



MBM Resources Berhad

Registration No. 199301029757 (284496-V)

# SUSTAINABILITY REPORT 2021

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## OVERVIEW

Having a strong foothold in the Malaysian automotive industry and at the same time pushing ahead with positive developments in the sphere of environmental and social sustainability is indeed a challenge for MBMR Group. The Group is motivated in improving not only its business performance in motor trading and component manufacturing and investing in the skills of employees, but also to the remanufacturing or “second life” of components and the recycling of waste, MBMR seeks to ensure that a model of industrial sustainability is achieved.

### ABOUT THIS REPORT

The Group is currently in the process of reviewing its sustainability approaches and intends to explore various ways/programmes to improve the sustainability practices and performances across the management and operations. For this report, we began embarking on obtaining baseline data to measure and subsequently monitor the impact of our projects and activities, which helped us to determine our performance and progress in areas considered material to our company and stakeholders. Our team believes that developing the

comprehension of where the Group stands in its sustainability journey is essential for identifying potential sustainability opportunities, implementing effective programmes, retaining and attracting talent in our workforce and instilling the sustainability mindset and practices in our corporate culture which meet our values. In this report we will share our three main sustainability pillars - economic, environmental and social.

In preparing this report, we conducted activities involving various groups of stakeholders and priorities through

stakeholder engagement and meeting with the sustainability team at the subsidiary level on materiality assessment and adopting the sustainability guidelines provided by Bursa Malaysia. Although we are still in the process of strengthening our sustainability governance, we have become increasingly aware that more can be done in other segments to reduce the harmful impacts on our business activities. Throughout the journey we had in 2021, we have aimed to drive further ahead towards accomplishing better results to meet our target in economic, environmental and social sustainability.

## ABOUT US

MBM Resources Berhad (MBMR) is an automotive group with diverse investments in distributorship and dealerships of major international vehicle brands and automotive parts manufacturing in Malaysia.

The motor trading segment covers the distribution and trading of motor vehicles, spare parts and provision of related services. The auto parts segment comprises the manufacturing of automotive parts and components, steel and discs, noise, vibration and harshness (NVH) products and provision of tyre assembly services.

### MOTOR TRADING



DAIHATSU



HINO



PERODUA



VOLVO

### AUTO PARTS MANUFACTURING



Autoliv  
HIROTAKA



# CHAIRMAN'S STATEMENT



Our transformation journey over the past years has been a noteworthy one despite the uncertainties faced. We have evolved and continue to improve our sustainability efforts. This includes identifying the key EES topics relevant to the Group and important to our stakeholders. We implemented policies and structural changes in approaching our interim urgencies and long-term sustainability objectives. It was disruptive initially, particularly for the operations to adapt to the changes. Nonetheless, we succeeded, as seen by the positive improvements in efficiency, especially in the areas of operations and governance.

In FY2021, we continued our transformation journey to further strengthen our business growth by identifying internal and external growth drivers. This assisted us in our preparation to be more resilient and agile amidst a market environment of uncertainties.

We acknowledge the increasing importance of Electric Vehicles (EV) as part of the global sustainability transformation. In preparing for our participation in the EV market and the continuation of our transformation, we exercise prudence through various cost management and portfolio rationalisation measures. We have also deployed programmes and KPI measurements to enhance the company's existing productivity and operational capacity levels. These programmes have so far, shown positive results in the motor trading and manufacturing divisions, and we will continue to do so to achieve operational and manufacturing excellence standards.

The transformation we embarked on has also reinforced our commitment to our stakeholders by delivering meaningful values to them. At the same time, we are also looking to improve our market leadership position and continue rewarding our shareholders with better returns. This is done with the commitment to creating sustainable values for our people, customers, suppliers and the local communities. To further enhance these sustainable values, the Group also look at investments in technology, expanding our service offering, and developing a more customer-centric approach to operations.

