

Sustainability Statement

ABOUT THIS STATEMENT

Pantech Group continuously upholds its responsibility to conduct business in a sustainable and ethical manner. This is even more critical in view of its positioning as a One-Stop Centre for pipes, valves, fittings and other related components. This report is put together to reflect our sustainability efforts in a fair and balanced manner. This report marks our second Sustainability Statement in line with Bursa Malaysia’s listing requirements.

Pantech Group is committed to improving our reporting process every year as we believe that organizations play a pivotal role in creating value for its stakeholders. We prepared this Sustainability Statement by monitoring and managing our impact on economic, environmental, and social (“EES”) matters.

The Sustainability Statement comprises Pantech Group’s activities that were performed to maintain our relationship with the multiple stakeholders surrounding our operations. We recognise that an organization is part of the community and it is a fundamental responsibility to preserve the environment it operates in.

Pantech Group’s corporate structure can be found in pages 4.

Preparation of this Statement

The Statement was prepared in accordance with Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Listing Requirements”) on Sustainability Reporting.

We have also referred to the framework and guidance provided by the Global Reporting Initiative (GRI) Standards to ensure the adequacy and transparency of our disclosures are in line with best practices.

The Statement is structured into four sections:

- The first section introduces the Statement;
- The second section depicts the governance structure responsible for monitoring and managing sustainability matters;
- The third presents the methods that were taken to review, update and categorise the material matters; and
- The final section reports on the practices and performance related to management of material sustainability matters

SUSTAINABILITY GOVERNANCE



Sustainability Statement (cont'd)

Sustainability is engrained in the culture of Pantech Group and it cascades down from Executive Management. The Board of Directors has the overall accountability and responsibility for Sustainability within Pantech Group. They actively monitor sustainability strategies, policies, and management on economic, environmental, and social issues.

In FY2020, we established our own Sustainability Management Committee (SMC). The committee comprises representatives from the Board of Directors and is chaired by Group Managing Director, Dato' Chew Ting Leng (Jimmy). The SMC meets bi-annually to review and evaluate the effectiveness and implementation of the Sustainability Strategy.

The Coordinator acts as an intermediary between the SMC and Sustainability Taskforce in communicating strategy and feedback. In addition, the Coordinator also actively participates in carrying out the Sustainability Strategy set by the committee.

The Sustainability Taskforce comprises senior management who are actively involved in the day-to-day operations of the business. They are the main driving force to execute the Sustainability Strategy, come up with action plans and guide the subsidiaries or departments involved in the implementation of the overall sustainability plan. The Sustainability Taskforce also assists in the overseeing of data collection on key indicators to be communicated to the SMC on a quarterly basis.

MATERIALITY ASSESSMENT

Materiality Assessment Process

Matters which are material to the organisation are decided upon by the Sustainability Management Committee during their regular meetings. We referred to Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits, Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), United Nations Sustainability Development Goals, and relevant industry-specific references and publications to update our material sustainability matters that are significant to Pantech Group's business operations and can influence stakeholders' decisions.

Based on the updates, the committee members come to a consensus on materiality assessment of the matters. Having monitored and reviewed material sustainability matters throughout the past year in its annual assessment, the committee agreed that there have been no substantial changes to the organisation's business operations. The committee was guided by Bursa Malaysia's Securities Berhad's Listing Requirements which defined the matters as:

- Reflecting the business' significant EES impacts; and/or
- Substantively influencing assessments and decisions of stakeholders

Scope of Reporting

The Sustainability Report represents Pantech Group's disclosures of our sustainability performance for the financial period 1 March 2019 to 29 February 2020 and for subsidiaries of Pantech Group mentioned below, unless otherwise stated.

The basis of reporting covers subsidiaries which:

1. Have business operations within Malaysia.
2. Have substantial magnitude revenue contribution or impact to Pantech Group.

The subsidiaries which fall under this scope are:

- Pantech Corporation Sdn. Bhd.
- Pantech (Kuantan) Sdn. Bhd.
- Pantech Stainless & Alloy Industries Sdn. Bhd.
- Pantech Steel Industries Sdn. Bhd.
- Pantech Galvanising Sdn. Bhd.

For this year's report, the indicators disclosed included those in FY2018 and FY2019 for baseline comparison of data.

