

## SUSTAINABILITY STATEMENT

This Sustainability Statement provides an overview of our sustainability practices and performance for the year ended 31 December 2022 ("FY 2022") in the 3 aspects of sustainability i.e. economic, environmental and social ("EES"). We have taken steps to incorporate standard disclosures in accordance to the Global Reporting Initiatives ("GRI") reporting guidelines and Bursa Malaysia Securities Berhad's Main Market Listing Requirements on sustainability reporting.

### ECONOMIC

This section covering Marketplace and Workplace, highlights the continual measures to support the economic sustainability of our operations by giving due attention to our suppliers and customers, and our employees respectively. Our policies governing our business dealings, conduct of directors and employees, and vendors, business continuity management, integrity and fraud, competition, whistleblowing and sexual harassment including code of business ethics and conduct ("CoBEC"), are disseminated to all our companies and employees as well as uploaded onto Lion Group's corporate website for public viewing.

The Group maintains zero-tolerance for bribery, fraud and corruption, and has an Anti-Bribery and Corruption Policy ("ABC Policy") which abides by the rules, laws and regulations of the countries we are operating in and is available on Lion Group's website. A Bahasa Malaysia version of the ABC Policy is also available on the Group's intranet.

#### Marketplace

COVID-19 continues to have an impact on business operations, suppliers and customers in their contractual obligations due to the slowdown of economic activities and prolonged financial distress. We have taken proactive steps to address the risks of COVID-19 in a way that mitigates adverse impact on our supply chain, and initiated meetings and negotiations with key stakeholders to mutually resolve any issues that may arise.

We are committed to upholding ethical and responsible marketplace practices through transparent business conduct and operating our business with integrity and a commitment to excellence so as to improve our competitiveness and foster long-term relationships with our stakeholders.

- **Product Responsibility**

We are committed to providing products that meet regulatory, safety and health, and quality standards to fulfil customers' requirements and ensure that our suppliers share the same philosophy. The quality management system we have in place is designed to monitor and control the processes from planning and development to production and after-sales service in order to comply with all the stipulated standards. Our lubricant factory is certified under ISO 9001:2015 which is testament of our commitment to quality management standards.

- **Customer Satisfaction**

Customer support and loyalty is critical to the success of our business. Hence, we strive to put customers at the forefront of everything we do whilst we aim to provide quality products and services to our dealers and customers. Product knowledge and service skills training are part of our routine training programmes to ensure that our employees provide premium quality services to our customers. We place high priority on customer engagement and interaction through customer appreciation dinners and gatherings to show our appreciation for their support, and have various customer feedback channels including conducting customer satisfaction surveys for our business improvement.

- **Supply Chain and Responsible Procurement Practices**

Our procurement department ensures that we engage in responsible procurement practices which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to our Vendor Code of Conduct. Vendors' qualification/credentials are carefully vetted before being admitted into our list of qualified suppliers. Our initiatives start with the supplier selection process incorporating sustainability considerations such as fair labour practices and safety requirements. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner is sought through performing audits and making continuous improvements in our procurement processes and policies, including reassessing our procurement contracts. We believe local sourcing of products and services from within the country where possible, is vital as it brings many advantages including lower costs, timely delivery, reducing carbon miles and invigorating the economy.

- **Vendor Code of Conduct**

This serves as a guideline prescribing a set of principles to be adhered to by all vendors and to inform our vendors of their role and contribution as a key business partner and on the need to comply with all rules and regulations including health and safety standards, and labour standards; avoid conflict of interest, conserve the environment, and notify the Group of any breaches or non-conformance.

- **Employee Code of Conduct**

We apprise our employees on the Group's CoBEC and ABC policy, and the need to conduct business at the highest ethical standards. We do not tolerate bribery and corrupt practices or behaviours that may bring disrepute to the Group or its employees. Above all, we expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group. To ensure that all executive employees understand and uphold high ethical standards of conduct, they are required to submit their Conflict of Interest and Compliance Declaration annually. As outlined in our CoBEC, any forms of discrimination in the workplace are prohibited and every individual has an equal right and opportunity to speak up. Fair treatment and equitable opportunities are given to all employees regardless of their background. We recorded zero cases of bribery and corruption for FY 2022.

- **Whistleblower Policy**

We are committed to conducting our affairs in an ethical, responsible and transparent manner. To this effect, we encourage our stakeholders to disclose suspected wrongdoings which may involve or concern our Group's directors, management, employees, performance, relations with other stakeholders, assets and reputation. Whistleblowers will be accorded protection of their identity unless the disclosure is required by any applicable law.

