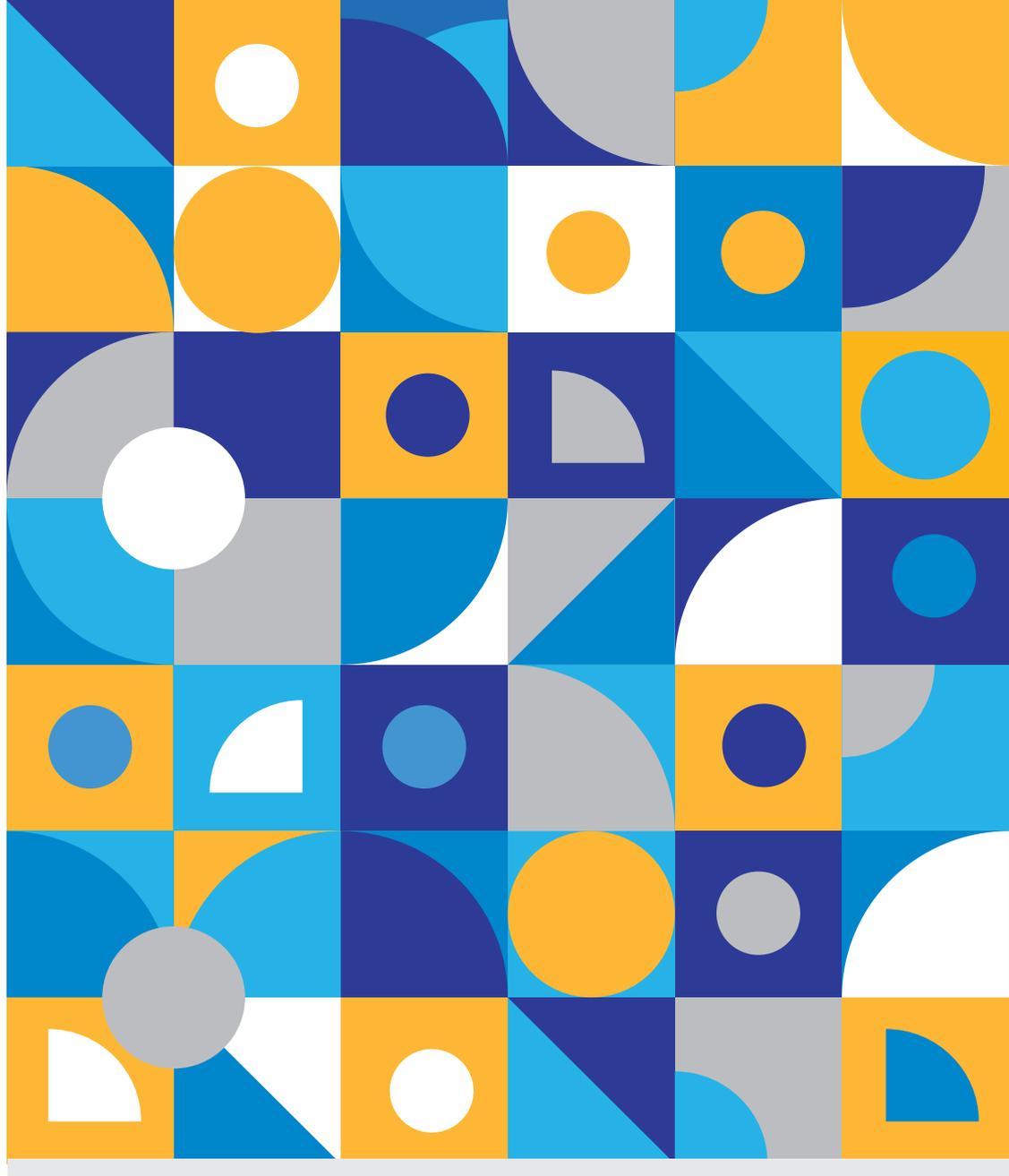


**LINOCRAFT**  
Printing Since 1972

The Geometry of Success



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

# 2021

**LINOCRAFT HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8383

[www.linocraftprinters.com](http://www.linocraftprinters.com)

## INTRODUCTION

Linocraft Holdings Limited (“**Linocraft**” or “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is pleased to present the Environmental, Social and Governance (the “**ESG**”) Report (the “**ESG Report**”) for the year ended 31 August 2021 (the “**Year 2021**”). The Group is an international printing services company that principally engaged in providing quality printing services which focus on packaging printing and its products include packaging boxes, rigid boxes, paper-board inserts, instruction manuals and printed labels to direct customers and contract manufacturers of international renowned brands. The Group has production plants principally located in Malaysia and the Philippines.

## GOVERNANCE STRUCTURE

The Board of directors (the “**Board**”) of the Company has overall responsible for the ESG strategy and reporting. Collectively, the Board is also ensuring the effectiveness of ESG risk management and internal control mechanism.

On day-to-day management, the senior management of the Group implement the overall ESG strategies and policies adopted by the Board. The chief operating decision maker (“**CODM**”), being the chief executive director of the Group, the senior management of the Group and/or other management (the “**ESG Team**”) will examine and address all the ESG risks and opportunities. The ESG Team is responsible for the implementing the approved ESG policies, rules and regulations; collecting, compiling and formulating data and statistics on ESG related issues and key performance indicators (“**KPIs**”); as well as reviewing and monitoring especially on the legal and social compliance of the ESG related issues on-going basis.

The Group approach to corporate responsibility ensures that ESG risks and opportunities are identified, evaluated and controlled in line with industry best practice. This aims to set the direction for a future-orientated business strategy that balances economic success with environmental and social responsibility, in line with the expectations of stakeholders. The Group seeks to promote sustainable business practices, increase transparency and ensure that the Group risk management processes help to avoid negative environmental and social impacts arising from its core businesses. As such, the Group has incorporated ESG commitments into its operational business model, through the adoption of a environmental management system approach aligned to ISO 14001:2015, the international standard for environmental management.

The Board will discuss and review the Group’s ESG risks and opportunities, performance, progress, goals and targets regularly with the assistance of the ESG Team.

## REPORTING PERIOD

The ESG Report covers the period from 1 September 2020 to 31 August 2021, together with the comparative data for the year ended 31 August 2020 (“**Year 2020**”) where appropriate.

## REPORTING FRAMEWORK

The ESG Report follows the ESG reporting guide (the “**ESG Guide**”) as set out in Appendix 20 to the rules governing the listing of securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Information relating to the Group’s corporate governance practices has been set out in the Corporate Governance Report on P.18 to P.29 of the Annual Report 2021 of the Company.

## SCOPE AND BOUNDARY OF THE ESG REPORT

The Group has been operating in one operating and reportable segment, being printing and manufacture of instruction manuals, insert, packaging products and printed paper labels. The ESG Report focuses on the operation of the Group at its principal places of business in Malaysia and the Philippines. The reporting scope is determined by the CODM, that regularly reviews the Group's internal reporting in order to assess the performance and allocate resources of the Group. The KPIs data are gathered only from the operations under the Group's direct operational control. The Group will continue to strengthen information of the major ESG aspects in order to enhance the disclosure of information on sustainable development when and where applicable.