Gradually, more efforts will be put into being more responsible for our environment including successfully embarking on a renewable energy project in 2021. This will hopefully bring long-term economic and environmental benefits to the Group besides achieving a significant milestone in upholding our commitment to EES practices.

Overall, our sustainability approach and long-term engagement have helped us in guiding our policy towards being innovative and creating significant values for our diverse stakeholders. Our people have always been the main driver of our business growth. We believe by empowering them through different initiatives and approaches would help MBMR towards becoming a more dynamic organisation. In 2021, we remain focused on talent development and retention while catalysing growth within the organisation. We always believe that any action regardless of the size and magnitude can make a significant difference. Sharing our prosperity is one of the best ways to make a difference in the community. In 2021, MBMR Group supported the fight against hunger through its contribution of RM300,000 channelled to five non-profit organisations which are actively involved in providing basic need to those affected by economic uncertainties caused by COVID-19. In addition, our subsidiaries have also contributed to providing food supplies and participated in voluntary activities to help COVID-19 and flood victims.

I take this opportunity to express my heartfelt appreciation to our shareholders, customers, business associates, suppliers and our people for the support and commitment given throughout the challenging year of 2021.

I would also like to thank the management team for their strong leadership and teamwork. As we move ahead, I believe that every one of you will continue to give your full dedication and commitment in making MBMR a resilient and robust organisation to attain a sustainable future.

I would also like to extend my sincere appreciation to our Board of Directors for their valuable support and guidance throughout this time. Their commitment, hard work and ideas have contributed in making what MBMR is today. Our unity will triumph over all hardships and reinforce our growth sustainably.

Last but not least, thank you to our people in MBMR for their dedication, hard work, togetherness and trust in this Group.

Thank you.

**Y. Bhg. Datuk (Dr) Aminar Rashid Bin Salleh**  
*Chairman*

## OUR GOALS

The pandemic has significantly changed our business activities. However, it has never stopped us from continuing to progress in meeting our 2021 sustainability goals. Business progression has always been highlighted as the driver to push us to accelerate further in developing our business by integrating the strategy with our sustainability goals. This includes planning our products' range development and innovative service offerings, expanding our product's market shares and strengthening our engagement with all our shareholders and stakeholders. Our committee has identified the sustainability goals which we affirmed to safeguard the shareholders' investment and to provide a safe and secure living environment to the community. Also not forgetting to ensure that our people's safety and health are secured in a safe working environment.

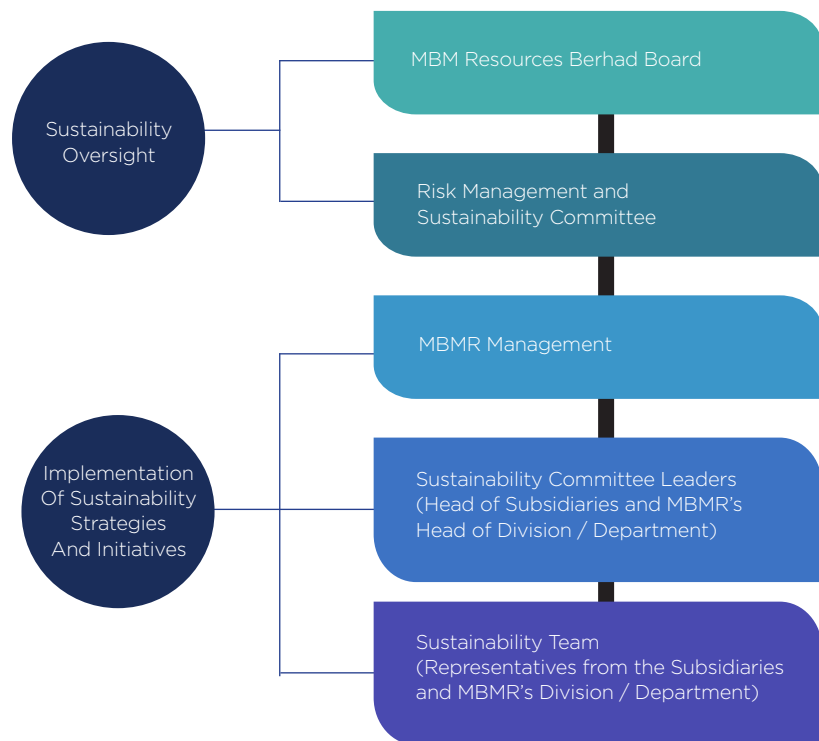
With the full support of all the subsidiaries, we have targeted the main areas from the four main pillars of sustainability. In this report we share the details of our commitment and goals to ensure continuous efforts from everyone in the Group. To meet these goals, our team has set the right measurement for monitoring their targets which will then be reported to the Board.