Sustainability Statement (cont'd)

Stakeholder Engagement

STAKEHOLDER GROUPS	AREAS OF FOCUS	ENGAGEMENT CHANNELS
EMPLOYEES	<ul style="list-style-type: none"> • Career development and career progression • Performance management 	<ul style="list-style-type: none"> • Meetings • Face to face discussions • Learning and development trainings
	<ul style="list-style-type: none"> • Workplace conduciveness • Occupational safety and health 	<ul style="list-style-type: none"> • Learning and development trainings • Internal memo circulation
	<ul style="list-style-type: none"> • Employee welfare • Balanced lifestyle 	<ul style="list-style-type: none"> • Festival celebrations • Company events • Employee surveys • Sports activities
INVESTORS AND SHAREHOLDERS	<ul style="list-style-type: none"> • Group financial performance • Dividend • Corporate governance and compliance • Business strategy and outlook 	<ul style="list-style-type: none"> • AGM and EGM • Annual Report • Corporate website • Investor relation sessions • Company announcements • Analyst reports published by research houses
CUSTOMERS	<ul style="list-style-type: none"> • Relationship management • Quality of products and service 	<ul style="list-style-type: none"> • Meeting and business communication • Customer satisfaction surveys • Exhibitions • Customer feedback • Corporate website
SUPPLIERS	<ul style="list-style-type: none"> • Relationship management • Quality of products and services • Supply chain management • Corporate governance and compliance 	<ul style="list-style-type: none"> • Meeting and business communication • Supplier evaluation and registration
GOVERNMENT AGENCIES AND REGULATORY BODIES	<ul style="list-style-type: none"> • Regulatory compliance • Waste management and environmental compliance • Labour practice and safety compliance 	<ul style="list-style-type: none"> • Statutory submissions • Inspections conducted by authorities • Meetings/verbal communication
FINANCIERS	<ul style="list-style-type: none"> • Financial performances • Debt management and payment schedules 	<ul style="list-style-type: none"> • Facility review • Meetings and business communication

Pantech Group focuses on engaging its stakeholders in an inclusive and responsive manner to continuously build a relationship between Pantech Group and its stakeholders.

Sustainability Statement (cont'd)

The SMC has identified stakeholders who are key to Pantech Group by utilising stakeholder mapping. The process identifies stakeholders according to their power and influence over Pantech Group.

The identified stakeholders are engaged over various frequencies spanning from weekly to annually. Stakeholder engagements are carried out at various locations of Pantech Group's subsidiaries.

Materiality Matrix

The material sustainable matters surrounding Pantech Group are dynamic. We respond to this by conducting continuous reviews and evaluations. As a member of society, we must align our risk management and materiality assessment processes to achieve sustainable business growth and ultimately, our long-term objective.

It is imperative that the identification of materiality is performed as it helps businesses identify, refine, and prioritise EES risks and opportunities and map any emerging risks that may affect Pantech Group's operations.

Guided by Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits, Pantech Group has implemented a structured materiality assessment approach.

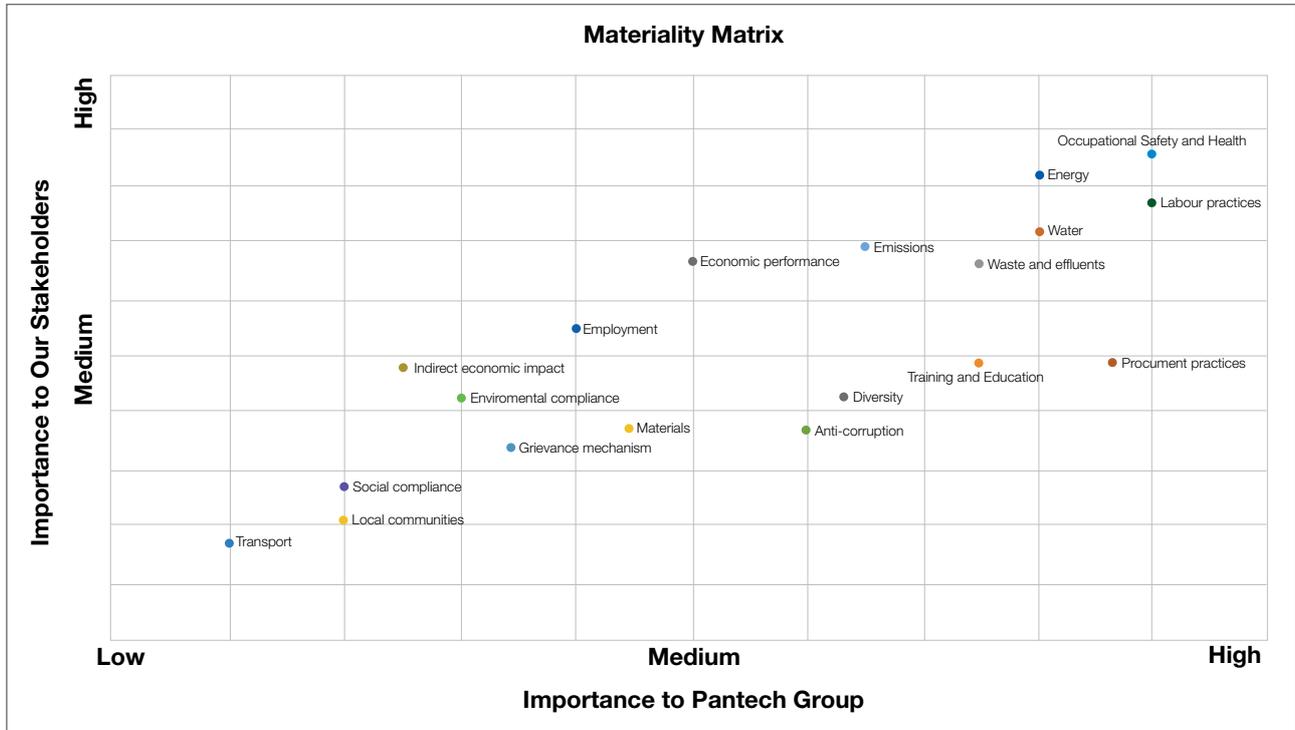
The following EES matters has been identified by the SMC with the participation of key internal stakeholders. These matters will receive close attention in the day-to-day operation of Pantech Group and will be closely monitored by the organisation.

