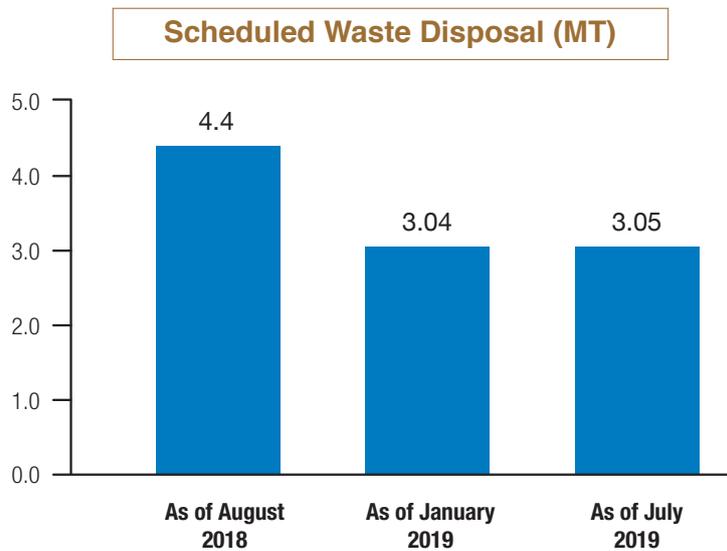
103-2: The management approach and its components
 301-2: Recycled input materials used
 307-1: Non-compliance with environmental laws and regulations

Our Sustainability Statement

Waste Management [103-2, 306-2]

As a Group, we generate various types of wastes including scheduled and non-scheduled wastes. Scheduled wastes generated from SPF-PI are managed as per the requirements of the Environmental Quality (Scheduled Wastes) Regulations 2005 in terms of their storage, transportation and disposal.

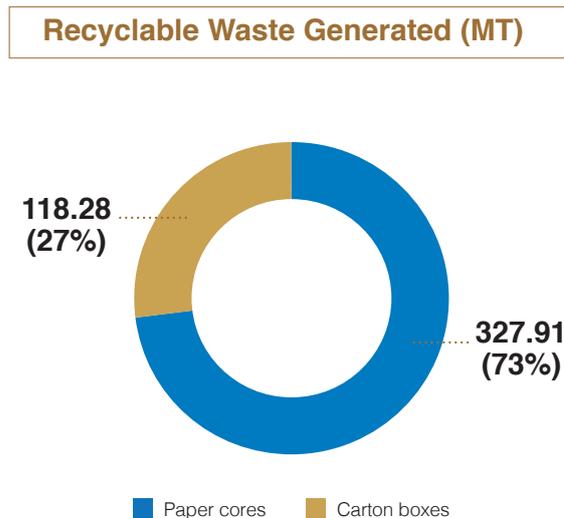
Types of scheduled wastes generated include but is not limited to used lubricant oil, used grease, used paints, used batteries, used performance marker and used filter belting.



Of the non-scheduled wastes generated, we recycle as much as possible and engage a recycling contractor to regularly collect recyclables from our premises. The majority of material recycled is paper cores which constitute 73% of the wastes recycled.

Energy [103-2, 302-4]

At our manufacturing operations, we implement best industry practices with respect to energy management. For instance, at our corporate headquarters, we employ the VRV (variable refrigerant volume) system. Also referred to as the variable refrigerant flow ("VRF"), this technology circulates only the minimum amount of refrigerant needed during a single heating or cooling period. This mechanism allows us to individually control several air conditioning zones at one time and therefore achieve energy savings. Energy reduction initiatives at the plant include the installation of LED high bay lighting inside the factory.



103-2: The management approach and its components
 302-4: Reduction of energy consumption
 306-2: Waste by type and disposal method

Our Sustainability Statement

Water and Effluents Management [103-2, 303-2, 306-1]

Water conservation is an environmentally sound way to reduce demand and dependence on water. Therefore, at BOPP-PI, we are conscious of our water usage and proactively have implemented water conservation initiatives. Using less water in the manufacturing process reduces the generation of effluents which in turn reduces the load on the effluent treatment plant (“ETP”) and reduces energy requirement.

We adhere to discharge limits prescribed under the Environmental Quality (Industrial Effluent) Regulations 2009 (Standard B) and ensure compliance by undertaking periodical monitoring of the effluent quality. Samples of the effluent are collected and analysed by accredited third-party laboratories on a yearly basis.

In ensuring efficient use of water, we continuously strive to reduce water consumption through recycling and reuse of water in our film making processes. Water loss is mainly due to evaporation from the cooling towers for air conditioning and manufacturing processes. Our heating, ventilation, air-conditioning (“HVAC”) system has been designed in accordance with good manufacturing processes (“GMP”).