Every year, we will revisit our sustainability goals to ensure that each target is realistic and effective in improving our sustainability development.

## OUR SUSTAINABILITY GOVERNANCE

Towards the end of 2021, the MBMR Group took an important step towards demonstrating our commitment to our sustainability objectives and initiatives. The MBMR Board of Directors ("the Board") established the Risk Management and Sustainability Committee ("RMSC") with, inter alia, responsibilities for oversight of the Group's sustainability policies, programs and practices. The Group also appointed a senior executive to develop, implement, monitor and report on the Group's Sustainability Framework to the RMSC and the Board. The Group's sustainability practices are guided by a governance structure that promotes accountability throughout the Group.

The Group's sustainability governance structure is as below:



**MBMR Board of Directors:** The Board has the ultimate responsibility to oversee the sustainability matters for the Group.

**RMSC:** The RMSC is responsible to assist the Board in providing oversight on the governance of sustainability for the Group including setting the Group's sustainability strategies, priorities and targets. In addition, the RMSC is also responsible to ensure that the Group's sustainability strategies and performance are aligned

with the Group's sustainability priorities and targets.

**MBMR Management:** The MBMR Management led by the Group's Chief Executive Officer is responsible to lead the integration of sustainability into the Group's business and operation. The Management is also responsible to drive and manage the Group's sustainability performances in line with the Group's sustainability priorities and targets.

**Sustainability Committee Leaders:**

The Sustainability Committee Leaders consist of the heads of subsidiaries as well as the heads of division/department. The Sustainability Committee Leaders are responsible to ensure that the implementation of sustainability initiatives and strategies is in line with the Group’s sustainability targets and to ensure timely reporting of sustainability matters from the respective subsidiaries or division/department.

**Sustainability Team:**

The Sustainability Team consists of representatives from the subsidiaries and division/department. The Sustainability Team is responsible to assist in the coordination and implementation of the sustainability initiatives in their respective subsidiaries and divisions/department. They are also required to provide information and data on the subsidiaries or division/department’s sustainability performance.

**ENVIRONMENTAL**

At MBMR, we recognise that every one of us produces negative and positive effects as a result of our daily actions. Be it our consumption or our daily activities related to nature, energy, water or even a tiny movement that is inevitable in our daily life. In every report, we continually stress the importance of this awareness, especially among our people and our community. The environmental objectives are set centrally at MBMR, but each member of the Group is responsible for improvement measures implementation. Hence, clear communication, strong leadership and solidarity are vital to achieving our objectives.

With sustainability emerging as a defining issue of our time, the Group essentially understands the importance of the environment. We focus on balancing our business to promote economic growth and being more responsive to environmental needs. This includes improving our manufacturing process to reduce waste, alternating to recycle materials in manufacturing productions, localising resources, enhancing

procurement process efficiency, and improving customer satisfaction and employee retention levels.

These are not merely operational concerns but have impacts on the Group in its efforts to reduce the Group’s environmental footprints and minimise waste, especially in the manufacturing sector. Our focus has shifted from cost reduction to cost management, covering aspects from operations to decision-making.