ENVIRONMENTAL	ECONOMIC	SOCIAL
1. Energy	8. Procurement practices	11. Employment
2. Water	9. Economic performance	12. Labour practices/ Labour-Management Relations
3. Waste and effluents	10. Indirect economic impact	13. Occupational Safety and Health
4. Materials		14. Training and education
5. Emissions		15. Diversity and equal opportunity
6. Environmental compliance		16. Grievance mechanism
7. Transport		17. Anti-corruption/ bribery
		18. Social compliance
		19. Local communities

* *The highlighted matters are prioritized based on the Materiality Assessment conducted*

Sustainability Statement (cont'd)

Based on engagements with Pantech Group's stakeholders, the following prioritization of issues have been identified:



SUSTAINABLE BUSINESS GROWTH

Our Vision is to be an international leader in the provision of total solutions for fluid transmission systems. We have positioned ourselves as a One-Stop Centre whereby we actively trade and/ or manufacture pipes, fittings, flanges, valves and other components to service customers across the globe. We aim to drive long-term growth and profitability while considering EES impacts.

Quality Assurance and Professional Certification

As a supplier to a global customer base, compliance standards and regulations is of paramount importance. Each product complies to relevant global and industry standards and comes with its own certificate. These certificates are safely archived in a dedicated document library.

We emphasize maintaining an extensive and systematic archive of up-to-date documentation. This library of certificates and documentations can be called upon anytime to validate requirements by customers or authorities.

Sustainability Statement (cont'd)

In terms of management, Pantech Group upholds proper business processes in adherence to best practices to satisfy efficient quality systems. We have been certified by various accredited certification bodies. These certifications provide quality assurance to our customers worldwide and are listed in the table below.

ENTITY	CERTIFICATION	CERTIFICATION BODY
PANTECH CORPORATION SDN. BHD.	ISO 14001:2015	SGS United Kingdom Ltd Systems & Services Certification
	ISO 14001:2015	SGS (Malaysia) Sdn Bhd Systems & Services Certification
	OHSAS 18001:2007, MS 1722:PART 1:2011	SGS (Malaysia) Sdn Bhd Systems & Services Certification
	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
PANTECH STEEL INDUSTRIES SDN. BHD.	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
	0038 / PED / MUM / 0810070 / 1	Lloyd's Register Quality Assurance Ltd
	Approval of Manufacturer Certificate	DNV GL Hamburg, Germany
PANAFLO CONTROLS PTE. LTD.	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
PANTECH STAINLESS & ALLOY INDUSTRIES SDN. BHD.	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
	ASTM A 312/A 312M & A 403/A 403M	Sirim QAS International Sdn. Bhd.
	SPAN	Suruhanjaya Perkhidmatan Air Negara
	0038 / PED / MUM / 1110006 / 1	Lloyd's Register Verification
	Welded Pipes and Tubes in Austenitic Stainless Steel	Lloyd's Register Verification
	Approval for Water Supply Products	Jabatan Air Negeri Sabah
	Approval for Water Supply Products	Pihak Berkuasa Air Negeri Sarawak
NAUTIC STEELS LIMITED	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
PANTECH GALVANISING SDN. BHD.	ISO 9001:2015	Transpacific Certifications Limited

Good Procurement Practices

Our procurement process identifies suppliers that hold the relevant certifications that reflect our emphasis on compliance with regulations and standards. Pantech Group utilizes ISO certifications as basis of guidance to select our suppliers. When receiving goods, quality control (QC) checks are performed to ensure the quality of goods received matches that of the requirements.

Sustainability Statement (cont'd)

Responsible Materials Handling Process

Materials are sourced from vendors who are thoroughly vetted and reviewed prior to selection. The suppliers are selected based on quality of goods, instead of based on pricing alone. Pantech Group also ensures that these materials are obtained via responsible and ethical purchases.