All concerns may be communicated to the Group Chief Internal Auditor via telephone call, mail, and/or email as follows:

Tel. No. : 03-21423142  
Email : [whistleblower@lion.com.my](mailto:whistleblower@lion.com.my)  
Address : Level 22, Menara Hap Seng 3, Plaza Hap Seng, No. 1 Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan

- **System Efficiency**

We strive to achieve the highest efficiency in our business operating systems and technology to support our daily business activities across the Group. We leverage on technology to connect with our subsidiaries, business partners and customers through online conferencing, emails, mobile and web-based communications.

The COVID-19 pandemic has changed our working environment and approach whereby we have emphasised more on cloud computing, mobile technology and secure virtual network to enable our business to perform remotely without interruption during lockdown restrictions.

As part of our overall strategy to create a solid cyber security culture and keep up with advancing cyber threats, it is mandatory for all employees to undergo and complete e-learning on cyber security with a self-assessment on their level of understanding on the matter. We also regularly organise awareness programmes to ensure that all employees are aware and updated on emerging risks that may compromise our business and IT systems.

- **Privacy and Data Protection**

We continuously strive to ensure the confidentiality and protection of customers' and stakeholders' information and documents based on requirements under the Personal Data Protection Act 2010. Information on our vendors, suppliers and customers is strictly private and confidential, and is treated as such at all times. During this reporting year, there have been no substantiated complaints of breaches in customer privacy or loss of customer data.

## Workplace

We recognise our employees as key assets, hence managing talent at all levels is a key priority. Our Human Resource (HR) policies and guidelines comply with all relevant legislations and have been designed to ensure that our workplace embraces diversity, inclusion, equality and innovation. As part of our commitment to maintain our employee diversity, we have an open-door policy with regard to persons with disabilities.

The Group's efforts to attract, develop, motivate and retain its employees are pursued within the ambit of 6 HR strategic focus areas:

- **Talent Attraction and Management**

We assess applicants for employment in our Group of Companies based on objective criteria regardless of their ethnic background, gender, age, religion, disability or any factors which do not have bearing on job requirements. The Lion-Parkson Foundation scholarship programme builds a healthy pipeline of talent for our businesses.

We take stock of talent requirements for our businesses to allow high-potential employees the opportunities to be developed and progressed to senior and challenging roles at the Company and Group level. This will also serve to retain and cross-pollinate key talents within the Group.

- **Capability Building**

We provide learning and development opportunities in respect of technical, functional and behavioural competencies for our employees in line with their job requirements and career aspirations. Learning interventions are delivered on-the-job, via formal class training or online and continuing education. We encourage and support employees to participate in upskilling courses related to their work scope and obtain skill certification for wider job coverage.

- **Rewards and Performance**

We review and implement remuneration practices that are externally competitive and internally fair and equitable. Our reward process is closely linked to performance management process; our employees can expect to receive salary adjustments and bonus awards which directly relate to their performance and contributions.

- **HR Operational Excellence**

We continue to streamline, standardise and simplify our HR policies and processes in line with the requirements of our global organisation, with our LionPeople Global HR Information System (HRIS) at the core of our people management and HR operations.

- **Safety & Health in the Workplace**

The safety and health of our employees is vital to our businesses, hence the Group subscribes to the safety, health and environmental regulations with a systematic approach reinforced by constant training and monitoring to ensure the safety and well-being of our employees. Workplace incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence. For FY 2022, we recorded zero incidences at our plants.

Our employees are encouraged to observe and maintain a safe and healthy workplace. "No Smoking Zone" and "Reverse Car Parking" are some of the initiatives that are supported and practised by our employees in our workplace.

In compliance with legal requirements such as the Occupational Safety and Health Act, Factories and Machineries Act and related regulations, we have in place our Safety and Health Standard Operating Procedures. Wearing of protective gear is strictly required in our plant and warehouse. Compliance with the safe work practices stated in these standard operating procedures is the primary responsibility of all employees, contractors and consultants performing their duties at our premises.

We have established the Emergency Response Team (“ERT”) in our plants to prepare for and respond to any emergency incident, such as occupational incidents, natural disasters, or interruption of business operations. We have placed full sets of protective gear at strategic points in our premises in case of any on-site emergency. Our ERT members are well trained on safety awareness and preparedness in everyday situations. Training is organised regularly for the members on the use of various types of fire extinguishers and hose reel, first aid i.e. CPR and injury management, shutdown and evacuation procedures. Safety campaigns are held to remind and refresh the staff on safety awareness and related issues.