## CONTACT US

For detailed ESG information of the Group, please visit our Company's website at <http://www.linocraftprinters.com>. You can also provide your feedback and comments on our sustainability performance.

## REPORTING PRINCIPLES

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency, which should form the basis for preparing the ESG Report. As recommended, through stakeholder engagements, the Group can understand wide-ranging views and identify material environmental and social issues.

During the Year 2021, the Group has applied the reporting principles in the aforementioned ESG Guide as the following:

- Materiality:** Materiality assessment was conducted to identify material issues during the Year 2021, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of ESG issues was reviewed and confirmed by the Board. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.
- Quantitative:** The standards and methodologies used in the calculation of relevant data in the ESG Report, as well as the applicable assumptions were disclosed. The key performance indicators data are supplemented by explanatory notes to establish benchmarks where applicable.
- Consistency:** The ESG Report adopted essentially consistent methodologies to allow for meaningful comparisons of ESG data over time, and the explanations were provided regarding data with changes in the scope of disclosure and calculation.

The ESG Report has undergone the internal review process of the Group and was approved by the Board.

## STAKEHOLDER ENGAGEMENT

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders whom are communicated through meetings, enquiries, interviews and discussions, including: shareholders, employees, customers, suppliers and subcontractors, regulatory authorities and the local communities in which the Group operates.

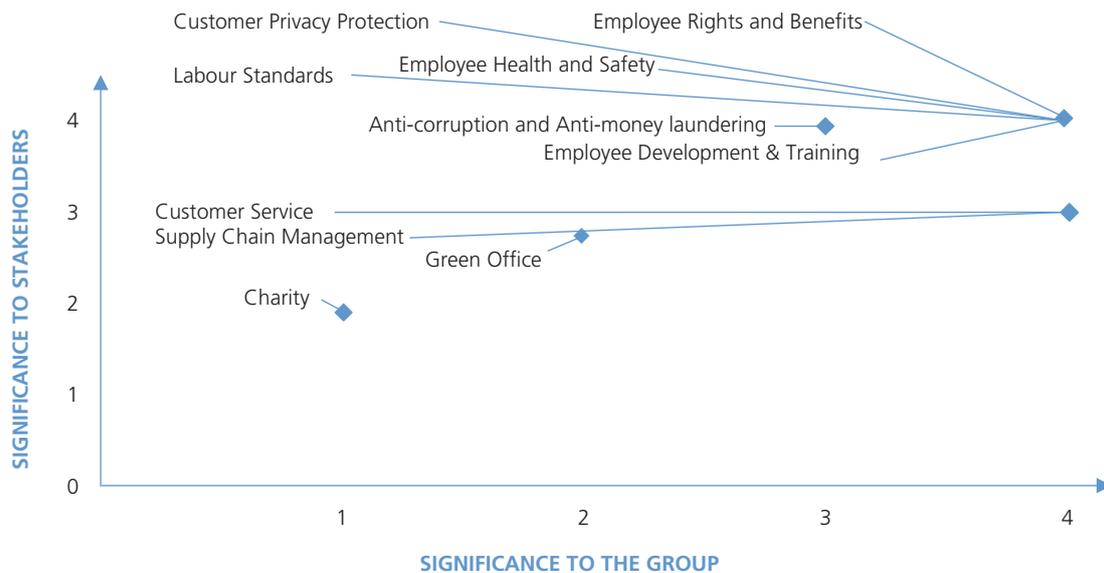
To understand and address the key issues of concern of different stakeholders, we have been facilitating effective communication and maintaining ongoing relationships with them. We have established a comprehensive stakeholder engagement process and we will continue to increase the involvement of stakeholders via constructive conversation to chart long-term prosperity.

## MATERIALITY ASSESSMENT

Linocraft has maintained close communication with its stakeholders. Through multiple discussions and direct communications, the Group understands the core issues that matter most to its stakeholders. By understanding the critical issues from both internal and external perspectives through vital stakeholders and, to develop corporate strategy, goals, targets, programs, initiatives, to advance business sustainability across Asia Region.

The Group has conducted a material assessment with different stakeholders through the aforementioned engagement channels to identify corresponding ESG issues and assess the materiality. They were invited to complete a survey based on a list of ESG issues and we have obtained 40 number of samples to help identifying stakeholder’s priorities. On the scale from 0 to 4, where 0 is the least concern and 4 is the most concern key issues which are of stakeholder’s concern.

The result of the materiality assessment is one of the most important tools for the Group to evaluate and prioritise the ESG issues related to the Group. The Board will then develop strategies according to the result of the materiality assessment with the assistance of the Management Team to manage the ESG issues.



## BOARD STATEMENT

The Board believes that a strong governance structure is critical to the effective management and implementation of ESG related issues. The Board is ultimately responsible for overseeing the Group's corporate governance, as well as the overall ESG management approach, and has a supervisory role in the data collection, preparation and review of the ESG Report. The details of ESG governance structure of the Group are stated in the section headed "Governance Structure".

The Group understands the importance of environmental sustainability and protection. We are mindful of the environment and are committed to preserve it. Linocraft Printers Sdn. Bhd. and Linocraft Printers Philippines Inc, the indirect wholly-owned subsidiaries of the Company, have obtained ISO 14001:2015 environmental management system certification and takes an active role in being environmentally friendly. We invested in resources to build a water treatment plant within our production plants in Malaysia and the Philippines to treat water that have been contaminated by printing chemicals. Our Group has a certified environmental professional who has attended relevant environmental, health, safety and ISO training courses, is taking care of environmental health.

The Group is principally required to comply with the laws and regulations in relation to environmental protection in Malaysia, including the Environmental Quality Act 1974 and in the Philippines, including Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990; Clean Air Act of 1999; Ecological Solid Waste Management Act No. 9003 of 2000; and Clean Water Act of 2004.

Linocraft has adopted policies on pollution prevention, preservation of natural resources and adherence to environmental laws and regulations. To the best knowledge of the Directors, the Group was in compliance with applicable environmental laws and regulations in all material respects during the Year 2021.

## ENVIRONMENTAL RESPONSIBILITY

Linocraft's control ESG agenda is a key priority, and the Group devote significant resources to adhering and adapting to the substantial number of heightened regulatory expectations and reporting requirements that guide printing industry. And the Group is committed to provide quality printing services to its client in a manner that minimizes potential adverse impact on the environment and energy sources.

### Aspect A1: Emissions

The Group's business does not produce material amounts of emission, however greenhouse gas and emission are inevitable in the printing operation. The printing process will also generate contamination and chemical waste. Linocraft aims to minimize emission or chances of arising environmental hazard. The Group has engaged an independent professional consultant who is certified by the Department of Environment of Malaysia ("DOE") and adopted DOE standards in performing carbon emission assessment. During the Year 2021, the Group set a target reducing the total energy consumption intensity (unit/revenue) in the next 3 years compared to Year 2021.