Pantech Group ensures that each and every member of staff is committed to maintain the highest standards when handling materials. The production team will monitor the handling of materials during the production process. Any defect identified will be separated and disposed responsibly as scrap metal through a qualified provider.

ENVIRONMENTAL

Pantech Group is conscious of its responsibility in managing our environmental impact. In consideration to the nature of our business, in particular the Manufacturing Division, the environmental areas of key concerns are energy, water, effluents, and dust.

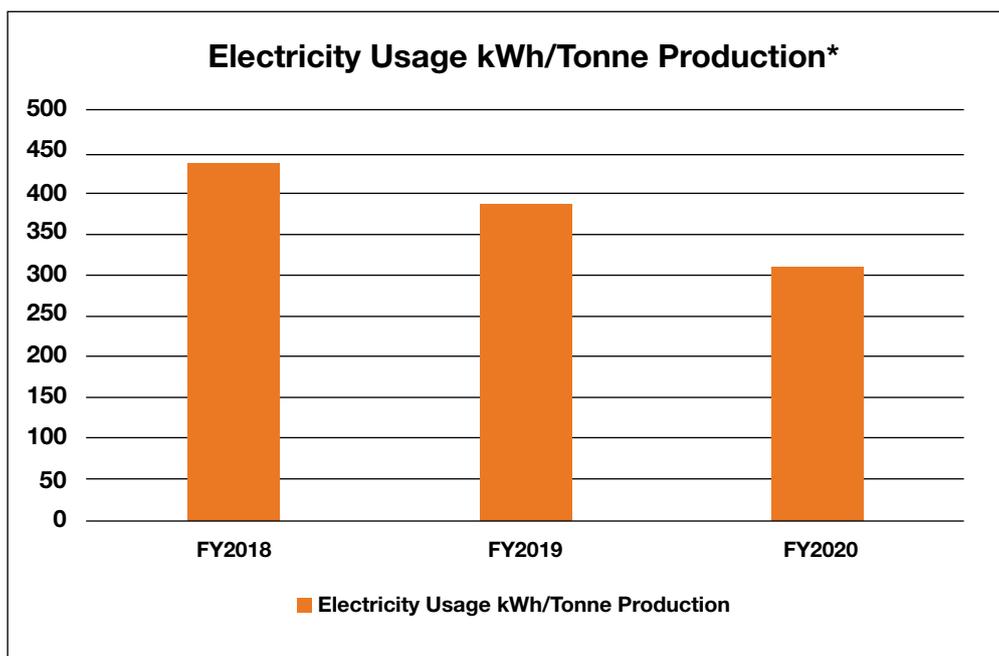
Energy

The nature of our manufacturing process requires high amount of energy. In addition to having an impact on the cost of production, this energy consumption contributes to our environmental footprint, especially in the event energy is wasted.

We have introduced several measures to reduce the consumption of energy in our core operations as well as non-core activities. During the past year, Pantech Group invested in new machinery to utilize energy more efficiently. The new machinery increased output while reducing energy consumption.

Additionally, we maintain our energy-efficient practices to reduce energy usage when operation areas are not in use. Translucent roofing in several warehouses help take advantage of Malaysia's tropical climate and abundance of sunlight, lowering the need for extensive lighting.

Pantech Group's reduction of 15.25% in energy consumption in FY2020 compared to FY2019 (kWh/Tonne production) was due to increased production efficiency. This is mainly attributable to Pantech Galvanising Sdn. Bhd. (PGSB) which recorded an increase in production of 27% and managed to reduce its energy consumption by 19%.



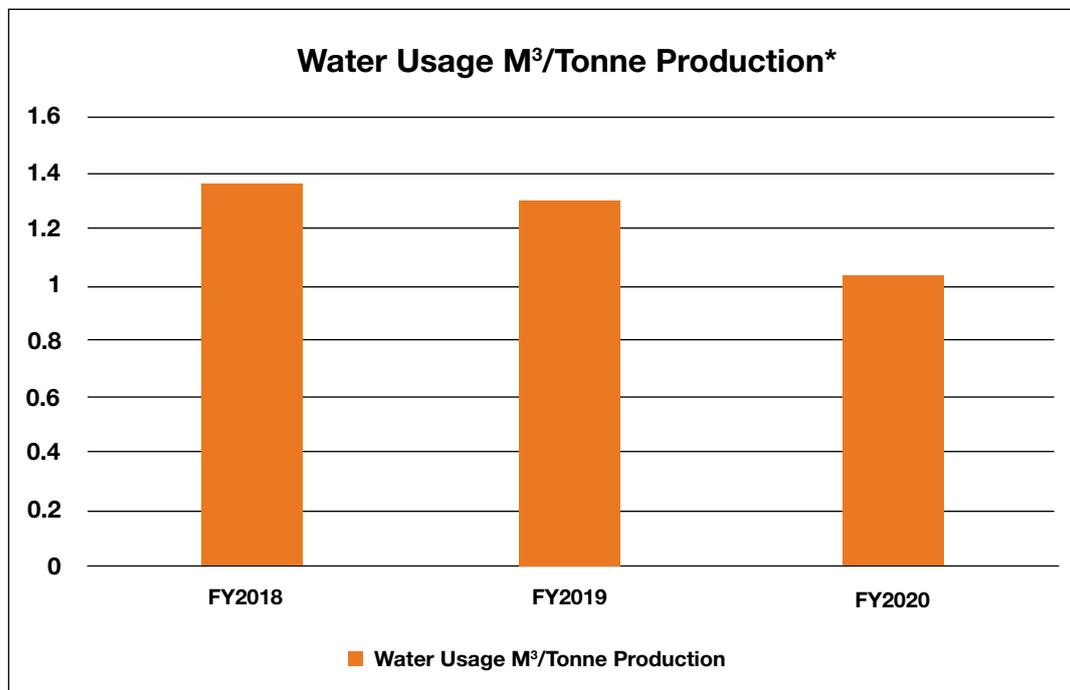
* Measures only on manufacturing division