SOCIAL

8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



To promote sustainable values among our employees through engagement sessions, surveys and training. In addition to being responsibly committed towards the communities we operate in.

103-2: The management approach and its components

303-2: Management of water discharge-related impacts

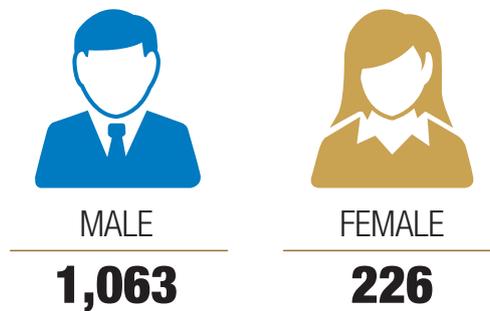
306-1: Water discharge by quality and destination

Our Sustainability Statement

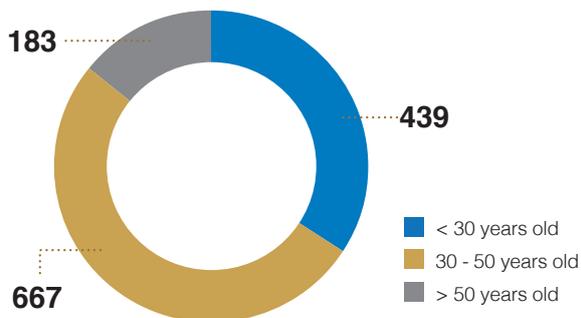
Diversity and Equal Opportunity [405-1]

As a Group, we firmly believe in diversity and inclusiveness, and value all our employees regardless of age, race or religion. An inclusive workplace ensures an employee hired is given a genuine role that makes the employee feel valued, welcomed, integrated and included in the workforce.

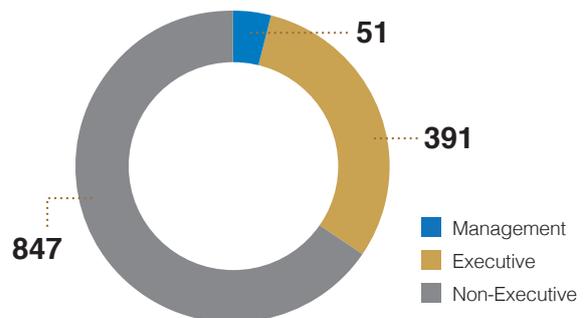
Total workforce under the scope of reporting in FY2019 is 1,289 employees which brings to male to female ratio of 5:1. Employees in the age group of 30 to 50 years old form the largest group which shows we employ experienced and skilled workers. The non-executive group forms the largest group in our workforce as the nature of our operations demands those with technical skills. Distribution of employees mostly dominated by local with 70% and foreigners with 30%.



