

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This Sustainability Report outlines important issues identified through the materiality assessment process. Pantech Group upholds our responsibility to conduct business in a sustainable and ethical manner as part of our journey to be an international leader in the provision of total solutions for gas and fluid transmission system.

This Report illustrates our sustainability approach, principles, initiatives, performance, and commitment. Due care was exercised in preparing this report to reflect our sustainability efforts in a true and balanced manner.

The Statement also contains Pantech’s Economic, Environmental and Social (EES) impact expressed qualitatively and quantitatively. Pantech Group referred to the United Nations Sustainable Development Goals (UN SDGs) to guide us in our sustainability exercise.



Sustainability Statement (cont'd)

Pantech Group strives to be socially responsible. To this end, we identified several SDGs that we can contribute towards and classified them into three (3) main operational pillars: Sustainable Business Growth, Environmental Protection and Workplace Management, as follows:

SUSTAINABLE BUSINESS GROWTH	ENVIRONMENTAL PROTECTION	WORKPLACE MANAGEMENT
<p>Pantech is committed to creating long-term value for our stakeholders. This is done through continuous learning and improvement with relevant trainings. This ongoing process helps us be adaptable to changing business environments to ensure continuity. We also invest in new facilities and upgrades whenever the opportunity arises to maintain sustainable efficiency throughout our manufacturing and trading of our wide range of pipes, valves, and fittings (PVF).</p> 	<p>We protect the environment and minimise impact through proper waste disposal & management, installation of control systems and equipment and efficient allocation of resources.</p> 	<p>Nurturing and developing employees is paramount for Pantech. To foster employee wellbeing, we create & maintain a safe workplace, invest in talent, and champion inclusion.</p> 

Reporting Approach

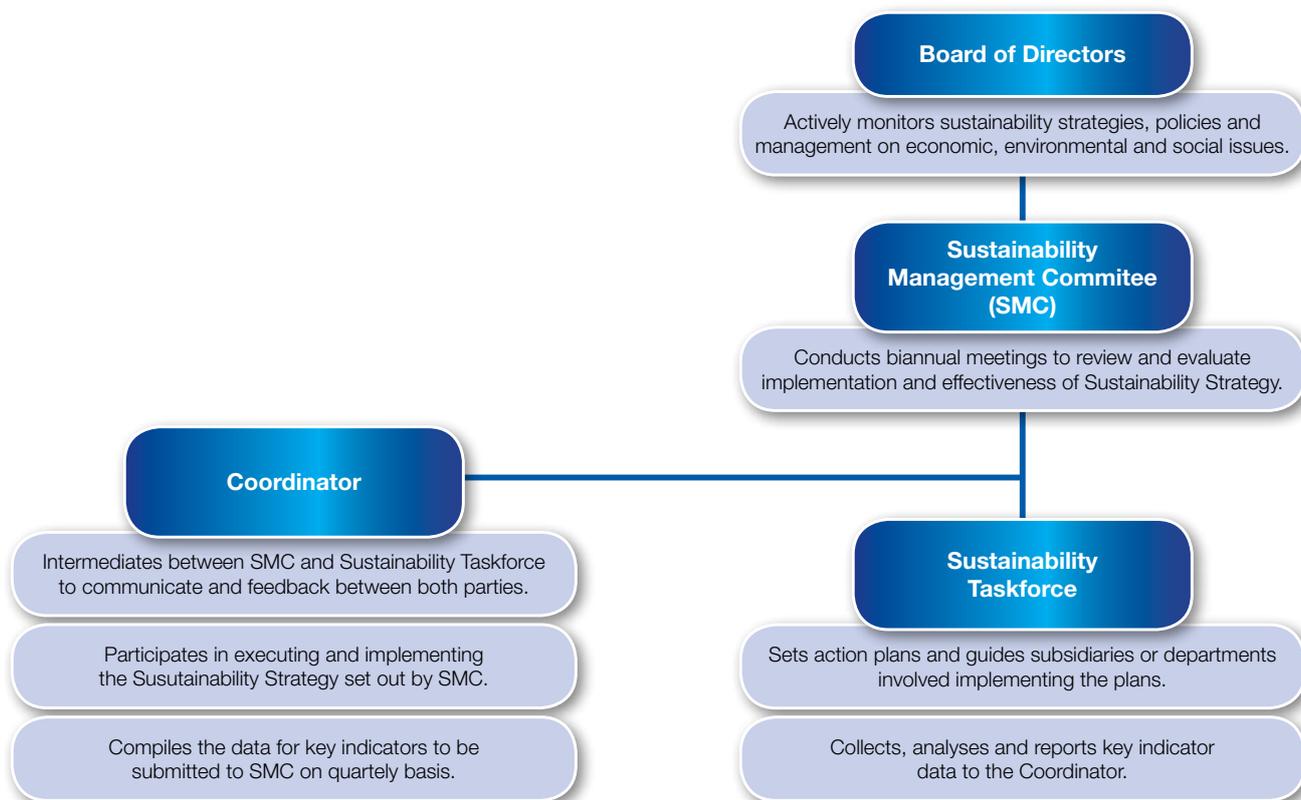
This Report was prepared in accordance with Bursa Malaysia Securities Berhad’s Main Market Listing Requirements on Sustainability Statement in Annual Reports. Material issues regarding Environmental, Social and Governance (ESG) aspects from Bursa Malaysia’s Sustainability Reporting Guide and Sustainability Toolkits were referenced. This Statement is also aligned with global sustainability agendas and UN SDGs.