## Air Emissions

Linocraft is committed to operating in compliance with applicable environmental laws and regulations in all material respects and protecting environment by minimizing the negative impact of the Group's operation on the environment. The major air and greenhouse emissions, discharges into the water of the Group are from the printing devices which consume a significant amount of energy and produce a substantial volume of waste during its processes. The Group has implemented a number of internal environmental policies, with appropriate equipment installed to help reduce the adverse impact brought to the environment.

## Energy

The Group's main energy consumption comes from electricity, water, diesel and Liquefied Petroleum Gas ("LPG") in its operation.

The following table shows the energy consumption by types, volume and intensity (Unit/revenue). For the Year 2021 and 2020, the Group's revenue was RM257,228,000 and RM223,406,000 and they are used for calculating the intensity data.

Energy	Unit	Total Energy consumed		Intensity (Unit/revenue)	
		2021	2020	2021	2020
Electricity*	kWh	7,627,563	6,878,962	2.97%	3.08%
Diesel**	Liter	89,112	302,899	0.03%	0.14%
Liquefied Petroleum Gas	Kg	17,400	15,000	0.01%	0.01%

\* During the Year 2021, the increase in electricity usage as compared to Year 2020 was because of the production expansion in the Philippines and increase in machinery utilisation.

\*\* During the Year 2021, the decrease of consumption in diesel as compared to Year 2020 is due to effort of the Group to reduce carbon emissions by bringing in the battery forklifts after retiring the diesel forklifts.

## Type of Emissions by Category

Direct Air Emissions	Nitrogen Oxides (NOx)		Sulphur Oxides (SOx)		Particulate Matter (PM)	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
	Kg		Kg		Kg	
Ink	0	0	0	0	131	131
LPG	55	47	0	0	3	3
Vehicles	814	926	46	75	19	54
Total	869	973	46	75	153	188

The major source of emissions arising out of the Group's operation was petrol and diesel consumed by vehicles for transportation. We have adopted a series of preventive measures to control air emissions, all vehicles were arranged for regular maintenance and repair services by qualified personnel to ensure fuel consumption efficiency and respective emissions had complied with local emission standards.

Greenhouse Gas Emissions ("GHG emissions")	CO <sub>2</sub> and CO <sub>2</sub> equivalents (Tonnes)	
	Year 2021	Year 2020
<b>Scope 1 Direct Emissions</b>		
Direct GHG emissions from all combustion activities	139	474
<b>Scope 2 Indirect Emissions</b>		
Indirect GHG emission from purchased electricity	4,650	4,787
Total GHG emissions	4,789	5,261
Total GHG emissions intensity (CO <sub>2</sub> /thousand revenue)	1.86%	2.36%

During Year 2021, the GHG emissions intensity comparisons has changed to revenue rather than the output intensity to produce much accurate comparisons and improve the accuracy in report presentation.

The principal sources of the Group's GHG emissions were generated from petrol and diesel consumption by vehicles (Scope 1) as well as purchased electricity (Scope 2). Due to the nature of business, the Group's consumption of electricity depends on the total output of piece of consumed for paper production. The Group has adopted a series of preventive measures to control GHG emissions and maintain the requirements for an environmental management system that the Group can enhance its environmental performance and raise the awareness of the employees and promote best practices of environmental management.

Greenhouse gas emissions calculations in Malaysia are determined using Malaysia local regulations and standards and supplemented with Emission Factors Inventory of the United States Environment Protection Agency.

Greenhouse gas emissions calculations in the Philippines are determined using the Phillipines local regulations and standards and supplemented with Emission Factors Inventory of the United States Environment Protection Agency.

The Group set a target of reducing the overall GHG emission intensity in the next 3 years compared to 2021 level. For the purpose of achieving the target, we have adopted a series of preventive and corrective measures to control GHG emissions from our business activities:

- Controlling of temperature of the air-conditioner in the office;
- Turning off idle plant and equipment;
- Switch off the engine when the vehicles are idling;

- Reducing sources of heat and improve in-house air circulation;
- Acquisitions from green source energy and reducing usage on of non-renewable energy; and
- Deriving energy usage per output and evaluate energy efficiency on regular basis.

The Group is in the midst of formulating related environmental policies, the measurement covers vastly on environmental related aspects which contributed to global warming, namely on energy, transport, recycling materials, wastes and solvents usage. The initiatives to promote sustainability within as we constantly uphold the principles of emission reduction and resource efficiency in our environmental management approaches by implementing measures that promote energy efficiency, wastes reduction, and other green initiatives within. The Group is also committed to educating our employees in raising their awareness of environmental protection and complying with relevant environmental laws and regulations. Within our policy framework, we continuously seek opportunities to pursue environmentally friendly measures which enhance our environmental performance through minimising the consumption of energy and other resources.

## Waste Management

In Malaysia, factory wastes consist of trade waste which are mostly wooden pallets, paper, plastic etc. which are “not hazardous”. These are disposed by contractor with normal license from local authority. The governing law is the Solid Waste and Public Cleansing Management Act 2007 and the enforcement is under the jurisdiction of the local authority, same as household domestic wastes.

Wastes generated from factory production without hazardous material processes are referred to as trade wastes and managed under the Solid Waste and Public Cleansing Management Act 2007 except electronic and electrical wastes, asbestos and other non-hazardous material contaminated with hazardous materials.

Wastes generated from factory production with chemical or hazardous materials are legally defined as scheduled wastes through a regulation Environmental Quality (Scheduled Wastes) Regulations 2005 EQSWR2005. The regulation defined different categories of wastes based on chemical characteristics and content under 77 codes. The enforcement of EQSWR2005 is under the jurisdiction of DOE.

Scheduled wastes generated and not recycled in-house can be managed off-site but must be done by contractor licensed by DOE. The law requires company that collect the scheduled wastes (transporter) and the company that receive and subsequently treat the scheduled wastes (recovery plant) must be licensed by DOE. A contractor that performs both transportation and recovery must have both the transport and recovery licenses.

Factory chemical wastewater can be treated with in-house wastewater treatment plant and is governed under Environment Quality (Industrial Effluent) Regulations 2009, the legal name of wastewater treatment plant is Industrial Effluent Treatment System or IETS. The sludge generated must be disposed as SW410. The printing and lamination processes generate liquid and solid wastes which are classified as scheduled wastes under EQSWR2005. The types and quantity of scheduled waste generated are listed in table below.

The following tables shows the hazardous waste by types of waste for the Year 2021 and Year 2020:

Code	Description	Originated Process	Total Disposed (MT)	
			Year 2021	Year 2020
SW 303	Waste of adhesive glue	Laminate	7.472	8.100
SW 307	Waste of coolant	Printing	18.085	27.292
SW 322	Spent Solvent	Printing	1.720	1.010
SW 409	Waste of contaminated containers	Printing	21.906	14.894
SW 410	Waste of contaminated rags/plastic	Printing	20.712	22.194
SW 416	Sludge of inks	Water treatment plant	35.555	26.476
SW 418	Discard ink	Solvent	0.209	5.433
Total			105.659	102.128
Intensity of Chemical used per revenue			0.0%	0.0%

#### Waste code categorized as per Environmental Quality (Scheduled Waste) Regulations 2005

During Year 2021, the hazardous wastes comparisons has changed to revenue rather than the output intensity to produce much accurate comparisons and improve the accuracy in report presentation.