- **Employee Engagement and Well-being**

We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town-halls, “lunch & learn”, festive open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees leading to a healthy work-life balance which proves to be an important factor for recruitment and retention of employees.

However, due to the COVID-19 restrictions, the Group continued to implement various precautionary measures recommended by the Ministry of Health i.e. the protocols for hygiene and social distancing; cleaning and disinfecting workplaces when necessary; providing test kits for the weekly self tests and face masks to employees as well as hand sanitisers to employees and visitors to our offices and premises. Non-essential travel was reduced and virtual meetings were encouraged.

In view of the Employment Act (Amendments) 1955 having come into force on 1 January 2023, the Group had communicated the amendments pertaining to coverage of the Act, overtime eligibility, hospitalisation leave, working hours, amongst others, to all the operating companies via an internal memorandum in December 2022.

## ENVIRONMENT

The Group remains steadfast in our commitment to sustainable development and seeks to operate in a way that minimises environmental harm. We advocate the 3R actions of Reduce, Reuse and Recycle at our workplace, and adopt preventative measures to conserve the environment and reduce pollution. We seek to uphold environmental concerns with emphasis on application of new technologies and industry best practices that are environmentally friendly, optimise the use of resources and promote energy efficiency, and we are committed in taking proactive measures to preserve the environment for future generations whilst meeting the needs of our stakeholders.

- **Efficient Energy & Water Consumption and Waste Management**

The Group’s operations comply with the environmental laws and regulations governing the industries in which it operates. Our focus is on managing and reducing the impacts arising from operational activities over which we have direct control such as energy and water consumption and waste management.

We recognise water as a scarce resource, and we carefully manage our water usage, and maintain high priority towards waste treatment to ensure that our waste are handled, stored and disposed off properly.

We minimise the generation of waste wherever possible, and practise the 3R (Reduce, Reuse and Recycle) approach in which we segregate recyclables including reusable waste.

- **Chemical Management**

We ensure that occurrences such as chemical spills and leakages do not take place at our plant. We comply with the legal requirements for chemical classification, labelling, handling and storage, as well as the implementation of best management practices to mitigate pollution. For FY 2022, we recorded zero incidences of major chemical spillage at our plant.

- **Promoting Green and Environmental Friendly Products**

We constantly explore greener alternatives in our day-to-day operations such as introduction of more efficient and energy-saving products and processes, and 5S management techniques in our operations. Our building materials division is promoting and selling a variety of Green Building Index products in its range of cement, ceiling boards and aerated blocks.

## SOCIAL

In keeping with our philosophy of giving back to the community, the Group focuses on helping to uplift the community via Lion-Parkson Foundation (the “Foundation”) established in 1990 by Lion Group of Companies of which the Group is a member. The companies within the Group are also supporting the local community wherein they operate by participating in charity programmes and fundraising drives to assist those in need.

### Empowerment through Education

The Foundation organises fundraising activities for charity and provides educational opportunities for the less fortunate. The true sustainability of our project lies in the on-going transformation of peoples’ lives through the benefits of education. We believe in Empowerment through Education; that education is the catalyst to bring about sustainable change for the better for our future generations.

Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at Lion Group companies during their semester breaks to prepare them for working in the corporate world. In FY 2022, the Foundation awarded scholarships worth RM10,000 per annum to 12 students based on their academic performance, extra-curricular activities and leadership qualities. To date, the Foundation has sponsored a total of 503 students under its scholarship and other sponsorship programmes worth RM12.3 million.

Among the events organised by the Foundation is the Charity Sale of Chinese New Year calligraphy pieces and t-shirts by Foundation Chairman, Puan Sri Chelsia Cheng in aid of education, medical care and other charitable causes in January 2022. The charity sale raised a total of RM201,888 of which RM28,500 was presented to the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry (KLSCCCI) for its Scholarship Fund while the balance of RM173,388 was for the Foundation’s 12 new scholarships totalling RM120,000 and medical assistance fund which received RM53,388. Another charity event, “Jom! Run for Care”, a virtual run had raised RM44,160.30 with the presentation of the proceeds to four beneficiaries in June 2022.

### Home for Special Children

The Foundation had built a Home for Handicapped & Mentally Disabled Children in Banting, Selangor, which was opened in November 2012 and has completed the expansion of the Home to include an old folks home.