SUSTAINABILITY GOVERNANCE

The Board of Directors takes responsibility and accountability for Sustainability. The Board is cognisant of the importance of Sustainability Governance for the purpose of ensuring long-term shareholders’ value creation and safeguarding the interest of the stakeholders.

Our sustainability culture and values are set by the Board and cascaded to the entire Group through the Sustainability Management Committee and Taskforce. We remain committed to continuous improvement to positively affect the economy, environment, and society.

Sustainability Statement (cont'd)



MATERIALITY ASSESSMENT

Materiality Assessment Process

Materiality assessments are conducted on a yearly basis. The assessment informs the Group's sustainability plans and initiatives and guides annual disclosures in accordance with internal and external stakeholders' areas of concern. The assessment ensures our sustainability strategy addresses stakeholders' evolving concerns.

We referred to Bursa Malaysia's Sustainability Reporting Guide and Toolkits, UN SDGs, and relevant industry-specific references and publications to update material sustainability matters that are significant to Pantech Group's business operations and pose a huge influence on stakeholders' decisions.

Scope of Reporting

The Sustainability Report represents Pantech Group's disclosures of sustainability performance for the financial period 1 March 2020 to 28 February 2021, and for Pantech Group subsidiaries 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 FY2019 and FY2020 for baseline comparison of data where applicable.

Sustainability Statement (cont'd)

Stakeholder Engagement

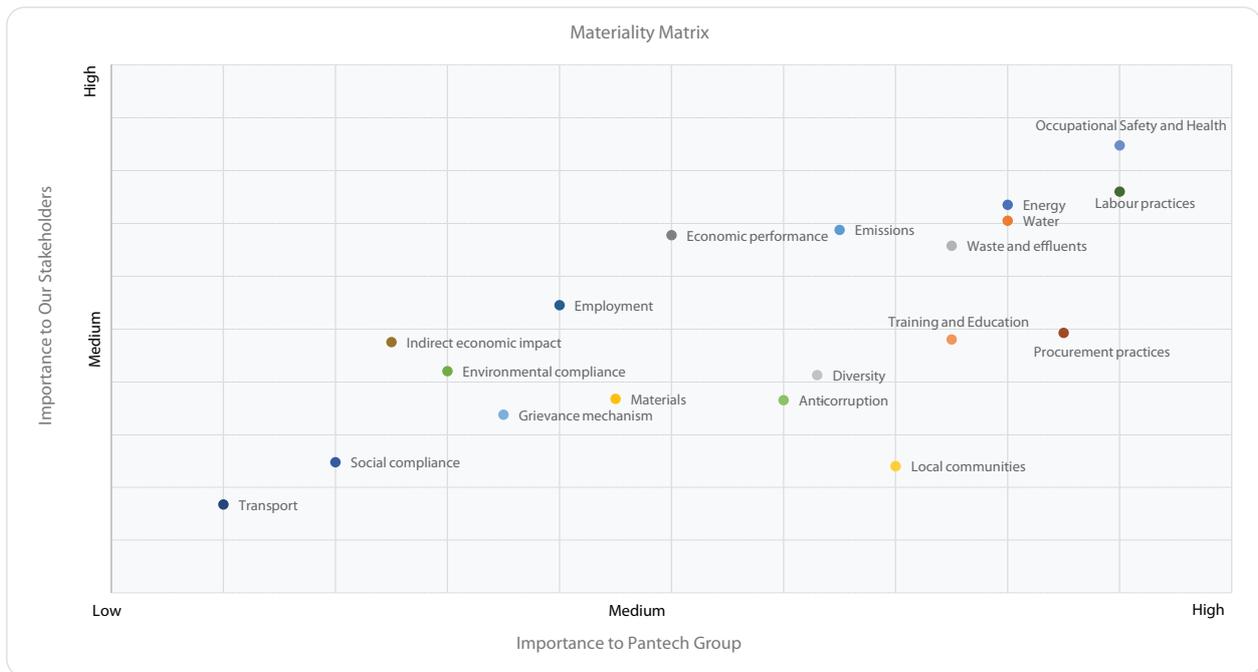
Stakeholder engagement provides valuable information to align Pantech Group's plans, policies, and programmes to the broader interest of the economy, environment, and society. During the financial year under review, the Committee has decided that local communities are a key stakeholder group superseding financiers. Pantech Group conducts stakeholder engagements through various channels to address stakeholders' concerns.