Sustainability Statement (cont'd)

Water

Pantech Group subsidiaries Pantech Galvanising Sdn. Bhd. (PGSB) and Pantech Stainless & Alloy Industries Sdn. Bhd. (PSA) have rain harvesting systems complete with a collection, filtration, and storage system to reuse rainwater for operations and other activities. There are currently seven rainwater catchment tanks employed in both PGSB and PSA with each tank able to hold 10,000 gallons of water.

At the same time, we endeavour to reduce water usage for a double impact action – harvesting rainwater for use and reducing usage. In FY2020, our water usage decreased by 15% as FY2020 recorded a total usage of 47,437m³ compared to 55,779m³ in FY2019.



* Measures only on manufacturing division

Effluents, Waste and Emissions

Proper disposal of waste resultant of our manufacturing process is an emphasis. This waste may come in the form of solid or liquid, in which we have engaged licensed service providers to collect and manage in compliance with the required regulations.

PGSB and PSA have Industrial Effluent Treatment System with wastewater and sludge treatment facilities. The facilities can treat and neutralise up to 240 cubic metres of acid water from pickling tanks daily before it is discharged into general sewage. The treated sludge is then disposed to licensed vendors for proper handling and further processing.

During the financial year, PSA experienced a minor acid leakage. This was due to a crack in the concrete wall of the effluent pool. During the repair process, the acid was transferred to a temporary tank and the crack was filled. The effluent pool was then fitted with a stainless-steel tank to avoid any leaks and coated with fibre-reinforced-plastic (FRP) to avoid rust.

Pantech Group also implements scrubber systems to neutralise and remove acid fumes emitted during the pickling process. The scrubber systems are complemented with dust collector systems which can filter the air and prevent dust particles generated by the manufacturing process being released, thereby minimizing emissions into the environment.

Sustainability Statement (cont'd)

WORKPLACE MANAGEMENT

Pantech Group recognises that our employees represent a critical factor for the company to achieve our mission. As outlined in the Stakeholder Engagement section, we hold numerous activities throughout the year to actively support our employees and create a conducive workplace environment for them to perform efficiently. We are committed to fair employment practices, enhancing our employees' skill sets and job enrichment.

