

SUSTAINABILITY STATEMENT

“ We do not inherit the earth from our ancestors; we borrow it from our children. ”

Native American Saying

Our Sustainability Context

This is the first detailed Sustainability Statement from our organization in line with the BURSA listing requirements. Pantech Group has made every effort to produce a statement that is balanced and truthful and that reflects the importance that Sustainability holds for the organization. We acknowledge that there is still much room for improvement both in our sustainability efforts and in the way we report on it.

Pantech Group strongly believes in being an organization that creates value for its Stakeholders in a responsible and socially acceptable manner. This includes integrating Sustainability into our culture and in all aspects of our business. Our view of Sustainability is to operate our business in such a way that it will not impede future generations and their ability to have the quality of life they need and deserve.

Pantech Group considers all forms of Sustainability, namely Environmental, Economic and Social, are equally important and is dedicated to find the right balance between the three aspects to create the optimum value for the organization and all its stakeholders.

Scope of the Statement

The scope of this Sustainability Statement comprises of the business entities and operations of Pantech Group within Malaysia.

The group structure of Pantech Group in Malaysia can be found on page 04 of the Annual report 2019.

Sustainability Statement (cont'd)



Pantech Group and the UN Sustainable Development Goals

Pantech Group realizes that it is not an isolated business but also part of society as a whole and therefore needs to contribute to society where it can. In this respect, the United Nations Sustainable Development Goals (“SDGs”) are of special interest to Pantech Group. The SDGs are global goals that were agreed upon in 2015 which are aimed to be achieved by 2030. The SDGs apply to both government and businesses and only by working closely together on all levels of society will the SDGs have any chance to be achieved.


Pantech Group aspires to be a socially responsible organization. We understand that true sustainability does not end at the gates of our facility but needs to be addressed on every level, be it local, national or international level. As such, Pantech Group wants to contribute in achieving the SDGs wherever it is possible and applicable.



Whilst it is a challenge to operationalize all 17 SDGs, Pantech Group has identified a number of SDGs in which the Group believes that it can contribute positively and make significant impact:

<p>ECONOMIC</p> 	<ul style="list-style-type: none"> ➤ Pantech Group is aware that its products are based on finite natural resources. This awareness leads to a special focus on reduction of waste of raw materials in the production processes and the highest possible level of recycling.
<p>ENVIRONMENT</p> 	<ul style="list-style-type: none"> ➤ Pantech Group makes every effort to avoid polluting any water that leaves the facilities. ➤ Reduces energy and water consumption wherever possible. ➤ Investment in place in reducing greenhouse gas emissions to a minimum where possible.

Sustainability Statement (cont'd)

<p>SOCIAL</p> 	<ul style="list-style-type: none"> ➤ The health, safety and well-being of employees are Pantech Group's primary focus. Besides providing a safety working environment, Pantech also provide adequate medical benefits to all employees. Additionally, Pantech Group makes every effort to avoid any health hazards for the community living near our facilities. ➤ Promote further education amongst its employees by offering on the job training and by stimulating staff to enrol in training programs. ➤ Strives for a good balance between genders on every level of the organization where appropriate. There are no differences in career opportunities and remuneration between the genders. ➤ Pantech Group aims to provide employees fulfilling jobs, good working conditions and career opportunities as it acknowledges that employees are valuable assets and key to success of an organisation. ➤ Pantech Group engage in corporate social responsibility activities to achieve a positive impact on society as a whole.
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Sustainability Governance

Pantech Group is committed to the best possible governance of Sustainability within the organization. Our commitment to Sustainability comes from the top of the organization and is underwritten by our Board of Directors.

The Board of Directors will have the overall accountability for Sustainability within Pantech Group. The Board will discuss Sustainability on a regular basis as an integral part of the board meetings and will approve the Sustainability strategy of the Group.

In order to create the most effective governance structure for Sustainability, Pantech Group is in the process of creating a dedicated Sustainability Management Committee. This committee, chaired by a member of the Board of Directors will have overall responsibility regarding the management of Sustainability within the group.