STAKEHOLDER GROUPS	AREAS OF INTEREST	METHOD OF ENGAGEMENT
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 Dissemination of information and disclosure of materials on Pantech's website Investor relation sessions Company announcements
EMPLOYEES	<ul style="list-style-type: none"> Career development and progression Performance management 	<ul style="list-style-type: none"> Meetings Performance appraisals 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
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 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
LOCAL COMMUNITIES	<ul style="list-style-type: none"> Environmental practices Social responsibility Work opportunities 	<ul style="list-style-type: none"> Corporate Social Responsibility (CSR) activities Job vacancy advertisement

Sustainability Statement (cont'd)

Materiality Matrix

The materiality matrix is identified through guided discussions and communications with stakeholders to identify their interests. The matrix provides a framework for Pantech’s annual disclosures and reflects the voice of stakeholders into our business activities.



SUSTAINABLE BUSINESS GROWTH

Economic Business Growth

Over the years Pantech Group has continuously generated economic value for the society we operate in. We are cognisant of the flow of capital among different stakeholders and are committed to contribute towards the socio-economic development of the communities.

The Management Discussion and Analysis on pages 12 - 15 discuss the challenges faced by Pantech Group together with a comprehensive review of our economic and operational performance. More information regarding the economic value generated, distributed, and retained in terms of revenue, operating costs, tax expenses, dividend paid, and unappropriated profits can be found in the audited financial statements on pages 61 - 156.

Quality Assurance and Professional Certification

Compliance and regulations are vital in serving a global customer base. Pantech Group’s pipes, valves, fittings, flanges, and other products meet relevant global and industry standards.

Our products have its certificates categorically archived in a dedicated document library. This library can be called upon at any time to trace individual components to validate requirements by customers or authorities. This is testament of our extensive, systematic and up-to-date archive.

Pantech Group maintains adherence to best practices as a commitment to delivering quality and customer satisfaction. Our Group holds certifications from various bodies providing quality assurance to customers worldwide.

Sustainability Statement (cont'd)

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 
	ISO 45001:2018	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 
	EC Certificate of Quality System Approval in accordance with the requirements of the Pressure Equipment Directive 2014/68/EU and the Pressure Equipment (Safety) Regulations 2015, UK Statutory Instrument 2016 No. 1105	Lloyd's Register Nederland B.V. 
	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 
	EU Certificate of Quality System Approval in accordance with the requirements of the Pressure Equipment Directive 2014/68/EU	Lloyd's Register Nederland B.V. 
	Welded Pipes and Tubes in Austenitic Stainless Steel, Austenitic Stainless Steel Pipe Fittings	Lloyd's Register EMEA 
	Approval for Water Supply Products	Jabatan Air Negeri Sabah 
	Approval for Water Supply Products	Pihak Berkuasa Air Negeri Sarawak 
	NSF/ANSI/CAN 61	NSF International 
	Standards Compliance for Welded Stainless Steel Pipes	Construction Industry Development Board (CIDB) Johor 
NAUTIC STEELS LIMITED	ISO 9001:2015	Lloyd's Register Verification 
PANTECH GALVANISING SDN. BHD.	ISO 9001:2015	Transpacific Certifications Limited 

Sustainability Statement (cont'd)

Procurement Practices

Vendor selection involves a thorough vetting and review process to identify and validate that they hold relevant and current certifications that reflect Pantech Group's emphasis on compliance with regulations and standards. This process also determines suitable suppliers by scrutinising the quality of materials, reliability, lead time, cost, and ISO certifications.

Pantech Group maintains an open communication channel with suppliers, thereby creating mutual respect. This has led to many stable and beneficial long-term relationships with our major suppliers. The Group sources from suppliers, some of which we have maintained business relationships for more than a decade. Notwithstanding this, the Group is diligent to ensure procurement is conducted responsibly and through ethical transactions.

We ensure our staff commit to maintaining the highest standards when handling materials. Quality Control (QC) checks are performed to verify the quality of goods meet requirements. The production team monitors the handling of materials throughout the production process. Any deviations identified are separated and disposed responsibly as scrap metal through a qualified provider.