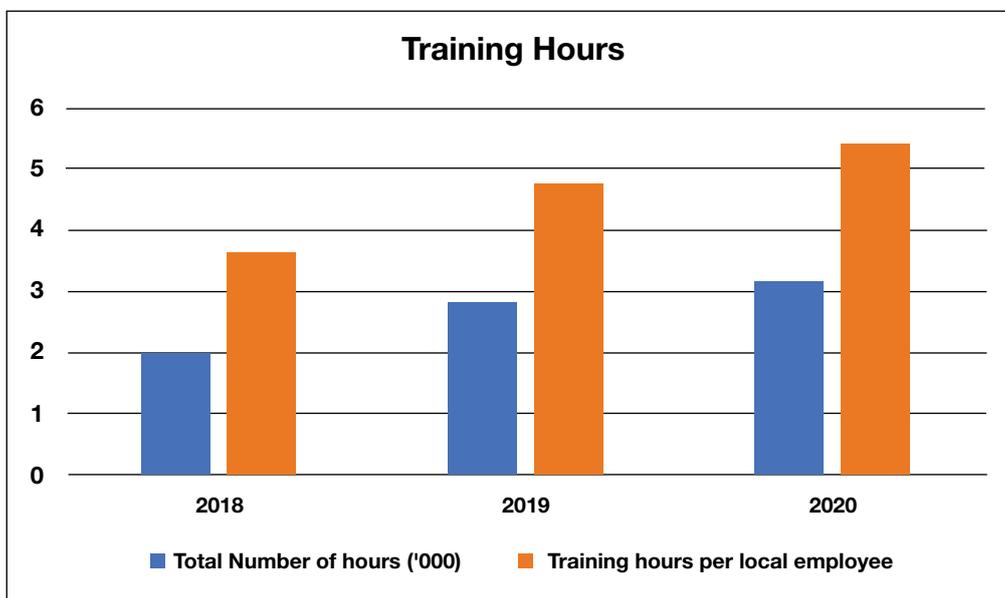
Labour Practices

Pantech Group understands the value in investing in employees and is focused on attracting and retaining top talent. We develop employee skills and knowledge through training and workshops for their professional growth and provide adequate benefits to ensure they have room for personal development.

During the year under review, Pantech Group held numerous updates and trainings for our staff focusing on health, safety, and environment awareness (HSE) and personal protective equipment (PPE) trainings to increase proficiency in identifying and communicating potential hazards. These sessions also help employees refresh their know-how from previous trainings and provide an avenue for them to put learning to practice.

In addition to the training mentioned above, Pantech Group is committed to improve other aspects of our employees' skills. We have organised training sessions to cover technical skills and soft/leadership skills. Technical skills training focused on areas such as forklift operation, crane operation, calibration techniques and inventory management whereas leadership skills training involved management courses, hiring solution workshops and legal and regulatory seminars.

The number of training hours provided to our staff is as follows:



Sustainability Statement (cont'd)

Occupational Safety and Health

The wellbeing of Pantech Group staff is crucial, and we endeavour to provide a safe and conducive working environment to mitigate potential risk of unwanted incidences which can be detrimental to operations. Safety procedures are constantly being reviewed and updated where necessary to ensure the continued safety of staff.

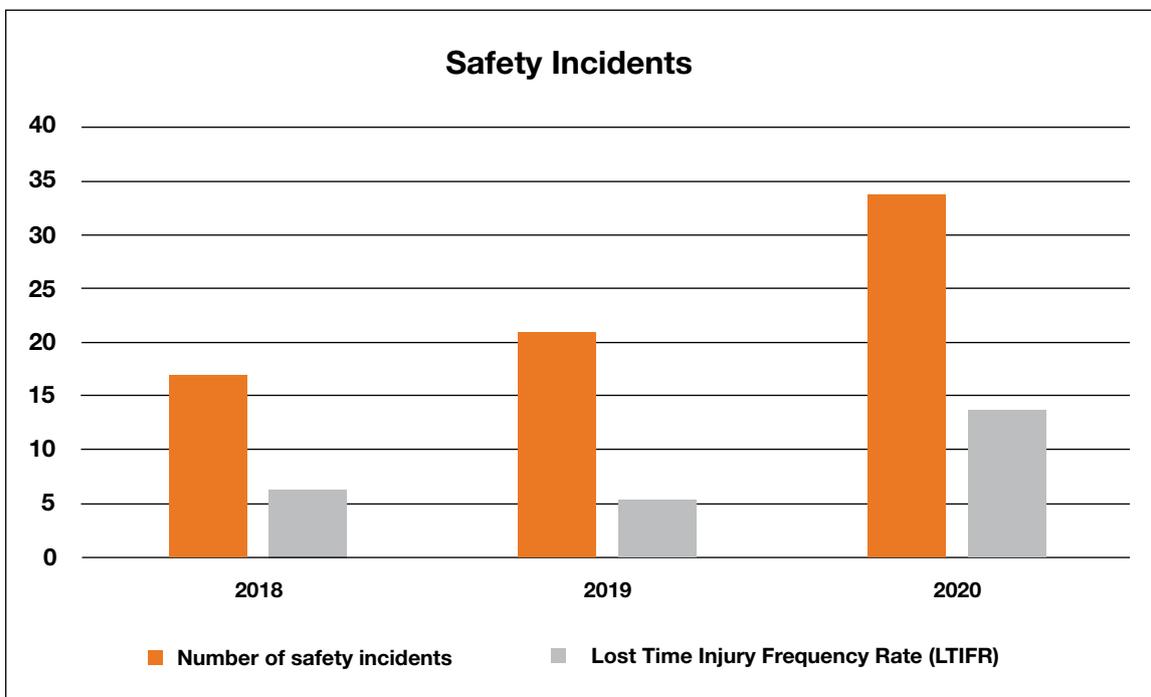
Pantech Group adheres to the CARE policy:

- C**omply and exceed where practicable, with the relevant legal and other requirements
- A**im to be an organisation free from pollution accident and ill health
- R**edesign our work activities and storage area to reduce adverse impacts and risks
- E**nhance our system performance continually by setting new objective and targets periodically

Should any unforeseen incident occur, we provide a safe channel for employees to disclose them without fear of blame or repercussions.