The committee will consist of members of the senior management team and the Head of Departments that have involvement in Sustainability such as Human Resources, Operations, Procurement, Sales, Health & Safety, Quality Control and etc. The committee will undergo activities such as:

- Refining the Sustainability Strategy of Pantech Group and obtaining Board approval
- Implementing the approved Sustainability Strategy
- Translating the overall Group Strategy into action plans for the involved departments
- Guiding the involved departments in collecting and providing the necessary input and data for the annual Sustainability Statement
- Preparing the annual Sustainability Statement and obtaining Board approval

Pantech Group understands that Sustainability Governance is new to the organization and requires improvement in the time to come. In the past year, Sustainability Awareness programs have been conducted for key managers involved in the sustainability activities of the company.

Sustainability Statement (cont'd)

Stakeholders and Stakeholder Engagement

Pantech Group puts great value on the opinion of its Stakeholders with regard to Sustainability. The engagement with stakeholders will help the Group to focus on inclusiveness, responsiveness and building continuous relationships between the Group and its stakeholders. After internal discussions and brainstorming sessions, Pantech Group has defined the following Stakeholder mapping:

STAKEHOLDER GROUP	METHOD OF ENGAGEMENT
EMPLOYEES	<ul style="list-style-type: none"> • Meetings • Face to face discussions • Employee performance appraisal • Employee survey • Learning and development trainings • Festivals celebration • Company event
INVESTORS AND SHAREHOLDERS	<ul style="list-style-type: none"> • AGM/EGM • Annual Report • Corporate Website • Analyst reports published by research houses • Investor relations sessions • Company announcements
CUSTOMERS	<ul style="list-style-type: none"> • Meeting and business communication • Customer Satisfaction surveys • Exhibition • Customer feedbacks • Corporate website
SUPPLIERS	<ul style="list-style-type: none"> • Meeting and business communication • Supplier evaluation and registration
GOVERNMENT	<ul style="list-style-type: none"> • Statutory submissions • Meetings/verbal communication
FINANCIERS	<ul style="list-style-type: none"> • Facility review • Meetings and business communication

Sustainability Statement (cont'd)

Based on the mapping above, Pantech Group, in the coming year, will move from ad-hoc engagements to more predetermined and structured engagements with its stakeholders on Sustainability Issues. Any adjustment to the material topics which arose from the stakeholder engagements will be reported accordingly in the next Sustainability Statement.

International Certifications

In relation to Sustainability, Pantech Group is in the possession of the following international certifications:



Sustainability Issues and Materiality

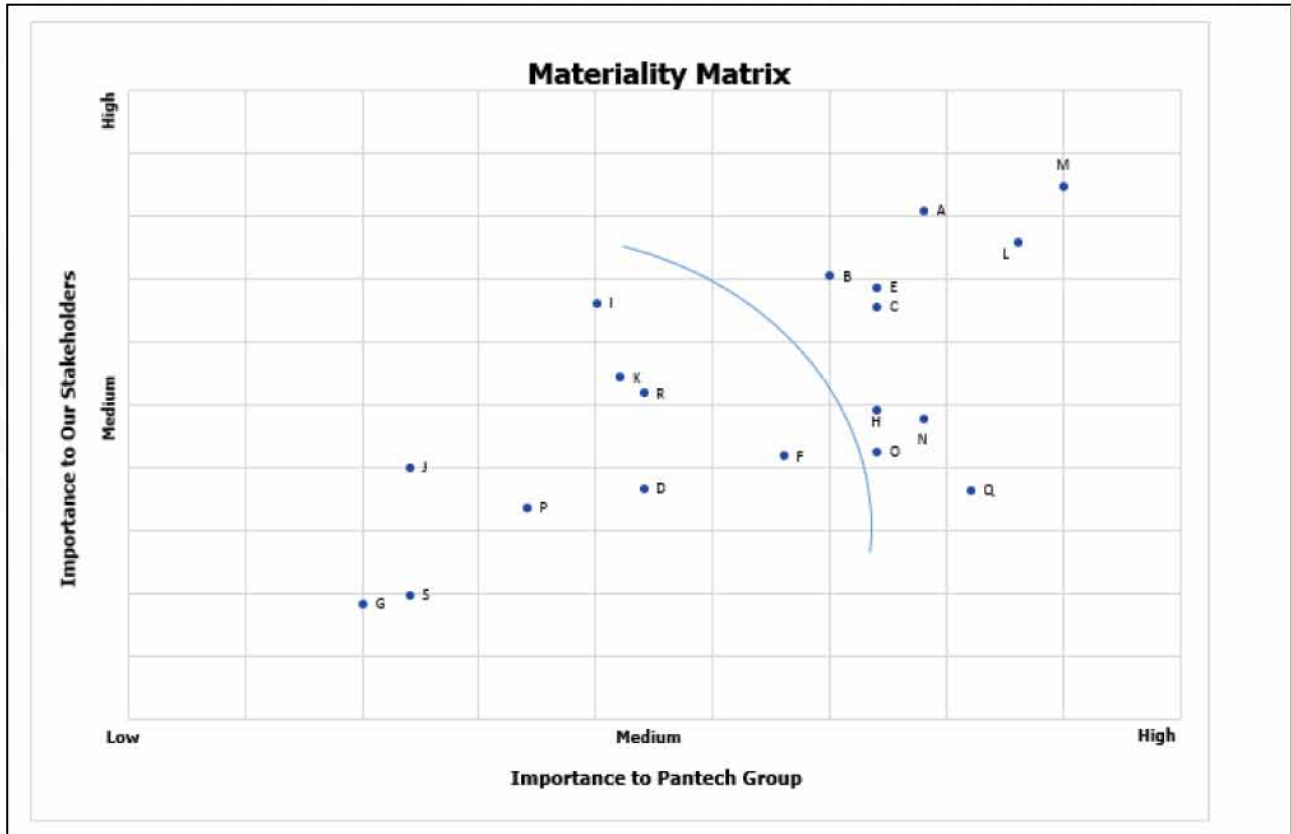
Through workshops and internal discussions, Pantech Group has defined a list of Sustainability Issues that it believes have an impact on the organization or can be impacted by the organization. Based on the 3 aspects of sustainability, the overall list is:

ENVIRONMENTAL	ECONOMIC	SOCIAL
<ul style="list-style-type: none"> A. Energy B. Water C. Waste and effluents D. Materials E. Emissions F. Environmental compliance G. Transport 	<ul style="list-style-type: none"> H. Procurement practices I. Economic performance J. Indirect economic impact 	<ul style="list-style-type: none"> K. Employment L. Labour practices /Labour-Management Relations M. Occupational Safety and Health N. Training and education O. Diversity and equal opportunity P. Grievance mechanism Q. Anti-corruption/bribery R. Social compliance S. Local communities

The Sustainability Issues listed above form the basis in determining which issues are material to the organization. Anything deemed material will be managed closely and will receive close attention in the day-to-day operation of the Sustainability.

Sustainability Statement (cont'd)

Based on the engagements with some of our Stakeholders and the understanding we have of our stakeholders, we have developed the following prioritization of the issues:



Based on the materiality matrix, Pantech Group considers the following Sustainability topics material to the organization.

1. Occupational Safety and Health

Wellbeing of Pantech Group staff is paramount to us and safe working environments are crucial in mitigating potential unwanted incidents to maximise productivity. We continuously seek improvement in providing a safe and healthy work environment for our staff.