ENVIRONMENTAL

Energy

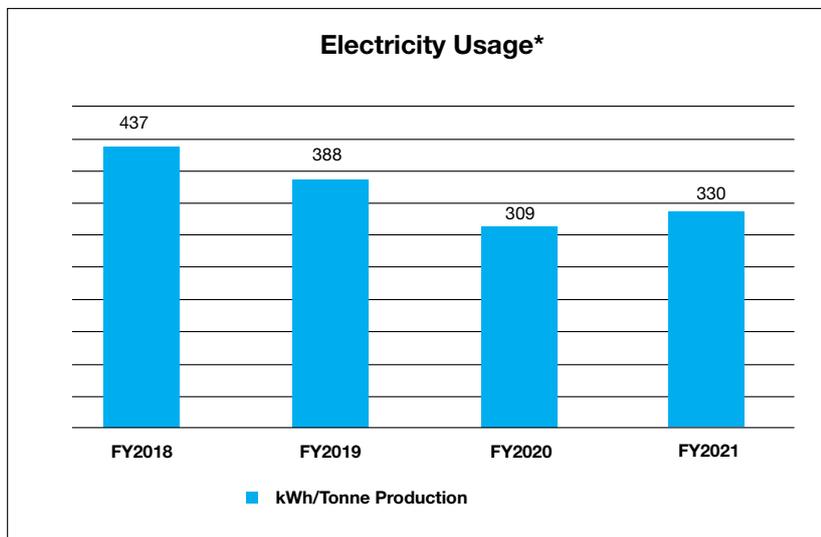
In our value chain as a one-stop centre for pipes, valves and fittings (PVF), Pantech Group utilises energy which contributes to our environmental footprint.

Our continued use of energy efficient machinery allows for increased output while reducing energy consumption and potential wastage. There are several measures implemented to reduce the consumption of energy in our core operations as well as non-core activities such as:

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

In the financial year under review, the total machine utilisation rate decreased by 8.90% and the total electricity consumption reduced by 2.58%. The reduction in total electricity consumption did not match the decrease in machine utilisation rate and hence, economies of scale were not achieved. This is the main cause of the increase in electricity usage (kWh/tonne production) of 6.80% across Pantech Group.

We are conscious of our energy usage and introduced a daily monitoring system which will highlight any surge of electricity to the Head of Production and Management team for verification, investigation and further action.



*Data from Manufacturing Division

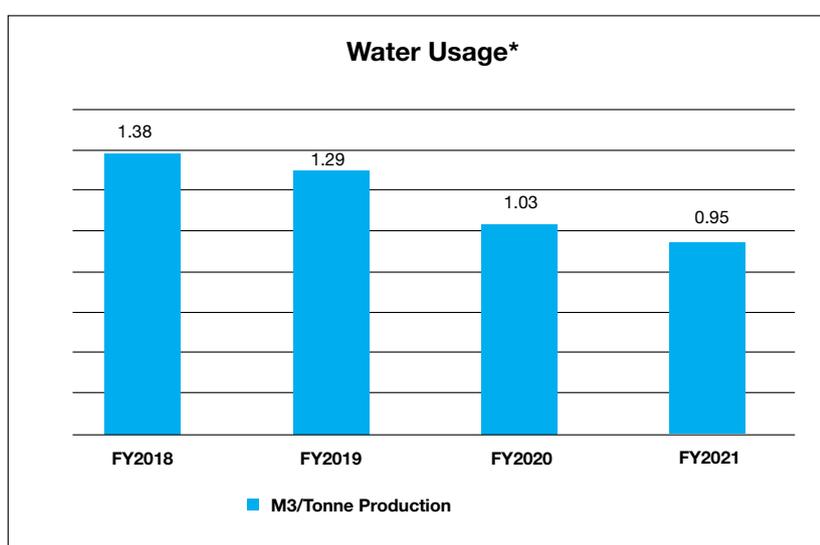
Sustainability Statement (cont'd)

Water

Pantech Group operates rain harvesting systems at our subsidiaries Pantech Galvanising Sdn. Bhd. (PGSB) and Pantech Stainless & Alloy Industries Sdn. Bhd. (PSA). These harvesting systems are equipped with collection, filtration, and storage systems to use rainwater for operations and other activities.

There are currently seven rainwater catchment tanks employed in both PGSB and PSA with a total capacity of 70,000 gallons of water. We have also invested in another rain harvesting system to support the requirements at the 2-acre land expansion of PGSB which has a capacity of storing approximately 790 gallons of water.