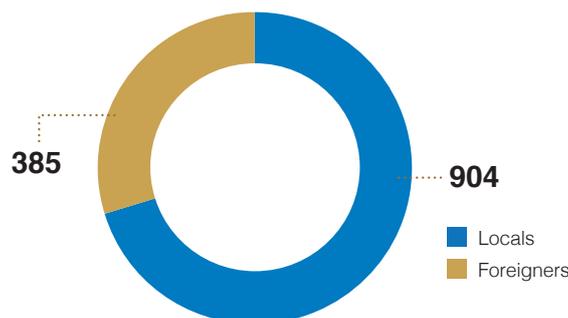
Distribution of employees by Age



Distribution of employees by Employment Category



Distribution of employees by Nationality

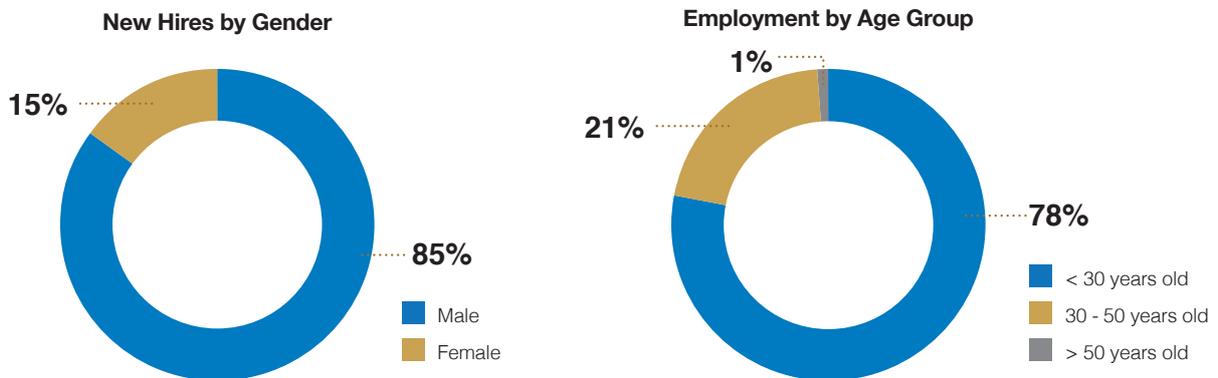


Our Sustainability Statement

Employee Turnover and Retention [103-2, 401-1, 401-2]

Under the scope of reporting in FY2019, we registered a total turnover rate of 17.35%, which is equivalent to 224 people leaving our Group. We recruited a total of 218 new employees to ensure we are staffed with adequate talents and capabilities.

Out of the 218 new employees, women comprise 15% and men 85%. Men dominate our workforce due to the nature of our main business in manufacturing and property development industry. Moreover, employees in the age group of below 30 years old form the largest group with 78% out of the 218 new employees, where Scientex provide job opportunity for the young generation to gain working experience.



Employee Benefits

We value our employees and continuously support initiatives that contribute to our employees' growth, success and wellness. We offer good remuneration package, quarterly incentive scheme and a wide variety of benefits for all our employees.



103-2: The management approach and its components

401-1: New employee hires and employee turnover

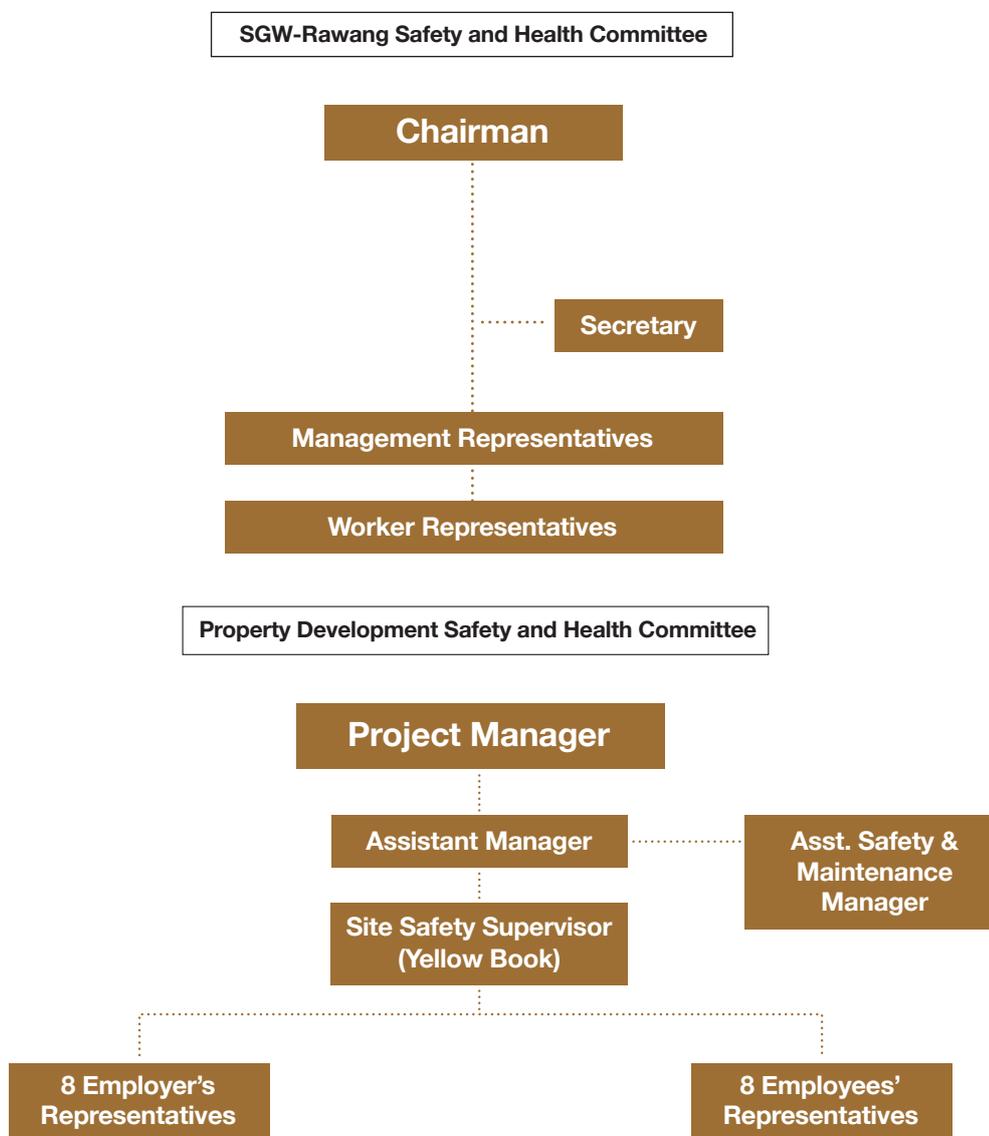
401-2: Benefits provided to full-time employees that are not provided to temporary or part time employee