It is on a dour note that the number of safety incidents has increased from 21 to 34 over the year and the Lost Time Injury Frequency Rate (LTIFR) subsequently followed suit. Pantech Group sees room for improvement in these two metrics and aims to further reduce the number of incidents and LTIFR in the coming years.

As mentioned in Labour Practices, Pantech Group mitigates the risk of accidents by instilling awareness through HSE and PPE training. Pantech Group's Management is aware of the increase and is committed to improve occupational safety and health through various training and briefing sessions.



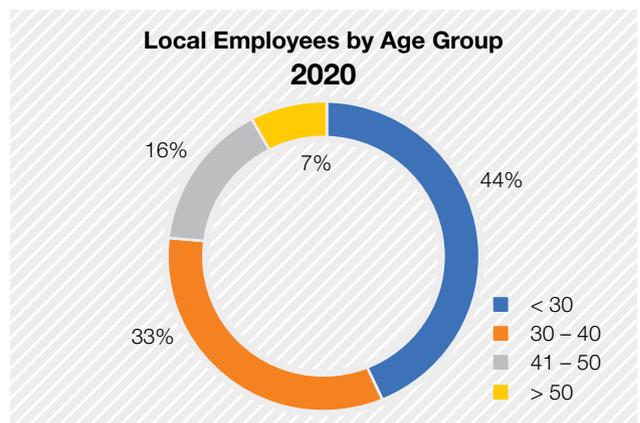
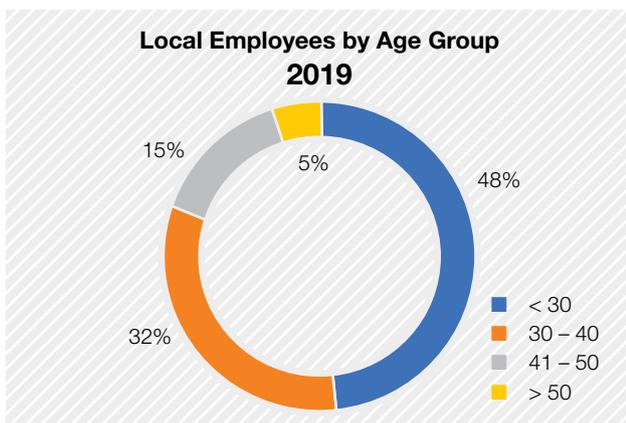
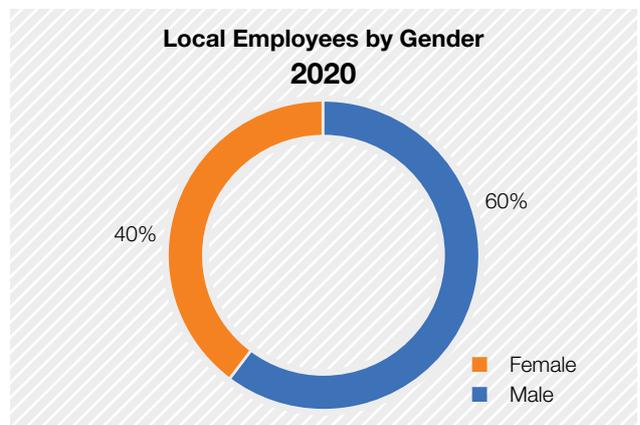
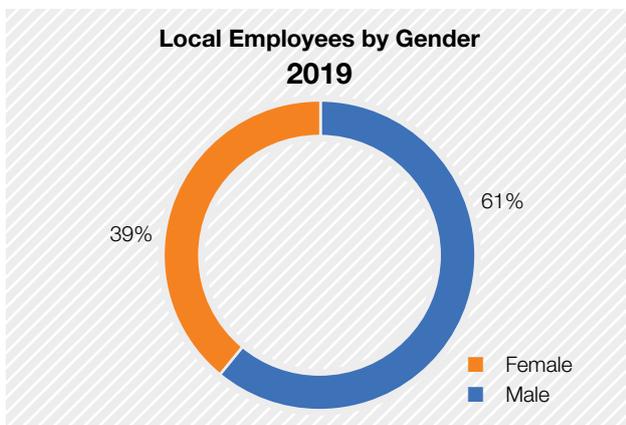
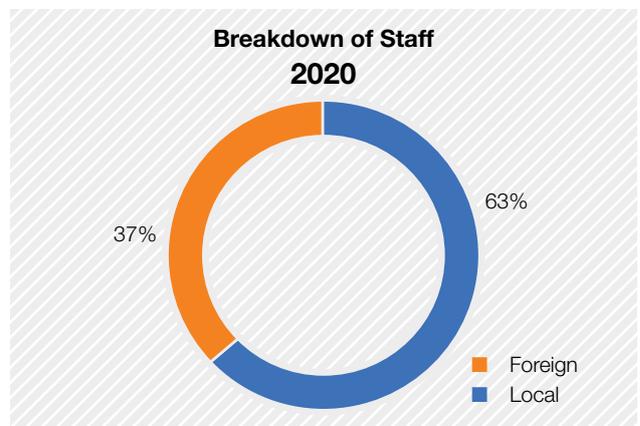
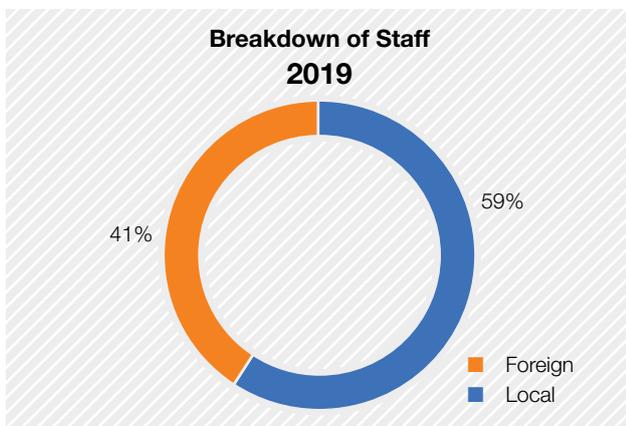
Sustainability Statement (cont'd)