In FY2021, our water usage decreased by 8% due to increased utilisation of the water collected from the rainwater harvesting system implemented at PGSB and PSA and reduced manufacturing output. The tropical climate in Malaysia has produced heavier rainfall during the year reducing our use of treated water complementing the Group's water conservation efforts.



*Data from Manufacturing Division

Effluents, Waste and Emissions

PGSB and PSA operate Industrial Effluent Treatment Systems with wastewater and sludge treatment facilities for proper disposal of wastewater resulting from the manufacturing process. The facilities are equipped to treat and neutralise up to 240 cubic metres of acid water from pickling tanks daily before being discharged into general sewage.

The treated sludge is then disposed to licensed vendors for proper handling and further processing in accordance with the required regulations.

In addition, Pantech Group implements scrubber systems to neutralise and remove acidic fumes from the pickling process. The scrubber systems are supported by dust collector systems which filter the air and prevent dust particles generated by the manufacturing process from being released.

As a result of our commitment to environmental preservation best practices, there were no incidences of acid leakages during the financial year. Our manufacturing by-products have been responsibly managed and disposed to ensure sustainability of our operations and environment.

Sustainability Statement (cont'd)

The effluent, waste and emission management implemented by the Group is supported by a monitoring system that meets the requirements set out by the Department of Environment. This includes:

- Daily testing of the water discharged;
- Testing of water discharged conducted by a third-party laboratory on a weekly basis;
- Testing of effluent or sewage by a third-party laboratory on a weekly and monthly basis;
- Daily performance monitoring of air scrubbers; and
- Annual inspection of air scrubber conducted by a third-party vendor

The results of the monitoring system are recorded and reported to the management on a timely basis ensuring proper action is taken if there are any abnormalities.

Additionally, the 2-acre expansion of PGSB facility include the installation of a new Industrial Effluent Treatment System, air scrubber system, dust collector system and rainwater harvesting system.

The details of these machineries are as follows:

INDUSTRIAL EFFLUENT TREATMENT SYSTEM	AIR SCRUBBER SYSTEM	DUST COLLECTOR
 <ul style="list-style-type: none"> • Process up to 20 cubic metres of wastewater per day 	 <ul style="list-style-type: none"> • Capacity of 4,200 cubic feet per minute or 120 cubic metres per minute 	 <ul style="list-style-type: none"> • Capacity of 30,000 cubic feet per minute or 50,000 cubic metres per hour

Labour Practices

Pantech Group understands the value in investing in employees as we continue to focus on attracting and retaining top talent. The Group emphasises a strong learning culture to develop employees' skills and knowledge through trainings and workshops for their professional growth and personal development.