In order to emphasize this importance, Pantech Group has developed CARE policy:

Comply and exceed where practicable, with the relevant legal and other requirements

Aim to be an organisation free from pollution accident and ill health

Redesign our work activities and storage area to reduce adverse impacts and risks

Enhance our system performance continually by setting new objectives and targets periodically

To this end, relevant briefings and trainings for our staff are held on a regular basis. Health, safety and environment (HSE) awareness and personal protective equipment (PPE) trainings to increase proficiency in identifying and communicating potential hazards as well as fire and evacuation drills were recurring activities. To ensure that the hearing of staff is not impaired and enabling them to be alert to potential dangers, audiometric tests were conducted as well.

Sustainability Statement (cont'd)



In addition, basic life support and first aid skills such as proper cardiopulmonary resuscitation (CPR) technique and treatment of bleeding, burns, shocks, and fractures were taught to staff to enhance emergency preparedness and survivability in event of a mishap. To date, 21 of Pantech's staff are Qualified First Aider, complying with the legal provision under the Occupational Safety & Health Act 1994.



Emergency response trainings (ERT) were also arranged, conducted by the Fire and Rescue Department of Malaysia (BOMBA) on emergency protocols and use of firefighting equipment. Over the course of the year under review, a total of seven CPR, ERT and first aid training sessions across three of Pantech's entities were conducted, in addition to weekly HSE briefings and forklift operation trainings.



These efforts culminated in a reduction in Lost Time Injury Frequency Rate (LTIFR) by 80 basis points over the past year, despite a greater number of safety incidences. Pantech Group sees room for improvement in these two metrics and aim to further reduce the number of safety incidences and LTIFR in the coming years.

INDICATOR (AVERAGE FOR PANTECH GROUP)	2018	2019
Number of Safety Incidents	17	21
Lost Time Injury Frequency Rate (LTIFR)	6.23	5.43

Sustainability Statement (cont'd)

At the same time, Pantech also encourages staff to maintain a healthy lifestyle by organizing weekly sports and activities for them to participate.



2. Our Employees (Labour Practices, Diversity and Training & Education)

Without its dedicated staff and contract workers, Pantech Group would not have reached the same level of success. Our human capital is the driving force behind our business and through its achievements made Pantech Group in what it is today.

Women in the workforce

Even though we realize that the steel manufacturing for oil and gas industries is traditionally male dominated, Pantech Group strives to create the optimum balance between female and male staff. We strongly advocate women and their abilities. Pantech Group has 3 female board members which makes up one-third of the board seats. Their knowledge and advice has been invaluable to help steer the company, even in trying markets.

Throughout Pantech Group, there are approximately 40% of our local employees are women. Wherever possible, we intend to raise that percentage even higher.

Age Diversity

At Pantech Group we believe that we have a well-balanced group of employees regarding age diversity.

Our age breakdown over the past two years are as follows:

NUMBER OF LOCAL EMPLOYEES BY AGE GROUP	2018	2019
<30	265	285
30-40	168	189
41-50	84	87
>50	28	30

Sustainability Statement (cont'd)

Training and Upskilling

It is our firm belief that developing employee skills and knowledge through training and workshops and providing adequate employee benefits is key to attract and retain top talent. Successfully retaining talent translates to having a considerable number of long service staff.

The following table shows the amount of training hours:

NUMBER OF TRAINING HOURS	2018	2019
Total Number of hours	1985	2819
Training hours per local employee	3.64	4.77

Pantech Group recognises that the success of the Company depends on the employee loyalty and in appreciation of their valuable contribution in the year, the Group has organised Appreciation Dinners in which long service awards and cash-in-kind awards were presented to the staffs who have worked for 5 years, 10 years, 15 years and 20 years in Pantech Group.



Pantech Group also organised team building activities in order to motivate its employees and to enhance their social relations, communication and problem solving skills.



Sustainability Statement (cont'd)

3. Energy

Even though by nature of our business, our manufacturing plant uses high amount of energy, Pantech Group strives to reduce its energy footprint to the minimum. Several initiatives are underway to reduce energy usage both in operations and in the office environment, such as the use of translucent roofing in our warehouse as well as practices in place in creating awareness on energy saving in the workplace.