The Group's standard operating procedure of scheduled waste management strictly follows DOE requirement and all the procedures steps. Meanwhile, for the Philippines operation, the Group follows the Department of Environment and Natural Resources Philippines ("DENR") in performing the waste management.

#### Appointed contractors for waste collection

Scheduled waste collection with licensed contractor approved by DOE

Contractors	License No.	License Validation
5E Resources Sdn Bhd ("5E Resources")	003892, 003893, 004650 & 004651	May 2021 – April 2022
Pentas Flora (Johor Bahru) Sdn Bhd ("Pentas Flora")	004702 & 004703	May 2021 – April 2022
Estalco Sdn Bhd ("Estalco")	002359, 002360, 004652 & 004653	May 2021 – April 2022
All Waste Services ("All Waste Services")	OL-TR-R3-14-000054	July 2022

## Appointed contractors for handling specific type of wastes

CODE	DESCRIPTION	ORIGINATED	CONTRACTOR			
			5E RESOURCES	PENTAS FLORA	ESTALCO	ALL WASTE SERVICES
SW 303	GLUE WASTE	LAMINATE	✓	✓	—	—
SW 307	WATERBASE WASTE	PRINTING	✓	✓	—	—
SW 322	SPENT SOLVENT	PRINTING	✓	✓	—	—
SW 409	CONTAMINATED CONTAINER	PRINTING	✓	✓	✓	✓
SW 410	CONTAMINATED RAGS	PRINTING	✓	✓	✓	—
SW 416	SLUDGE OF INK	WATER TREATMENT PLANT	✓	—	✓	✓
SW 418	DISCARDED INK	PRINTING	✓	✓	—	—

## Chemical Consumption (Non-Hazardous) for Water Treatment Plant (Metric Tonnes)

NON-HAZARDOUS CHEMICAL	CHEMICAL CONSUMPTION (MT)	
	2021	2020
Pac Chemical	0.97	2.66
Intensity of Chemical used per revenue	0.0%	0.0%

## Chemical Consumption (Hazardous) for Water Treatment Plant (Metric Tonnes)

HAZARDOUS CHEMICAL	CHEMICAL CONSUMPTION (MT)	
	2021	2020
Sodium Hydroxide (Caustic Soda)	0.098	0.234
Polymer	0.017	0.025
Balance Nutrient (Powder)	0.031	0.011
Balance Nutrient (Liquid)	0.117	0.237
Total	0.263	0.507
Intensity of Chemical used per revenue	0.0%	0.0%

During Year 2021, the Chemical Consumption (Hazardous & Non-Hazardous) for Water Treatment comparisons will change to revenue rather than the output intensity to produce much accurate comparisons and improve the accuracy in report presentation.

In order to minimise the environmental impacts from non-hazardous wastes generated from our business operation, the Group has engaged licensed specialists to handle the non-hazardous wastes.

The Group set a target of reducing the overall hazardous and non-hazardous wastes (Intensity of Chemical used per piece of consumed) in the next 3 years compared to 2021 level. For the purpose of achieving the target, we have adopted a series of preventive and corrective measures to control hazardous and non-hazardous waste from our business activities.

## Aspect A.2: Use of Energy

The Group has adopted a series of internal control policies and procedures to enhance the efficiency in consumption of resources including energy, water and other raw materials. The Group practices scheduled wastes management with accordance to the regulations under ministry of environment while reducing harm to our environmental. All employees are committed to continually enhancing the environmental awareness to ensure that these measures work in line with the growth of our business strategies and integrated into day-to-day operation of the business. During the Year 2021, the Group set a target reducing the energy consumption intensity (Unit/revenue) in the next 3 years compared to Year 2021.

### Energy

The Group's main energy consumption comes from electricity, water, diesel and LPG Gas in its operation.

The following table shows the energy consumption by types, volume and intensity (Unit/revenue). For the Year 2021 and 2020, the Group's revenue was RM257,228,000 and RM223,406,000 and they are used for calculating the intensity data.

Energy	Unit	Total Energy consumed		Intensity (Unit/revenue)	
		2021	2020	2021	2020
Electricity*	kWh	<b>7,627,563</b>	6,878,962	<b>2.97%</b>	3.08%
Water	Cubic Meter	<b>41,179</b>	64,693	<b>0.02%</b>	0.03%
Diesel**	Liter	<b>89,112</b>	302,899	<b>0.03%</b>	0.14%
Liquefied Petroleum Gas	Kg	<b>17,400</b>	15,000	<b>0.01%</b>	0.01%

\* During the Year 2021, the increase in electricity usage as compared to Year 2020 was because of the production expansion in the Philippines and increase in machinery utilisation.

\*\* During the Year 2021, the decrease of consumption in diesel as compared to Year 2020 is due to effort of the Group to reduce carbon emissions by bringing in the battery forklifts after retiring the diesel forklifts.

### Efficient Energy Use

The Group has adopted series of internal control policies and procedures to enhance its efficiency in consumption of resources including energy, water and other raw materials. All employees are committed to continually enhancing the environment awareness to ensure that these measures work in line with the growth of the Group's business strategies and integrated day to day operation of the business.

The Group also set a target of reducing the energy consumption intensity (Unit/revenue) in the next 3 years compared to 2021 level. For the purpose of achieving the target, we have adopted a series of preventive and corrective measures to enhance the efficiency of energy use from our business activities:

The Group has adopted the following measures:

- Controlling of temperature of the air-conditioner in the office;
- Turning off idle plant and equipment;

- Practicing 5R's in the Group which is reuse, reduce, recycle, refuse and repair to help reducing wastage; and
- Eliminating excessive materials, packaging and wastage.

### Water Utilization

Waste water is the next pollution the Group try hard to reduce. Due to the nature of the business, plate-making and other printing process requires a lot of water for rinsing zinc plates and generates waste water contaminated with ink.

The Group also set a target of reducing the water utilization to reduce water consumption (Intensity of water used per piece of consumed) in the next 3 years compared to 2021 level. For the purpose of achieving the target, we have adopted a series of preventive and corrective measures to control the water utilization from our business activities:

In addition, the Group has adopted a number of measures to save water as following:

- Always turn taps off tightly;
- Check the hoses and pipes for leaks, cracks, and other damage regularly and repair it in a timely manner;
- Give priority to effective water-saving products in purchase decision.

During the Year 2021, the Group has consumed 41,179 (2020: 64,693) cubic meter of water and the Intensity (Unit/revenue) is 0.02% (2020: 0.03%).

### Use of Packaging Materials

The products are packed with stretch films for the purposes of avoiding contamination or damage to the products. During the Year 2021, the stretch films used by the Group for packaging were approximately 56 tonnes and it is not considered a material aspect for the Group. The Group will continue to adopt the principles of simple packaging and green packaging to reduce impact on environment.