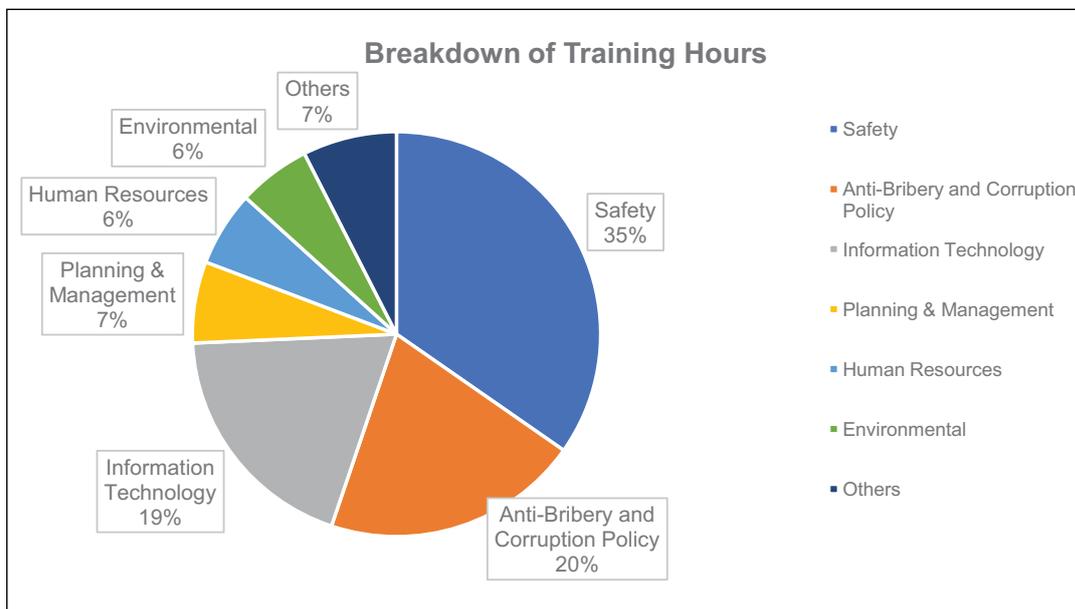
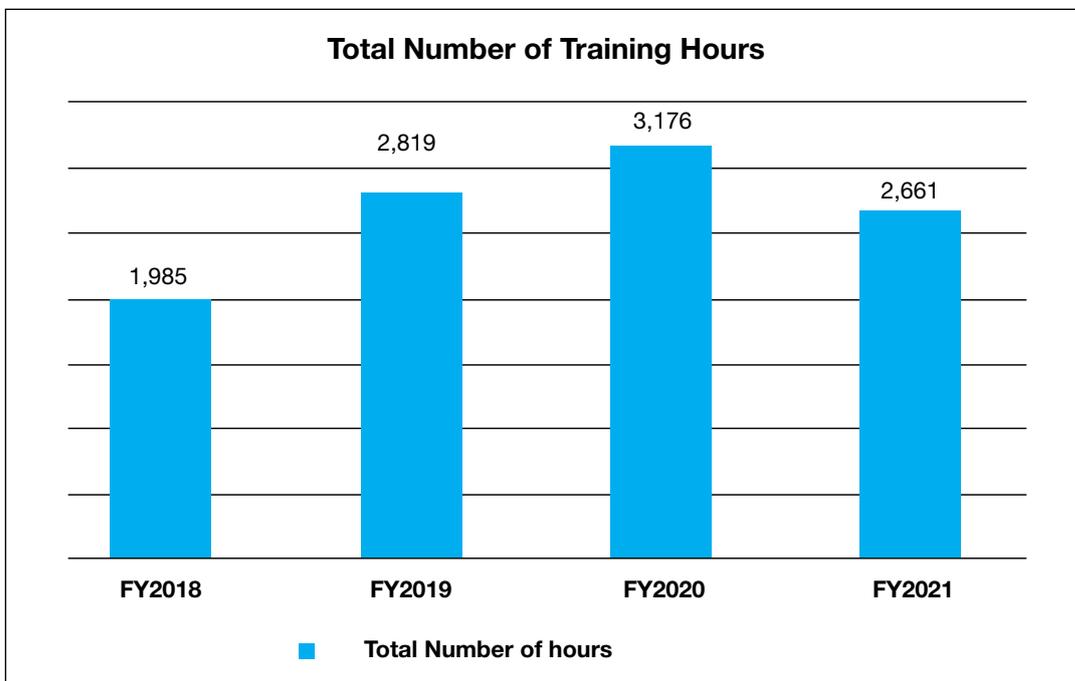
During the year under review, employees participated in health, safety, and environment (HSE) awareness and personal protective equipment (PPE) trainings to maintain and hone proficiency in identifying potential hazards and knowing what to do in such situations. These sessions help employees refresh and update their know-how from previous trainings and provide an avenue for them to put theory into practice.

Sustainability Statement (cont'd)

Pantech Group held numerous trainings for topics such as anti-bribery and corruption policy, information technology (IT) and risk management. The trainings focused on nurturing talent and developing employees to maintain the highest standard of integrity whilst being agile in response to changes brought upon by COVID-19.

In addition to these, Pantech Group is committed to improving other aspects of our employees' skills. We organised training sessions to cover other topics such as Planning and Management, Human Resources, Environmental and others.

Some of the pertinent trainings conducted include Chemical Safety, Occupational Safety and Health (OSH) Administration Compliance Through Self-Regulation, OSH: A COVID-19 Response Effort, How to Formulate Contingency Plan in Environmental Facilities to Prevent Environmental Pollution, Optimizing Scrubber Efficiency & Effectiveness, Innovative Techniques in Industrial Environmental Pollution Control Training, and Top 10 Non-Conformities for HSE Standards ISO 45001 And ISO 14001.



Sustainability Statement (cont'd)

Occupational Safety and Health (OSH)

Pantech Group’s holistic approach to employee wellbeing takes into consideration their personal needs and professional responsibilities as well as health and wellness. We strive to maintain a safe and conducive working environment to mitigate potential risk of unwanted incidences. Safety procedures are progressively reviewed and updated where necessary to ensure the continued safety of staff. This approach is encapsulated in our CARE Policy.