As a Malaysian company, we have an inherent interest in supporting the nation’s economy. We believe that we should support the local businesses and the community in general, which in turn will create more employment opportunities and enhance the people’s skills. We encourage local businesses expansion by giving them opportunity and support the local suppliers as part of our supply chain network. By motivating and supporting the local vendors and suppliers, we believe that our contribution will bring substantial development not only to our business but also to other businesses as well. We recognise the benefits of localising our resources and materials used as far as we possibly can in meeting the needs of our businesses.

**Energy Saving**

On a global scale, growth in population is expected to be associated with an increase in demand for resources. As a responsible organisation, we help meet that challenge through our energy-saving initiatives. Since 2019, we have committed to reducing our energy consumption to the optimum level. Within the framework of our economic sustainability, energy consumption has always been monitored because it forms the Group’s largest direct source of carbon emissions. In 2021, our energy consumption was 11,225,155 kWh, a decrease of 8 per cent from the previous year.

In 2021, the Group’s business operations were affected by the temporary closure of manufacturing plants which has been one of the reasons for less energy consumption. Furthermore, our

manufacturing sector, OMI, started the renewable energy project in early 2021, which also helped in reducing energy consumption.

In addition, the unexpected flood disasters in the fourth quarter of 2021 also affected the supply chain. Further, in the third quarter of 2021, the car showrooms and manufacturing production lines were severely affected by the lockdown. The business operations only reopened in September 2021.

We will continue to keep up with our commitment to managing our energy consumption efficiently for the future.

In 2021, our manufacturing successfully embarked on renewable energy. The implementation of solar panels at Oriental Metal Industries (OMI) signifies our determination to explore more energy efficiency and reduce carbon footprint and efficiency in energy consumption. The effectiveness of this implementation result may be immediate as we believe that it will make a difference in many ways, especially in helping us to be more responsible and environmentally friendly.



ENVIRONMENTAL

Our energy and pollution control guidelines are well supported by our teams who have worked on energy conservation initiatives all the time.

Some of the 2021 activities include:

- Changing of non-LED lighting to LED - by departments annually
- Scheduled maintenance and inspection to reduce high energy consumption during start-up.
- Electricity consumption control within the company by implementing timer switches.
- Implement renewable energy / solar panels at our manufacturing plants.

As we usually do in our report, we share the total energy consumption for the entire year and compare it with the previous year's consumption. Savings and utilization are compared as a percentage and compared to the level of output to justify lower or higher consumption. Our efforts to reduce carbon footprint is to fulfil our responsibility toward our people, community and our future generation.

However, energy use may also arise as a result of higher productivity levels. A higher output of goods may impact energy consumption, particularly in the manufacturing sector. We continue to actively explore more options and alternatives that will help safeguard the environment to be safer for all.

**Water**

Water is used at all stages of a product's life cycle. Although it is essential for any industry, it is invaluable to communities and individuals throughout the Group. Even with the abundance of water in Malaysia we should not dismiss it as a valuable resource. Therefore, we always view water conservation as part of the critical issues in our sustainable development.

We often hear about the disruption of water supplies in many parts of the country. In relation to this, we always ensure that our people are responsible for their daily consumption, including planning and managing their water resources. We value each resource

involved in our business through efforts to support the global objective of contributing toward climate change mitigation solutions. We are determined to continue our efforts and share our knowledge to ensure that we work collaboratively to mitigate the impact of water stress.

The issue of water stress was emphasised at Board to reiterate the importance of water conservation. In 2021, the Group used 139,930 cubic meters of water throughout the year. The utilisation shows an increase of more than 21 per cent compared to the previous year. It is noticeable that the consumption was high towards the end of the year after the lockdown period. During this period, the manufacturing restarts its operation at total capacity. Meanwhile, the motor trading after sales operations utilisation increased due to the flood, which involves cleaning the interior and exterior of the vehicles. The increase in utilisation is related to the high operation hours and production level. Although the utilisation may not be significant compared to other industries, it is not an excuse for us to be ignorant and neglect the importance of water efficiency.