### Medical Assistance for the Less Fortunate

In reaching out to a broad and diverse cross-section of beneficiaries irrespective of race or religion, the Foundation also provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery as well as purchase of medical equipment and medication. The Foundation is also assisting organisations that are geared towards helping the less fortunate to achieve a better life, including sponsoring community health programmes such as medical camps and donation of dialysis machines.

As of 31 December 2022, approximately RM10.08 million had been disbursed in the form of sponsorship for medical treatment to 1,089 individuals including purchase of equipment and medication, as well as purchase of medicine for medical camps, dialysis machines for dialysis centres operated by National Kidney Foundation of Malaysia and Non-Governmental Organisations (NGOs) to provide subsidised treatment to those suffering from kidney failure, and medical equipment to assist COVID-19 patients in the hospitals during the pandemic.

### Other CSR Initiatives

During these challenging times, the Foundation and companies under the Group have been contributing funds and essential medical equipment to charitable organisations and hospitals in support of our healthcare system and responded to appeals for donations in aid of the needy.

The Group also participated in various youth development programmes with the local institutes of higher learning to encourage youths to acquire various life skills that will assist them in their personal and future career growth and development. We continue to support initiatives to develop young talents in motorsports racing, and in some instances, have collaborated with third party organisations including higher institutes of learning in this area.

## STAKEHOLDER ENGAGEMENT

Stakeholders engagement is imperative in understanding their expectations. We recognise that stakeholder expectation, assessment and feedback are an integral part of our sustainability strategy and initiatives, and we are continuously improving our stakeholder engagement approach via various communication channels.

| Stakeholder Group                        | Stakeholders Expectation   | Communication Channel/Platform  |
|--|--|---|
| Employees                                | <ul style="list-style-type: none"> <li>• Health, safety and well-being</li> <li>• Learning and development</li> <li>• Respect and recognition</li> <li>• Job satisfaction</li> <li>• Pay and benefits</li> </ul> | <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Training programmes</li> <li>• Internal newsletter</li> <li>• New employee induction programme</li> <li>• Staff gatherings and other engagement channels</li> </ul>  |
| Customers                                | <ul style="list-style-type: none"> <li>• Convenience and experience</li> <li>• Service and product quality</li> <li>• Timely product delivery</li> </ul>   | <ul style="list-style-type: none"> <li>• Face-to-face interaction through service channels</li> <li>• Communication through Marketing Department, Customer Service Department and Corporate Communications Department</li> <li>• Feedback through website, email, social media</li> <li>• Sales, promotions, road shows and related events</li> </ul> |
| Suppliers/Vendors                        | <ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Financial resilience</li> <li>• Sustainable business growth</li> <li>• Experienced management team</li> </ul>                          | <ul style="list-style-type: none"> <li>• Liaison with suppliers before sourcing and engaging with contract managers</li> <li>• Meetings, business alliance events/ meetings</li> <li>• Vendor service/support channel</li> </ul>  |
| Shareholders and Investors               | <ul style="list-style-type: none"> <li>• Good governance</li> <li>• Sustainable business growth</li> <li>• Disclosure and transparency</li> </ul>  | <ul style="list-style-type: none"> <li>• Investor relations channel and meetings</li> <li>• Annual General Meeting</li> <li>• Quarterly reports, Annual Report</li> </ul>   |
| Regulatory Agencies and Statutory Bodies | <ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Safety and security</li> </ul>   | <ul style="list-style-type: none"> <li>• Meetings, visits and events</li> <li>• Consultative and statutory reporting</li> </ul>   |
| Government and Regulators                | <ul style="list-style-type: none"> <li>• Regulatory compliance</li> </ul>  | <ul style="list-style-type: none"> <li>• Meetings, visits and events</li> <li>• Consultative and statutory reporting</li> </ul>   |
| Local Communities                        | <ul style="list-style-type: none"> <li>• Responsible corporate citizen</li> <li>• Support for social causes</li> <li>• Creation of job opportunities</li> </ul>  | <ul style="list-style-type: none"> <li>• Activities and sponsorships organised by the Company and Lion-Parkson Foundation</li> </ul>  |
| Media                                    | <ul style="list-style-type: none"> <li>• Response to media enquiries and requests for interviews</li> <li>• Long-term engagement</li> </ul>  | <ul style="list-style-type: none"> <li>• Media releases and interviews</li> <li>• Advertisements</li> </ul>   |
| Industry Associations                    | <ul style="list-style-type: none"> <li>• Support for mutual interests</li> </ul>   | <ul style="list-style-type: none"> <li>• Meetings and events</li> </ul>   |