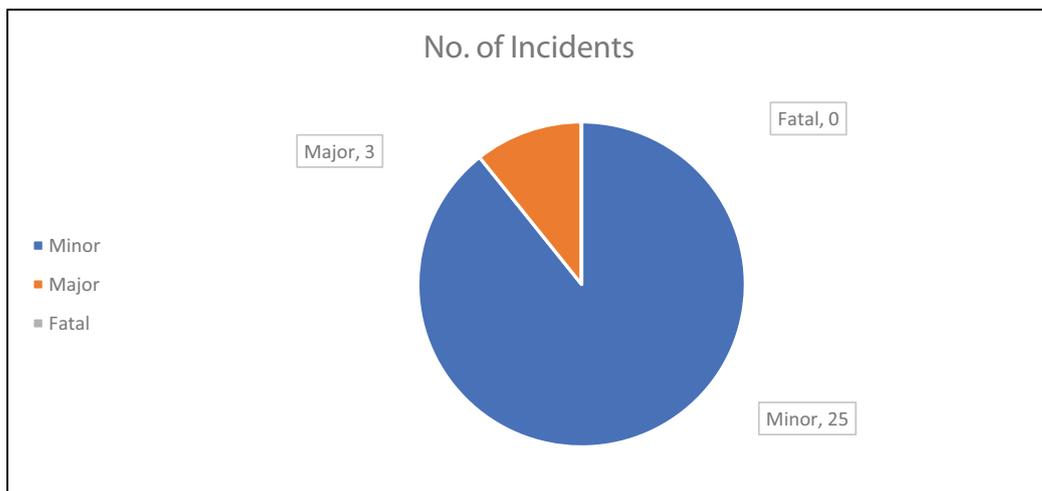
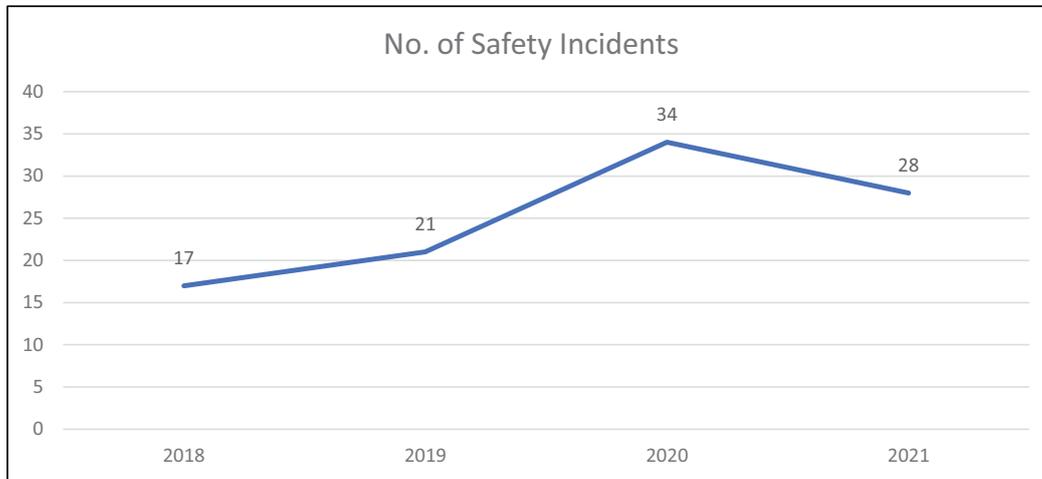


Pantech Group mitigates accident risks by enhancing awareness through HSE and PPE trainings. The culture of safety is instilled through a weekly 15-minute Toolbox Session conducted for all employees in the Production and Warehouse department. This is led by managers or HSE officers highlighting safety issues and reminding employees to adhere to safety guidelines.

During the financial year, the Sustainability Management Committee decided to replace Lost Time Injury Frequency Rate (LTIFR) with Number of Man-Hours Lost. The new measurement also indicates minor, major, and fatal case categorisation. This provides a simple, concise and relevant measure of Pantech Group’s OSH initiatives that enables the Group to identify and investigate incidents. Follow up actions and precautionary measures can then be implemented to avoid a repeat occurrence or more severe situations. The total number of Man-Hours Lost during the year is 2,662 hours.

There were a total of 28 incidents during the financial year. This marked a reduction compared to FY2020 (34 incidents). We are pleased to announce that there were no fatal injuries during the year with a low proportion of major incidents (3 incidents). Pantech Group is committed to upholding and improving our safety practices to reduce the likelihood of injuries.

Sustainability Statement (cont'd)



TYPE OF INCIDENTS	DESCRIPTION
FATAL	<ul style="list-style-type: none"> Incidents that result in death
MAJOR	<ul style="list-style-type: none"> Incidents that result in non-fatal injury but cause permanent disability Prolonged but non-permanent disability with absence from work or on medical leave (MC) of more than 3 weeks
MINOR	<ul style="list-style-type: none"> Incidents that result in minor injuries but not permanent disability Not critical or life threatening, minor abrasions, bruises, cuts and first aid type injury Absence from work or MC of less than 3 weeks

Sustainability Statement (cont'd)

COVID-19

During the financial period under review, we introduced the COVID-19 Mitigation Procedures to control the spread of COVID-19, minimise health risks to employees and minimise the risk of our premises becoming a node of transmission. This also raised awareness amongst internal stakeholders to curb the virus' spread.