Our current energy consumption is:

ENERGY CONSUMPTION	2018	2019
Electricity Usage kWh/Tonne Production*	437	388

* Measures only on manufacturing division

4. Water

For our operations in Pantech Galvanising Sdn Bhd (PGSB) and Pantech Stainless & Alloy Industries Sdn Bhd (PSA), the blessing of regular rainfall due to Malaysia being a tropical country, is a boon. Both plants have Rainwater Harvesting Systems to collect, filter, store and reuse rainwater for production purposes as well as for toilets, reducing the need for fresh water consumption. A total of seven rainwater catchment tanks are employed in both PGSB and PSA. Each tank has the capacity to hold 10,000 gallons, giving Pantech Group an internal water reservoir of 70,000 gallons.

WATER USAGE	2018	2019
Water Usage M3/Tonne Production*	1.38	1.29

* Measures only on manufacturing division



Rain Water Harvesting System

Sustainability Statement (cont'd)

5. Effluents, Waste and Emissions

Both PGSB and PSA have installed Industrial Effluent Treatment System which comprise of waste water and sludge treatment facilities. These facilities are able to treat and neutralise up to 240 cubic metres of acid water from pickling tanks daily before being discharged to general sewerage. The treated sludge is then disposed to licensed vendors to properly handle and process further.



Industrial Effluent Treatment System



On the emissions front, PGSB and PSA are equipped with scrubber system. These scrubbers neutralise and remove acid fumes emitted during the pickling process. Furthermore, dust collector systems are installed in PGSB. These systems filter the air to prevent dust particles generated by the manufacturing processes from being discharged into the atmosphere, and thereby minimising emissions from the plants.



Air Scrubber System



Dust Collector System

In addition, there are a few green initiatives introduced to create an environmental friendly workplace. Amongst other things Pantech has initiated to reduce the usage of plastic items in the canteen as well as the use of plastic water bottles within the premises. Pantech also encourage the usage of recycling paper and reuse of archive files and paper boxes in the workplace.

Sustainability Statement (cont'd)

6. Anti-Corruption and Procurement Practices

Pantech Group maintains very strict policies with regard to working with its suppliers, contractors and customers. Any misconduct by Pantech Group staff will not be tolerated and will have severe consequences.

Pantech Group has introduced a Code of Ethics for all its staff and ensures the familiarity of all staff with this Code of Ethics through induction training and briefings

Pantech Group also introduced a Whistle Blowing policy for staff to report any misconduct to senior management. Through briefings all staff has been made aware of this policy.

In the current reporting year, there are no incidents reported.

Corporate Responsibility

Interwoven into the very fabric of society and community are businesses. Pantech Group wants to be a business that is well accepted by the community. We want to live harmoniously alongside communities in which we operate in and impact them positively through corporate responsibility initiatives.

Pantech Group contributed to the development of a second National Stroke Association of Malaysia (NASAM) rehabilitation centre in Johor. NASAM is a non-profit organisation established to provide affordable post-rehabilitation services to stroke survivors.



Another contribution that was made was to an environmental project dubbed 'Love Gaia' organised by Soroptimist International Club Iskandar Puteri for SKPK Princess Elizabeth for the visually impaired in collaboration with Sri Ara International School. This project is approved by the Ministry of Education and aims to, among other things, promote the use of composting methods generated by using food waste instead of chemicals that are harmful to the ecosystem and harvesting rain water for the use in plant irrigation. Admirably, they also provide an opportunity to the physically, intellectually and visually challenged to express their creativity in caring for and nurturing plants.



Sustainability Statement (cont'd)

In keeping with promoting access to education for children, Pantech hosted its annual Back to School programme whereby cost of school expenses are subsidised for employees' children. This initiative is applicable for Pantech's confirmed staff who have children attending primary and/or secondary school in 2019. A total of over RM10,000 was distributed through this programme.

Also, in conjunction with the release of Johnny English Strikes Again, the Group sponsored less privileged children from several orphanages, including orang asli and refugee communities to a day out at the movies.