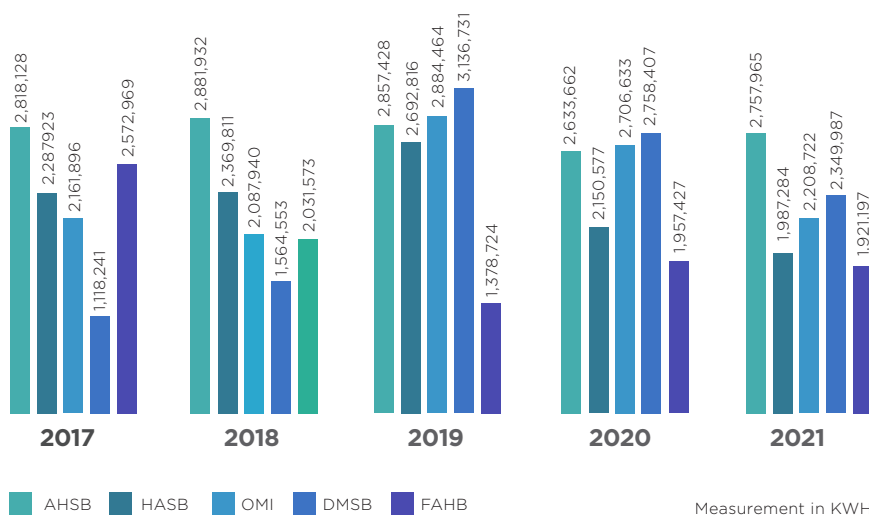
Therefore, we continue to monitor water consumption to achieve our objective of water efficiency. Here are the current water conservation practices implemented within the Group:

- Water treatment for manufacturing operations in HASB and OMI.
- Water recycling for manufacturing chiller systems in HASB and OMI.

**Waste Management**

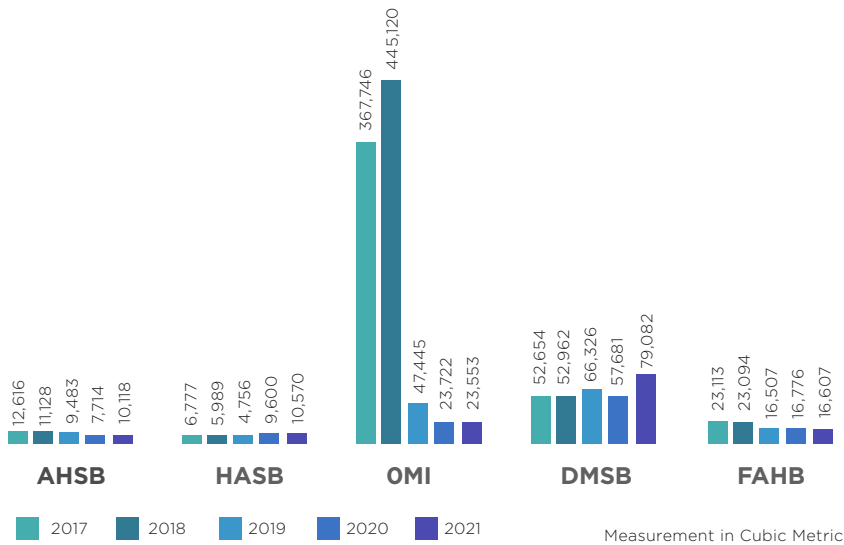
Our focus on waste management efforts is to divert waste from every operation and consumption by our businesses, reduce our environmental footprint and conserve valuable operational resources. We believe that minimising waste goes beyond saving money and the cost of hauling the waste. It signifies the niche leadership of our people and company, which serves as part of our corporate social responsibility.