## Aspect A.3: The Environment and Natural Resources

The Group practices scheduled wastes management in accordance to the regulations under ministry of environment while reducing harm to our environmental. At the same time, the Group practices 5R's in the Group which is reuse, reduce, recycle, refuse and repair to help reducing wastage. With certified ISO 14001:2015, Environmental Management System, and the Group is committed to preserve the environment by:

- Complying with applicable legal and regulatory requirements;
- Continuous improving environment system;
- Preventing water, air noise and land pollution through environmental programs related to significant environmental aspects; and
- Promoting environmental-friendly programmes, e.g. energy saving, waste reduction and recycling of water materials.

During the Year 2021, the Group did not have any material non-compliance issues in respect of any applicable laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

## Aspect A4: Climate Change

Climate change is a global challenge that affects communities and businesses as a whole and it will affect our health, safety and work. Linocraft strive it best effort to protect the environment which can contribute to improve climate change issue. As a manufacturer, keeping environment clean is deemed important as pollution will affect human's health especially their employees. The Group has established risk management policy in identifying and mitigating climate related risks. The Group will assess the identified risks, employing qualitative and quantitative methods to determine their potential impact and likelihood of materialisation in a specific timeframe. As part of the effort on helping to improve Climate Change, Linocraft engaged independent parties to conduct assessment and audit on Environmental, Social and Governance annually. This includes review of its air emissions and energy consumption such as electricity, water, diesel, and liquefied petroleum gas. The Board of Directors and Management of Linocraft are aware of the impact and consequences of climate change. Therefore, Linocraft will take the initiative and effort to implement internal climate change policy. Linocraft recognises the importance of this exercise. All efforts taken must be consistent as this is a long-term exercise as it affects not only the place we live but also future generations.

As a results, we identified the material impacts on the Group's business arising from the following risks in relation to climate-related issues:

### Physical Risks

The increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt operations by damaging the power grid, communication infrastructures or causing floods, hampering and injuring our employees during their work, leading to reduced capacity and decreased in productivity, or expose the Group to risks associated with non-performance and delayed performance. To minimise the potential risks and hazards, the Group has flexible working arrangements and precautionary measures during bad or extreme weather conditions, by improving air circulation throughout the operations area and reducing sources of heat, by gradually replacing or modified machinery without adequate cooling systems. Other safety measures to avoid physical risks including in-house flood mitigation plan; on top of that, sourcing and selection of vendors based on green sources certified with Forest Stewardship Council ("FSC") in which managed forestry to its standards and offer benefits to both local and wider communities, directly or indirectly. FSC addresses issues such as illegal logging, deforestation and global warming and some reports indicative positive effects on economic development and environment conservation. The FSC label is used on a wide range of timber and non-timber products, from paper and furniture to medicine and jewelry, and aims to give consumers the option of supporting responsible forestry; and, ultimately to reduce impact of illegal or impromptu logging which was the dominating factor of environmental related disasters like flood and landslide over the past decades.

### Transition Risks

The Group anticipate that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. The Group acknowledge the increasing requirements of climate-related information disclosures such as the recent update of the Stock Exchange's ESG Guide in respect to significant climate-related impact disclosures of an issuer. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to failure to meet the compliance requirements for climate change. The company's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, noncompliance fines or reputational risks due to delayed response. In addition, we have set targets to gradually reduce the Group's energy consumption and GHG emissions over the next three years. The measurements taken include sourcing for energy saving machinery or reduce consumption of non-renewable energy, or improve overall automation efficiency via technology improvement and gradually shifting sources for more environmentally friendly materials in years to come.

## SOCIAL RESPONSIBILITY

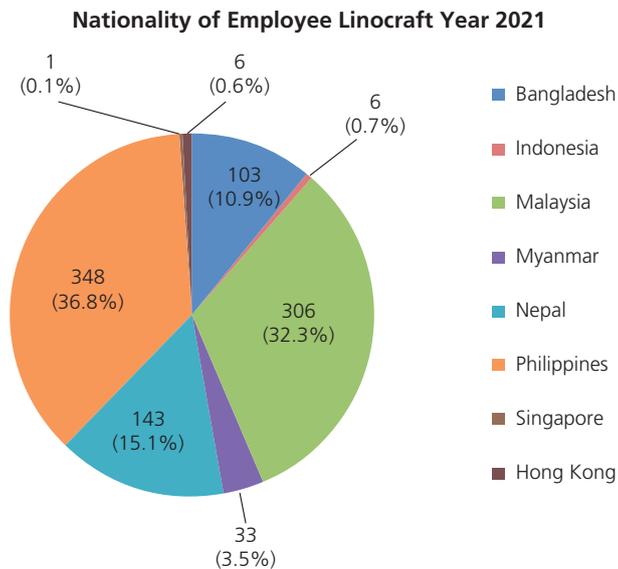
### Aspect B1: Employment and Remuneration Policies

#### Employment

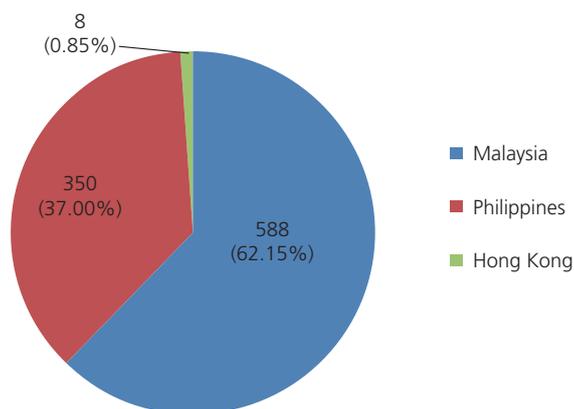
The Group aims to create positive experiences that enable their valued employees to thrive. Equal to protecting the health and safety of its employees, taking consideration that environmental stewardship among its most important business responsibilities. The Group recognises that success in the printing and packaging industry is dependent on its employees. The Group has maintained the staff handbook which stipulates the policies of recruitment, dismissal, promotion, remuneration and benefits of employees. The Group recruits employees based on working attitude, industry experience, educational background and interpersonal skills. And the Group generally pays its employees a fixed salary and discretionary performance-based bonus that is paid yearly, subject to individual performance. Certain level of staff qualify for sales target-based monthly incentives.

Linocraft pays attention to employees' job satisfaction and views it to be of equal importance. The Group view human capital as its greatest asset and believe that happiness of employees inspires productivity. The Group periodically review staff welfare to ensure job satisfactory and comfortable working environment for all employees. The Group also rewards or promotes staff according to performance assessment as management believe that good workers should be amply rewarded, and such reward motivates employees to strive for strong performance each year to aid in Group's overall growth. The Group believes that, the management policies, working environment, development opportunities and employee benefits have contributed to employees' satisfaction levels and retention level. During the Year 2021, the Group organised bonding activities, such as badminton and annual staff dinner, to allow employees to build up teamwork and to strengthen their bonding.

During the Year 2021, the Group has 946 (2020: 864) full-time employees. The following chart sets out a breakdown in percentage of the Group's employees by geographic region. In Year 2021, most of the employees in the Group are from Malaysia, Nepal, Bangladesh and the Philippines which consists of 900 employees (95% of the total workforce).