Our Sustainability Statement

Occupational Health and Safety [403-1, 403-2,403-4, 403-5, 403-9]

Health, safety and welfare of our people has been a priority since the Group’s earliest days. Our safety standards aim to provide a safe working environment for our staff and contractors. Furthermore, we understand that the absence of occupational safety enforcement may potentially incur economic losses in the form of compensatory benefits and penalties imposed by the government and other regulatory bodies.

We have established a health and safety committee at both of our SGW-Rawang manufacturing plants and both of our property development projects (Scientex Pulai and Scientex Durian Tunggal) comprising an equal number of employer and employee representatives. The safety and health committees meet periodically and minutes of meetings are filed for record.



403-1: Occupational Health and Safety management system
 403-2: Hazard identification, risk assessment, and incident investigation (HIRARC)
 403-4: Worker participation, consultation, and communication on occupational health and safety
 403-5: Worker training on occupational health and safety
 403-9: Work related injuries

Our Sustainability Statement

Guided by the occupational safety and health management systems, we strive to achieve our objectives of reducing risk levels, elimination or reduction in frequency of undesired incidents and accidents and to improve employee awareness.

Our work-related hazards and risk processes implemented at our SGW-Rawang manufacturing plant and property divisions include:

- Hazard Identification Risk Assessment Risk Control (HIRARC)
- Daily safety inspection
- Job safety analysis
- Monthly house audit
- Work site safety inspection
- Work permit system
- Security management

At Scientex, we empower our employees to remove themselves from hazardous work situations through a job risk analysis or re-assessment after work site inspection. In the event of an accident, we trigger our internal incident reporting system, accident investigation and remedial measures, and accident reporting to Department of Occupational Safety and Health.

Work related incident

The Group continues to work on reducing the number of work-related incidents. For this reporting year, we recorded zero incidents at both the property development projects, Scientex Pulau and Scientex Durian Tunggal.

In the case of SGW-Rawang, the number of recordable work-related injuries in FY2019 is 23 cases with zero fatal injury.

In order to ensure all our employees are practising safe workplace practices and taking the necessary safety precautions, we provide relevant training programmes (internal and external).

Key Trainings	Training Provider	Subsidiary/Entity
Safety and Health Officer Enrichment Program	NIOSH	SGW-Rawang
Forklift Safety and Certification	In-house	SGW-Rawang
21st Conference and Exhibition on Occupational Safety and Health ("COSH")	NIOSH	SGW-Rawang
Hand and Finger Safety Training	In-house	SGW-Rawang
Application of PPE Training	IK Knowledge	SGW-Rawang
Managing Schedule Wastes Towards People and Environment Protection and Cost Reduction	OCSB	SGW-Rawang
Radiation Safety Awareness	Agensi Nuklear Malaysia	SGW-Rawang
Accident Investigation	In-house	SGW-Rawang

Our Sustainability Statement

Key Trainings	Training Provider	Subsidiary/Entity
First Aid training	In-house	SGW-Rawang
Environment, Health and Safety Awareness	In-house	SGW-Rawang
Fire Drill	In-house	SGW-Rawang
ISO 14001:2015 and OHSAS 18001:2007 Internal Auditor Training	In-house	SGW-Rawang
Kursus Pasukan Keselamatan Kebakaran Kilang	In-house	SGW-Rawang
Langkah-Langkah Pencegahan Kebakaran	In-house	SGW-Rawang
Fundamental Occupational Safety and Health for Supervisor	In-house	SGW-Rawang
Safety and Health and Committee Meeting and Safety Awareness Training	In-house	Scientex Pulau
Toolbox Trainings	In-house	Scientex Pulau
Toolbox Trainings and Safety Helmet Awareness Training plus Handing Over to Workers	In-house	Scientex Durian Tunggal, Melaka

In FY2019, the Group conducted fogging and housekeeping activities at its construction sites in order to prevent breeding of Aedes aegypti mosquitoes. This is to safeguard our workers at the sites from contracting Dengue Fever which can be fatal.