**Energy Consumption 2017-2021**





### Water Consumption 2017 - 2021



Generally, our waste reduction strategy focuses more on the efficient use of raw material supplies. This not only helps us to reduce the cost of purchasing new raw material supplies and the cost of waste disposal but also reduces the landfill.

Recycling is always the first thing that comes to mind when we think of minimising waste as it is easier to manage. Office waste is often recyclable, but this will need efforts from everyone in the organisation. Our team has been practising

a comprehensive office recycling strategy that can help businesses to send zero to landfills. Therefore, here are some of the initiatives that were implemented, monitored continuously and applied to meet this goal.

For the past years, MBMR Group has continued its efforts to minimise waste and the following are some of the continuous activities carried out in 2021:

- Ban plastics usage including

disallowing bottled water/drinks to be taken into the workplace.

- Reduce scheduled waste especially chemical or oil spills at the workplace.
- Wastewater treatment.
- Recycling paper for the production of goods.
- Reinforce policies, regulations, incentives and financing structures to support the implementation.

### ECONOMIC

In MBMR, we aim to produce and retail our products and services to remain profitable and manage our resources efficiently and responsibly to ensure that our businesses continue to operate in a sustainable manner.

With sustainability emerging as a defining issue of our time, the Group essentially understands the importance of this issue in the current agile operating environment. We focus on doing business to assist to promote economic growth for the benefit of our shareholders and stakeholders. Part of our approach in doing so is to improve the Group's sustainability performance across the value chain. This includes improving our manufacturing process to reduce waste, alternating to recycle materials in manufacturing productions, localising resources, enhancing procurement process efficiency, and improving customer satisfaction and employee retention levels.

These are not merely operational concerns but have a wider impact on the Group in its efforts to reduce the Groups' environmental footprints and minimise waste, especially in the manufacturing sector. Our focus had shifted from cost reduction to cost efficiency, putting into account the impact pervading all the decision making across the Group.

As a Malaysian company, one of our directions is to support the nation's economy. We believe that we should support the local businesses, which in turn will create more employment opportunities and enhance the people skills. We encourage local businesses' expansion by giving them the opportunity and support the local



## ECONOMIC

suppliers as part of our supply chain network. By motivating and supporting the local vendors and suppliers, we believe that our contribution will bring substantial development not only to our business but also to other businesses as well. At the top of this mission, we realise the benefits of localising our resources and other several benefits such as quality control especially when there are issues with the supplied materials that need inspections. Another benefit of localising resources is that we indirectly support the nation's economy by creating opportunities for the local suppliers and making them more enterprising. These are some of the benefits that we can achieve by localising our needs.

## SOCIAL

While our discussions on sustainability focus on economics and the environment, social has never been left behind in our sustainability practice. We become increasingly aware of the challenges of fragility, persistent inequality and racial discrimination, we integrate our social sustainability by understanding how our business can impact our people and the society at large.

In MBMR, the field of social sustainability refers to our care for our stakeholders. It is part of our care to understand our stakeholder's economic wellbeing, safety and health and needs, which we promote through activities held for them. This signifies the importance of our role in promoting the company's core value toward our stakeholders including engagement with the community and extending support during the time of crisis.

Our focus on creating a sustainable and conducive environment that can enhance the wellbeing of our people is managed

through understanding what they need, not only at work but also at the place they live in. It combines the physical world with the social world, including infrastructure, social conveniences, commitment, freedom and people's rights.

As we become increasingly aware of the challenges of fragility, persistent inequality and racial discrimination, we integrate our social sustainability by understanding how our business can impact our people and the society at large.

We ensure our diversity initiatives and social sustainability prioritise the safety and health of our people. Health is one of the greatest components of our social sustainability. We make sure that our employees have access to basic health care by providing them with medical, physical, and moral support. This support includes medical screening, reimbursement of medical claims, group medical coverage, sports programs and counselling for people in need. We remain committed to the physical and mental health of our employees as one of the key factors in contributing to the overall success of our business stability.