### Total Employees (Based on Operations)

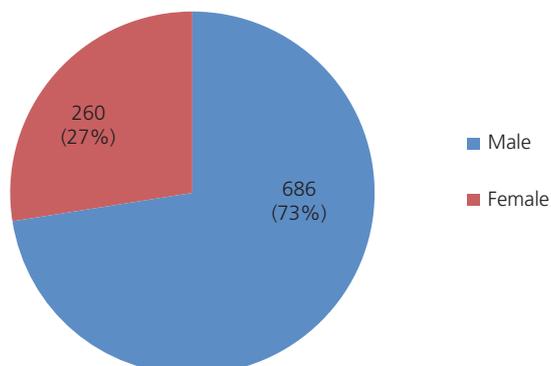


The demographic of nationality of 946 employees according to Group's operations base, the Group has a fair mixture of nationality operating across various department, the employees distribution are according to the Group's operational size and functionality, as reported the biggest allocation reported for the year were based in Malaysia with 588 employees (62%), followed by the Philippines, with 350 employees (37%); and, 8 employees which based in Hong Kong (1%). In addition, Human Resources Department conducts a comprehensive recruitment review process to ensure that the data provided by the candidates are accurate. The Group's recruitment and promotion process are carried out in a fair and open manner for all employees; employees are recognized and rewarded by their contribution, work performance and skills, and outcomes will not be affected by any discrimination on the grounds of age, gender, physical or mental health status, marital status, family status, race, skin color, nationality, religion, political affiliation and other factors.

### Total Workforce by Gender

Gender	Male		Female		Total	
	2021	2020	2021	2020	2021	2020
Number of staff	686	653	260	211	946	864
Percentage	73%	76%	27%	24%	100%	100%

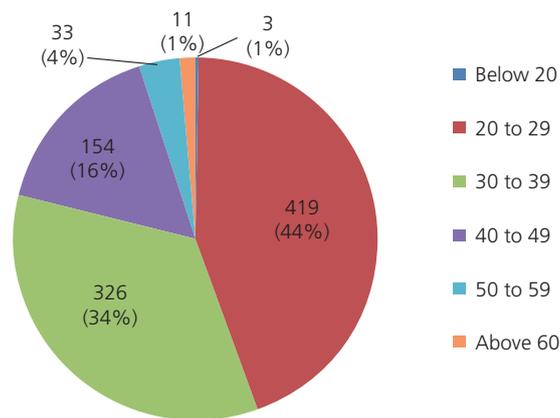
### Gender of Employee Linocraft Year 2021



### Total Workforce by Age

Age Group	Below 20		20 to 29		30 to 39		40 to 49		50 to 59		Above 60		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Number of staff	3	4	419	422	326	265	154	128	33	35	11	10	946	864
Percentage (%)	1%	0%	44%	49%	34%	31%	16%	15%	4%	4%	1%	1%	100%	100%

### Number of staff Year 2021



The total employee turnover rate is as below:

### Total Employee Turnover Rate by Operations

Operations	Number	Turnover Rate
Malaysia	178	19.7%
Philippines	134	14.8%
Hong Kong	0	0.0%

### Total Employee Turnover Rate by Gender

Gender	Number of Staff	Turnover Rate
Male	224	24.8%
Female	88	9.7%

### Total Employee Turnover Rate by Age Group

Age Group	Number of staff	Turnover Rate
Below 20	3	0.3%
20 to 29	125	13.8%
30 to 39	73	8.1%
40 to 49	20	2.2%
50 to 59	10	1.1%
Above 60	1	0.1%

The Group strictly prohibits the employment of children or forced labor and sets out the policies in our labor code to eradicate child labor, juvenile workers and forced labour.

#### Aspect B2: Health and Safety

Human capital is one of the key pillars of the Group's success. The Group follows the Malaysian health and safety-related rules and regulations set out in the Occupational Safety and Health Act 1994. To ensure that employees work in a safe and healthy environment, the Group has a safety and health officer under the human resource team headed by human resources and general affairs manager. Safety and health officer has attended safety and health officer course organised by National Institute of Occupation Safety and Health of Malaysia. The Group also established a safety and health policy for our employees to follow. In addition, the Group provides occupational safety education and trainings, conducted by external trainers, to raise employees' awareness of safety issues. Meanwhile for the Philippines, the Group follows the Republic of Philippines Act No 11058 Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations to set up and implement safety and health foundations there to ensure the employees there work in a safe and healthy environment.

The Group is also required, under the Occupational Safety and Health Act, to formulate and revise (as often as may be appropriate) a written statement of its general policy with respect to the safety and health at the work place of the employees, as well as the current arrangements for carrying out such policy. The Group has prepared its written statement entitled safety and health policy whereby all employees are required to report any injury or work related illness to their immediate superior regardless of the seriousness of the injuries, the supervisor will then investigate and report it back to the management for further corrective and preventive actions to be taken.

The following table shows the Group work-related fatalities and injury statistic for the Year 2021, Year 2020 and Year 2019:

Total man hour			Occupational accident lost time in hour			Occupational poisoning & disease cases in hour		
2021	2020	2019	2021	2020	2019	2021	2020	2019
3,842,020	2,956,290	1,724,200	232	816	216	0	0	0

The Group is not aware of any material non-compliance with the above-mentioned relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Year 2021.

In addition, the Group has assigned responsible person to identify any actual and potential hazards and risks to each individual and work towards safe and hygienic work environment, and to ensure that office and work environment is in line with or higher than requirements of relevant laws. Human Resource Department have also arranged rescue, fire and evacuation drills to improve staff safety awareness; and employees are expected to comply with the policies and procedures, and cooperate in all safety trainings.

#### COVID-19 Measures

Due to the COVID-19 pandemic, the Group has come up with a set of practices to protect its employees.

The Group provides personal protective equipment such as face mask and face shield to its employees daily to minimize the droplets contacts while providing hand sanitizers everywhere inside company's compound to fulfill employees' hand sanitizing needs.

In order to prevent more contacts, the Group has implemented Work from Home for admin staffs so that they can carry their work from home. Meanwhile, the Group increase its safety manpower to control and minimize the human contacts in the operation side. All employees are required to follow the COVID-19 Standard Operating Procedure ("SOP") and inspection will be carried occasionally to ensure the SOPs are being followed in the operation side.

The Group has also provided the swab test for all of the employees for free including the new employees.

For vaccinations, the Group has achieved 100% fully-vaccinated status for Malaysia's staffs and around 95% of fully-vaccinated status for the Philippines' staffs.

For the visitors, the Group requires the Health Declaration from the outsiders or visitors before entering company compound and antigen test needs to be done to be allowed to enter company compound.

The Group will let all the employees to perform bi-weekly saliva test for extra COVID-19 protection. The Group will also issue notice to promote COVID-19 self-protection occasionally.

Last but not least, disinfection will be done daily by the related-department.

## Aspect B3: Development and Training

The Group values employees as human capital and invests resources to educate and improve their standards so that they can make a greater contribution to the Group's success. A training plan is developed on a yearly basis by human resources department to schedule its employees to attend training/courses that to enhance their capabilities. The Group provides both internal and external training regarding the basic knowledge of machinery operation, relevant regulations, internal quality audit and other useful topics. The table below shows the training subject of employees trained by department.