The procedures are set out, monitored, developed and implemented by the COVID-19 Action Group. These procedures are continuously updated according to guidelines outlined by the Ministry of Health Malaysia (MOH), National Security Council (MKN) and Ministry of International Trade and Industry (MITI). The COVID-19 Action Group is led by the Chairman and comprises representatives from Production, Warehouse, Quality Control and Human Resources. The COVID-19 Action Group assisted by HODs and HSE officers ensure the proper implementation and adherence of the procedures by every Pantech Group employee on an operational level.

The COVID-19 Mitigation Procedures includes initiatives such as:

1. Availability of hand sanitisers at various locations
2. Daily distribution and proper disposal of face masks
3. Regular sanitisation of premises
4. Installation and operation of disinfection fogging sanitiser chambers at every entrance of Pantech Group's premises
5. Centralised delivery centres to minimise contact with external parties
6. Physical distancing practices and markers
7. Staggered lunch times
8. Body temperature screening of employees and visitors upon entering premises
9. Scanning of MySejahtera and declaration of health status during registration
10. Communication and education of the hazards and spread of COVID-19 at the workplace
11. Investigation and mitigation of suspected COVID-19 cases

Diversity

Each business unit is represented by a diverse workforce. The Group is inclusive with different employees bringing a wealth of experiences, knowledge and perspectives. This is essential to adapt to dynamic market conditions and changing business environments. Pantech Group embraces inclusivity, and diversity and treats employees fairly and with respect.

Our workforce consists of a higher proportion of employees aged 40 years old and younger (76.3%), demonstrating our focus on nurturing young talents and succession planning. The Board is represented by 33.33% female directors and will continue to be inclusive by encouraging female employment based on merit. We strive to support the local job market through employment with 69% of our total workforce sourced from local Malaysian talents.

Sustainability Statement (cont'd)



Anti-Corruption and Bribery

Pantech Group adopts a zero-tolerance approach against all forms of bribery and corruption in carrying out its daily operations. This is outlined in our Anti-Corruption & Bribery policy, made available on our website, and implemented across all stakeholders from suppliers and contractors to customers. Misconduct 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.

Our Code of Ethics sets out the guiding principles for Pantech Group to address and manage bribery and corruption risks in all our dealings.

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.

Sustainability Statement (cont'd)

CORPORATE RESPONSIBILITY

Pantech Group played our part as a responsible corporate citizen during these times of great need. We are aware of our role in society and our operations have a far-reaching impact beyond just ourselves but to the community. As a long-standing business, we are committed to support and assist individuals, families and organisations contributing to the long-term sustainability of the nation's socio-economy.

Society

It is with a heavy heart that we are unable to fully exercise our potential to contribute to society during the year under review such as undertaken in the years before. The imposed physical distancing measures have made it difficult for us to provide physical assistance. Nevertheless, we still managed to donate medical equipment (face masks, face shields, gloves, wipes, sanitisers and protective suits) to the National Stroke Association of Malaysia (NASAM), a non-profit organisation established to provide affordable post-rehabilitation services to stroke survivors.

*We can't help everyone,
But everyone can help someone.*

- Ronald Reagan -



In addition to the donation above, we continued to support Persatuan Cerebral Palsy Johor (CPJ), an organisation which specialises in educating, training, treating and providing special needs for children with Cerebral Palsy. Pantech Group supports CPJ's mission of providing the best-integrated services and facilities for children and adults living with cerebral palsy. This year, we donated child masks and hand sanitisers to assist CPJ abide with SOPs.

Education

The Group believes education can change lives by providing an avenue for everyone to fulfil their full potential. In order to help Sekolah Kebangsaan Taman Mount Austin maintain a safe and conducive studying environment, Pantech Group provided the school with an advanced wireless Multirae Lite Gas Detector equipped with six gas sensors. The equipment is capable of detecting toxic gas with its on-board library of 190 VOCs and 55 combustible gases, thus keeping students safe.

Additionally, Pantech continues to conduct our annual Back to School programme subsidising our employees' school expenses. This is applicable to children in both primary and secondary school. The programme distributed a total of RM19,540.00 to 115 employees.

As the nation battles on in the face of the pandemic, Pantech Group will continue to shoulder our care to the community around us and hope to be able to support them through various means.