Based on the four core values i.e. respect, teamwork, diversity and caring, MBMR Group considers all corporate conduct must be based on the awareness of social responsibility which forms a core component of its management approach. We expect all our subsidiary companies and business outlets under the MBMR Group to manage the governance, economic, social and environmental impact of their actions with responsibility and placing the development of society as a priority. We do not view the scope of our corporate social responsibility as limited to our commercial activities and its impact only, but also to identify the overall level of social responsibility and its priority to

include what is good for society and the environment at large.

Being at the forefront of actions that protect our people, our community and the environment, the fundamental principles underlying our corporate social responsibility practices are:

- Discrimination within the Group based on race, religion, gender, age, political opinion, language, physical challenge or similar grounds shall not be tolerated. We strive to ensure that our people of different beliefs, views and opinions, work together in harmony by creating a positive and cordial work environment that enhances cooperation and prevents conflict.
- Safety and health play a significant role in the quality of life and success of our people. At the same time, we continue to believe that everyone deserves to work in a safe and healthy work environment that respects human dignity.
- Ensure people are our greatest asset and we strive to ensure their safety as our primary focus. Human Resources leadership plays an important role in creating sustainable growth. Making sure our people are treated with honesty and fairness; we are determined to create a non-discriminatory, safe and healthy workplace. We strive to promote personal development while maintaining a balance between their private and work lives.

All the above statements are implemented in accordance with the applicable regulations and relevant policies. We also consider the success of companies in CSR activities to be a significant criterion for assessing the overall performance of the company. Moving forward, our social sustainability goal will focus to ensure:

<b>Diversity and Equal Opportunity</b>	<ul style="list-style-type: none"> <li>a. <b>Promote diversity and equal opportunities for all</b> regardless of age, gender, disability, race, ethnicity, religion, economic or other status.</li> <li>b. Adopt policies, including salary and social protection, to achieve greater equality.</li> <li>c. Zero tolerance for any forms of discrimination in the workplace and within the society.</li> </ul>
<b>Safety and Health</b>	<ul style="list-style-type: none"> <li>a. Ensure the safety <b>and health of our employees, surrounding communities and customers</b> are monitored and prioritised. This commitment also applies to the Group's operations and products in which public safety and health are a concern.</li> <li>b. Allocate appropriate resources to minimise and eliminate safety and health risks.</li> </ul>
<b>Staff Welfare</b>	<ul style="list-style-type: none"> <li>a. <b>Ensure remuneration of our people is competitive to the market</b> rate by rewarding them accordingly.</li> <li>b. <b>Not tolerate any form of harassment and abuse</b> including physical, sexual, psychological or verbal.</li> <li>c. Commit to establishing an <b>effective employee engagement platform and programmes</b>.</li> <li>d. <b>Enhance the personal development and skills upgrading of its employees</b> through training programmes.</li> </ul>

**Diversity and Equal Opportunity**

We stand behind the idea that diversity of age, cultures, genders, skills and attributes contributes to the generation of innovative ideas and perspectives. We believe that it is through these added values that enables us to mutually benefit from the common learning, based on the principle of equality and non-discrimination which governs all our actions. However, the diversity of work alone will not improve employee engagement and financial performance automatically. For many years, the MBMR Group has focused on inclusive leadership

and corporate culture which ensure our people have a sense of belonging and equal opportunity to succeed.