### Training Record for Year 2021

No.	Subject	Department	Training Date
1	Industrial First Aid & CPR Training	All department	5/9/2020
2	Total Technical Control of Industrial Effluent Treatment System (IETS)	WTP	21/9/20–23/9/20
3	Forklift Safety Competence Programme	All department	7/11/20–8/11/20
4	Forklift Safety Competence Programme	All department	28/11/20–29/11/20
5	Scheduled waste: Environmental Ethics & Technologies Favouring Sustainability Agenda	WTP	21/12/20–22/12/20
6	LEAN MANUFACTURING	All department	1/1/21–31/3/21
7	Define, Measure, Analyze, Improve and Control	Engineering/QA/Production/ Planning/Marketing/EHS/ Procurement/CS/Warehouse	22/1/21–25/1/21
8	5S PLANTWIDE KAIZEN	All department	15/2/21–20/2/21
9	HRDF Onboarding Session	HR	22/2/2021
10	Hydraulic Control IETS: A Forensic Analysis	WTP	29/3/21–30/3/21
11	National Seminar: Bribery in Operational Safety Health (OSH). Do we evaluate OSH practitioner integrity?	SHE	3/4/21–4/4/21
12	ROOT CAUSE ANALYSIS	Production	1/5/21–31/7/21
13	Systems Approach to Risk Identification	HR	23/6/21–25/6/21
14	Forest Stewardship Council (FSC) Code of Conduct and Trademark Standards Awareness Course	All department	7/7/21–8/7/21
15	SEXUAL HARASSMENT	Production/Warehouse/QA	10/7/2021
16	Flexhrms — online refresher course	HR	13/7/2021
17	FIRE SAFETY TRAINING	Production/Warehouse/QA	17/7/21–26/10/21
18	SEIGWERK — BASIC INK TECHNOLOGY, COLOR THEORY, BASIC COLOR MATCHING THEORY	Production/Engineering/QA/ Marketing	19/8/2021
19	OPERATIONAL LEADERSHIP TRAINING	All department	26/8/21–27/8/21

In terms of training hours, the Group carried out 222 (2020: 258) hours of training in total during the Year 2021, the total number of hours of training received by employees was 522 (2020: 1,496) hours and the average hours of training per employee was approximately 0.5 (2020: 1.7) hours. The percentage of employees trained by male and female were approximately 61% and 39% (2020: 78% and 22%) and the percentage of employee category by senior management, middle management and other staff were approximately 2%, 19% and 79% (2020: 1.3%, 3.4% and 95.3%). The average training hours completed per employee by male and female were approximately 0.5 and 0.8 (2020: 1.8 and 1.6) hours and the average training hours completed per employee category by senior management, middle management and other staff were approximately 0.7, 2.8 and 0.4 (2020: 1.6, 2.6 and 1.7) hours.

## Aspect B4: Labor Standard

The Group fully agreed that employing child and forced labour are a violation of basic human rights and international labour conventions, and poses threats to the sustainable development of the society and economy. Linocraft has put in place human resources policies and guidelines in compliance with the relevant employment laws and regulations of the local governments.

The Group will do a preliminary filter before the actual hiring procedure to ensure no child labor taken in the process.

During the Year 2021, the Group strictly complied with the employment ordinance and did not employ any child labour nor forced labour in accordance with the relevant laws and regulations of the local governments.

## Aspect B5: Supply Chain Management

The Group's suppliers are mainly suppliers of raw materials such as paper, facer, glue, chemical and printing plate, as well as foreign worker providers and logistics companies. Linocraft believes that suppliers are one of the key components of Group's business and they play an important role in the manufacturing process. The Group also believes that fostering close working relationships with suppliers is imperative so as to maintain reliable sources of raw material supplies to produce high quality products. The raw materials are procured from several countries such as Malaysia, Hong Kong, Indonesia, and Thailand. In general, the raw materials are ordered based on the yearly projections provided by the customers. The forecasts are reviewed by both marketing and purchasing department on a monthly basis to ensure that sufficient raw materials are procured in time for production. Based on the forecast, the Group places orders for raw materials for production to meet customers' orders. Operations team plans for resources based on production schedule to ensure that adequate manpower is allocated to production lines. The same team also plans logistics support and obtains additional resources from the logistics partners when necessary.

The Group believes that effective communication is the key to maintain a long-term relationship with suppliers. The Group reviews the qualifications and performance of suppliers including background, quality, price, delivery lead time, complaint history, environmental, social risks and financial stability on a regular basis and to take all reasonable efforts to conduct appropriate inspections and checks to current and potential suppliers.

The Group also pays attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices amongst its suppliers and sub-contractors. The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to actively mitigate their environmental impacts during supplier conference.

Besides, we perform close monitoring on the business practices of suppliers or subcontractors through the site visit, news or social media. Any observations of non-compliance will be reported immediately to the management. Corrective action plan will be carried out to remediate the identified risks in a timely manner.

The Group strives to focus on ethical supply chain management while producing a global supply chain. During the Year 2021, the Group has 919 (2020: 1,180) suppliers all over the world, which mostly consists of 578 (2020: 891) suppliers from Malaysia, 265 (2020: 162) suppliers from the Philippines, 16 (2020: 47) suppliers from Singapore and 35 (2020: 41) suppliers from China and 15 (2020: 21) suppliers from Hong Kong SAR. Other source of supplies included United States, Germany, Finland, Indonesia, Thailand and etc. The Group was not aware of any key suppliers that has any significant negative impact on the business ethics, environmental protection and labour practices.

## Aspect B6: Product Responsibility

Linocraft has been awarded the ISO 9001:2015 quality management system certification in provision of printing and packaging products. This certification is a testament to its commitment to delivering products and services of the highest quality to its customers. The Group's management believe that this certification can boost customers' confidence on the products and services provided by the Group.

The Group places strong emphasis on consistently upholding the quality of its products. The Group has in place a quality assurance team which performs checks on different departments' processes on an annual basis, to ensure the implementation of the quality management system requirements of ISO 9001:2015 and own established requirements. The primary duties of the quality assurance team are formulating and implementing systematic quality management policies and standard operating procedures for the Group's operational processes in order to maximise the overall quality consistency of its products; overseeing compliance of the quality management policies and procedures by different departments of our Group; carrying out internal audits to identify areas for improvements; and preparing the results of external quality accreditation audits for discussion in the management review meetings.

The Group has a sales support team that responds to customer enquiries, feedback and complaints. All complaints will be recorded essentially on the internal system which records the details of complaint, monitors the handling and progress of the complaint and records the results of the resolution. The Group is also committed to protecting customer's personal data. All the personal information collected by the Group is strictly used in accordance with the relevant laws and regulations. All of its employees and third-party service providers who have access to customer's data are required to respect its confidentiality.

The Group also is certified with ISO 14001:2015 which specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance and to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability, which provide value for the environment, the organization itself and interested parties. Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include, enhancement of environmental performance, fulfilment of compliance obligations; and achievement of environmental objective.