Diversity

Our business units cultivate an inclusive culture which values employees with different talents and experiences. Our hiring and appraisal process is based on merit without discrimination on the grounds of age, gender, national origin, ethnicity, or any other form.

We focus on succession planning with a larger proportion of a younger workforce in the mix, of which 77% of our employees are under 40 years old. We strive for inclusivity and our board of directors consists of 30% female directors, and will continue to align ourselves with relevant policies to encourage female employment on merit. As a proud Malaysian company, we take it upon ourselves to provide ample jobs for the local population; 63% of our management and skilled workforce are Malaysians.

The figures below give an overview of our employee demographics.



Sustainability Statement (cont'd)

Anti-Corruption and Bribery

Pantech Group maintains strict policies with its suppliers, contractors, and customers. Misconduct, if any, by any Pantech Group staff is dealt through an internal inquiry and the sternest action is meted out if and when the breach is validated.

We continue to abide to our Code of Ethics for all our staff and instil it through induction training and briefings.

There is a Whistle Blowing policy for staff to report any misconduct to senior management. No such incidents have been reported over the course of the year.

CORPORATE RESPONSIBILITY

Pantech Group is fully aware of our role in society and our operations have a far-reaching impact beyond just ourselves but to the community as a whole. In shouldering our responsibility beyond profitability in commerce and integrity in our operations throughout our 33 years in business, we have consistently taken actions that can contribute positively for the long-term sustainability of the nation's socio-economy. In all our activities, we attempt to add value to environment, society, and the economy. Our activities are separated into Environmental related programmes and Society related programmes.

Environmental

Over the course of the past financial year, Pantech Group held two programmes which emphasise protection of the environment among our employees. The first programme, Eco-Awareness for the Environment, was undertaken to educate employees on the importance of and methods of reusing plastics. Among other things, this programme encouraged staff to adopt a plant-based diet, where possible, as a measure to mitigate climate change as industrial livestock is major producer of greenhouse gases.



Apart from the Eco-Awareness for the Environment, we also organised an Organic Waste Composting Project. We are delighted to report that the project was initiated and led by a group of our employees on a completely voluntary basis. They learned how to mix canteen food waste with garden soil, leaves, twigs, and newspapers for composting and to be used as fertiliser.

Demonstrating our concern for our neighbourhood, we lent a helping hand in preserving the riverbanks of Kampung Bakar Batu, Johor Bahru. Our employees collected and sorted the rubbish into different categories such as aluminium, glass, paper, and plastic. These items were then dropped off at various recycling bins in Pantech premises. In the process, the employees learned item classification and saw first-hand the damaging impact from improper waste disposal.



Sustainability Statement (cont'd)

Society

Pantech Group believes every effort and support matters when it comes to care for people. In collaboration with a group of about 30 volunteers, Pantech Group contributed 100 non-woven bags for a one-day medical outreach to the Orang Asli community in the remote area of Kg Gadak, Rompin, Pahang.

We also contributed to the National Stroke Association of Malaysia (NASAM), supporting the association's message to the public that there is Life After Stroke Through Proper Rehabilitation. Pantech Group donated three wheelchairs to NASAM's centre in Serene Park Johor Bahru. In similar vein of helping the efforts of non-governmental organisations, Pantech Group extended monetary contribution to the Johor Cerebral Palsy Association to help fund their operations.

We believe education changes lives. On this note, the Pantech Back to School Programme continues to encourage education for children. Focusing on our own confirmed employees who have children attending primary or secondary school, we provided subsidies to help parents prepare for the new school year for their children.