Our Sustainability Statement

Capacity Building [404-1, 404-2]

In the rapidly evolving industry, continuous learning is essential to ensure our Group implements latest practices and technologies. At the SGW-Rawang manufacturing division, various types of training are provided to enhance skills and knowledge of employees.

List of training(s)

Scheduled Waste Management

- Managing Schedule Wastes Towards People and Environment Protection and Cost Reduction
- High Performance Scheduled Waste Management Towards Cost Saving
- FMM Industrial Waste Management Conference 2019

Others

- Facilities Compliance on Import Duty Exemption
- Hearing Conservation Training
- Bengkel Tanggungjawab Majikan Terhadap Pekerja
- Practical Refresher First Aid, CPR, AED Training
- Budget 2019-Key Updates and Changes for Corporate Accounts
- Safe Motorcycle Riding for Workers
- Incoterm, Shipping Import and Export Documents and Procedures
- Workshop on Radiological Emergency Plan
- Good Manufacturing Practice and Allergen Control
- Essential Chemical Spill Control
- Seminar Increase your Lab Efficiency with Innovative Chromatography Techniques
- The Essential of Import and Export Procedures: Plus the Latest SST Rules
- Seminar on Application of CEMS as an EM Tool for Guided Self-Regulation
- Internal Audit Training for ISO 9001, 22000, and BRC
- Introduction to Sales and Services Tax
- Essential Autocad Workshop
- Seminar Pematuhan Continuing Professional Development untuk Orang yang Berwibawa

At SGW-Rawang, we invested a total of 428 hours in training (which comprise 36 trainings) for FY2019.

Total number hours of training at SGW-Rawang



Our Sustainability Statement

Local Communities [413-1]

Scientex's community engagement programmes aim to add value in the form of skill development and enhancement as well as to ease off burdens through donations to society. Our employees continue to demonstrate a continuous commitment and interest in participation in various community engagement programmes. We look forward to continuing assistance to the communities by organising programmes that will benefit them in any manner.

Cancer Research Malaysia Sponsorship

Scientex is a company that engages in corporate social responsibility ("CSR") since the past few years and we are pleased to inform that we are sponsoring Cancer Research Malaysia ("CRM") with a total amount of RM1.3 million for a period of 2 years commencing 1 January 2018 to 31 December 2019. The sponsorship serves as a funding to CRM to help fund its operational costs and expenses to carry out their research advancement and works in relation to the usage of genomics tools to discover new cures for Asian breast cancer.

Based on the reports provided by CRM to Scientex, breast cancer is the most common cancer among women, and it is increasing at 3% per annum in Asia because of the "westernisation" and urbanisation, and other changes in lifestyle factors. CRM has established a robust hospital-based cohort of fresh frozen breast cancer samples with in-depth risk factors and clinical information since 2012, when this project commenced. CRM has won the Newton Ungku Omar Grant ("Newton Grant") to analyse 400 tumour samples where such systematic analysis will lead to a better understanding for future studies on immunotherapy in Asian breast cancer patients.

Scientex is one of the sponsors for the cancer research which has benefited the targeted groups, especially when the usage of genomics tools to discover new cures for Asian breast cancers is certified and recognised by international experts. This project is one of the key highlights for our CSR for FY2018 and FY2019.

Towards Zero Leakage to the Ocean (MPMA and Scientex)

Pulau Ketam in Selangor was chosen for this programme as it faces serious threats of marine litter problem. The source of marine litter includes littering by some of the residents that cause the litter to accumulate around the island. The programme intends to address the marine litter problem by managing the issue of demonstrative effect to the people on the island and setting an example to the people living in surrounding areas. The cleaning activity was conducted during low tide to facilitate waste collection at all areas. The collected waste from sites was segregated, collected and sent to recycling centre in the island while the non-recyclable wastes are transported out of Pulau Ketam and transferred to Jeram Sanitary Landfill. Other initiatives adopted include installation of net underneath houses within the perimeter of the relevant zones acting as a trap to block inflow of waste from the ocean into the resident's zone during high tides.



Conclusion

Scientex is committed to ensuring that sustainability is incorporated throughout our business management and operations. For each addressed key material sustainability matter presented in our materiality matrix, Scientex has endeavoured (where applicable) to discuss the opportunities and improvements. We believe that collaboration and engagement with all of our internal and external stakeholders can help deliver product improvement and affordable and quality homes. In the coming years, we will build upon the current initiatives as well as explore other opportunities to improve our sustainability performance.