Top management always plans for the ongoing function of the environmental management. Risks and opportunities of the environmental management in the organization need to be assessed, and environmental objectives for improvement need to be identified and plans are made to accomplish these objectives. Additionally, the organizational processes interact and affect the environment as well as the legal and other commitments that are required for the organization. The operation requirements deal with all aspects of the environmental controls needed by the organizational processes, as well as the need to identify potential emergency situations and fulfilling requirements needed to ensure its function. It includes monitoring and measuring processes, assessing environmental compliance, internal audits, and ongoing management review of the environmental management.

As the Group's operational process does not involve advertising and labelling practices, the disclosure on information relating to advertising and labelling is not applicable to the Group.

During the Year 2021, the Group did not receive any cases of product or service-related complaints and no products were subject to recalls for safety and health reasons.

During the Year 2021, the Group was not aware of any incidents of non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling, privacy matters relating to products and services provided and methods of redress that have significant impact on the Group.

## INTELLECTUAL PROPERTY RIGHTS

Despite intellectual property rights is not considered as a material ESG aspect due to the Group's business nature, the Group has established relevant policies to govern the information technology management within the Group. Also, the IT Department is responsible for obtaining proper licenses for software, hardware and information the Group uses in its business operation. Duplication or downloading of information, software, and images from the internet must be approved by relevant departments. Furthermore, we closely monitor the infringement actions in the market and prevent any infringement behavior, such as counterfeit trademarks. As at 31 August 2021, the Group has two registered domain name in Malaysia and Hong Kong. The Group regularly monitors to ensure that intellectual property rights are not being infringed upon.

Our Group has successfully obtained government and regulators' acceptance filling under Registry of Trade Marks Malaysia in Classes 35, 40 and 42 on 2021, and in the midst of engaging with Singapore's regulator in discussing the potential benefits which is essential to strengthen the alliance between the intellectual property under our specification of Goods and Services scope, and securing consequently sustainable innovation. Innovation is indispensable for sustainable economic growth. Only the emergence and diffusion of new technological improvements can lead to increased efficiency, pollution minimization, waste reduction and increased durability.

## CONSUMER DATA PROTECTION

Regarding customer information and data, the Group always handles it with the highest degree of confidentiality. Instruction with respect to confidentiality is stated in the staff handbook. In other words, employees are well noted about the importance of protecting the privacy of our customers and the Group even before their commencement of work. Our employees are prohibited to reveal or capitalize on any confidential matters or information related to their work and the Group no matter under employment or after termination of their employment. To emphasize the significance of privacy protection, divulging confidential information to any third parties or outsiders without authorization is regarded as a major misconduct and could result in disciplinary actions.

## PRIVACY PROTECTION

The Group recognises the protection of confidential information is the key to its success, therefore protecting confidential data and customers' privacy always remains a priority of the Group. As such, a Data Privacy Policy and data protection controls have been implemented by the Group, for which the corresponding guidelines are established in compliance with the Malaysian Personal Data Protection Act 2010, the Philippines Data Privacy Act of 2012 and the Hong Kong Personal Data (Privacy) Ordinance.

As stated in the staff handbook, the Group strictly prohibits any disclosure and transfer of the Group's internal data to other entities without prior consent from the management. Unauthorised access and misuse of information are also strictly prohibited. Any violations of the privacy policy are major misconduct that shall be subjected to disciplinary action including dismissal and judicial proceedings. The Group also provides employees with privacy training to promote their privacy awareness.

The Group applied sufficient system security to grant access rights to designated personnel according to their job duties and prevent any unauthorised access to our system resources, information and personal data. Any transfer of personal data to a third-party processor is only allowed if the third party agrees to comply with the terms and conditions stipulated under our privacy policy with adequate security measures in place.

In addition, a proper review mechanism has been established to approve any amendment within the system to establish accountability, prevent risks of inappropriate access grants, and decrease uncertainties of potential misuse of data.

### **Aspect B7: Anti-corruption**

Linocraft strictly complies with the local laws and regulations by establishing strict anti-corruption and integrity codes and developing internal corresponding and management systems, which require all directors, management and employees of the Group to maintain a high level of business ethics. Employees discovering any corruption, bribery, blackmail, fraud and money laundering incident must be reported to the Board. All complaints filed are confidential and the Company is responsible to protect the legitimate rights and interests of whistle blower. All reported cases would be investigated in a fair and proper manner and the Group will take necessary actions to protect the rights and interests of the Group and their stakeholders.

During the Year 2021, our directors and employees were given anti-corruption training which includes the “Anti-Corruption Programme-A Guide for Listed Companies” conducted by the Independent Commission Against Corruption of Hong Kong Special Administrative Region. The Group allocates some staff to join the local anti-bribery seminar “the National Seminar: Bribery in Operational Safety Health (OSH). Do we evaluate OSH practitioner integrity?” to bring in the anti-bribery knowledge in fighting the anti-corruption.

Under Group’s Anti Bribery and Corruption Policy stated that the group have zero tolerance towards any form of bribery and corruption as an effort to ensuring compliance with the enacted acts; and, enabling employee’s and persons associated with the Company to understand the associated risks and taking vigilance steps to prevent any wrongdoing or potential violation of the stated act and ultimately to comply with anti-bribery and anti-corruption legislations that applies in any jurisdiction in any part of our operating regions. The current framework and guidelines of anti-bribery and corruption act are clearly defined in our policy. This policy applies to all individuals working at all levels and grades, and also applies to any individuals or organizations come into with during course of their works. All existing employees will receive regular, relevant training on how to implement and adhere to our Group Policy. Our zero-tolerance approach to bribery and corruption had been communicated to all suppliers, contractors, agents and other partners in the outset of our relationships with them and as appropriate thereafter.

In addition, whistle-blowing mechanism has also been established to provide a confidential channel for employees to raise concerns about wrongdoings, fraudulent and unethical acts, and other malpractices at the earliest opportunity. The Group provides protection to the internal whistleblower against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within the Group, to the extent reasonably practicable, provided that the disclosure is made in faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved.

On top of that, the Group’s Whistleblowing Policy is in place with the objective to provide avenue for reporting any acts of wrongdoing to our stakeholders with accorded protection and confidentiality. All concerns/feedback is strictly private and confidential where the reporting can be done through the channel provided and addressed to Human Resource Manager or Director.

During the Year 2021, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees and the Group did not experience any incident of non-compliance with the applicable laws and regulation to bribery, extortion, fraud and money laundering.

## Aspect B8: Community Involvement

The Group recognizes its responsibility towards its stakeholders, community and the environment and considers corporate social responsibility as an important direction for development. The Group understands the importance of achieving economic, environmental and social sustainability for the long term success of its business. The Group sustainability guidelines lay out our principles and actions for managing and performing ethically and sustainably, throughout the Group's operational flow. During the Year 2021, the Group made charitable donations of approximately RM50,000 to Persatuan Cerebral Palsy Johor.

The Group strive to increase involvement on more Corporate Social Responsibility ("**CSR**") role in the future, due to certain restrictions imposed as an outcome of pandemic, some projects are pending imminently namely those involving campaigning and close interaction. The subject deemed to be revised accordingly in-line with the situation from time to time.