We believe that improving gender balance will create a positive impact on our performance culture and make our people more responsive to customer needs. Hence, treating our people equally is important, but treating them equitably is more effective in ensuring our social sustainability. We ensure management fairness to our people and this does not mean everyone is getting the same things

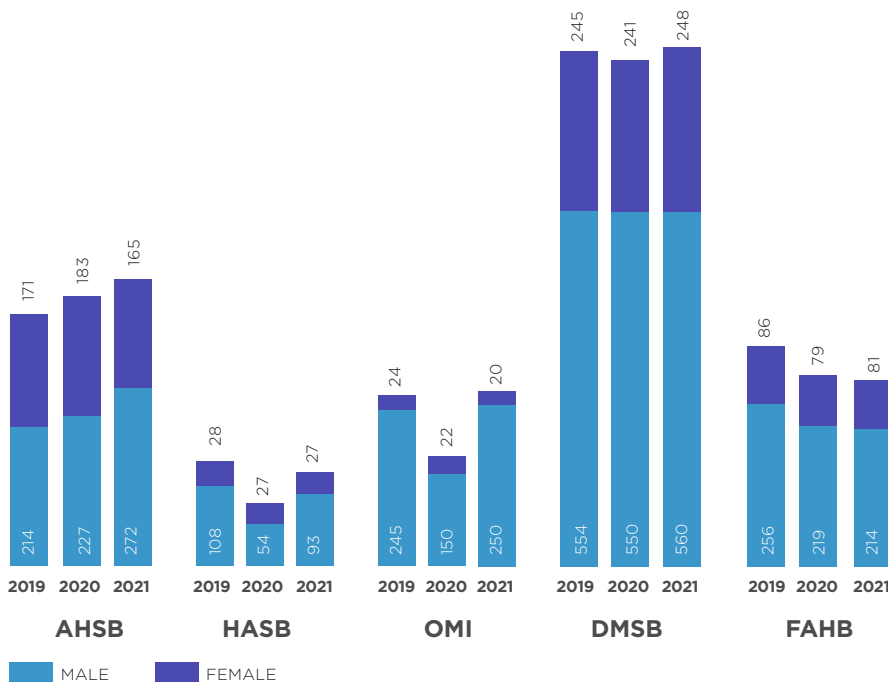
but getting them equally. In MBMR, our social sustainability is about every person getting the right tools they need to be successful i.e., our equity.

Our fair treatment of all our people stands to provide our people with a safe and pleasant working environment that is free from discrimination and harassment. Our aim is always to provide the most efficient and comfortable working environment for our people. The diversity in gender, ethnicity, religion and culture has been one of our strengths in crafting a strong workforce. With the difference in knowledge, abilities, experiences and cultures, our people are more than just someone who knows about themselves but also know about others which in turn, creates respect and sincerity in their professional relationships.

No individual within the Group receives less favourable treatment than others. However, there must be some level of respect and understanding when it comes to human differences, religion, and methodologies which may differ from one another in the Group. Hence, the role of our Human Resources leaders is crucial in aligning this goal to get people along and prosper together.

In MBMR, we always believe having men and women in top management positions serve as important role models for others, which drives further development through exchanging experiences, knowledge and teamwork across the Group.

**Male and Female Employees 2019 - 2021**



**Healthier Workplace**

We recognise that the health of people is fundamental to the success of any business – healthier people tend to be happier, more engaging and productive. We have been working hard towards understanding the health risks to our people by developing strategic, focused and evidence-based responses. The bottom line is that we want to inspire our people and their families to choose a healthier future for themselves.

The outbreak of Covid-19 has changed the global lifestyle and norm. We strive to reduce the impact and meet the needs of our diverse workforce. Keeping everyone safe and healthy is a new challenge for the management in balancing the economic growth and the improvement in our people’s safety and wellbeing. Strict Standard Operating Procedures (SOP) and health monitoring processes have helped us in keeping our people feeling secure and safer. These measures taken may be drastic for some of us but it protects our people’s health and safety, which has always been our top priority.

Our sustainability and management teams have ensured our people are well taken care of and disciplined in following the safety guidelines during this crisis period. Below are some of the measures which we practise continually until today.

- Wearing of masks at all times and gloves if needed.
- Adhering to the provided SOP.
- Pre-entry health and thermal screening.
- Ensuring social distancing at work or even during rest hours.
- Implement workgroups rotation to ensure workspace distancing.
- Encouraging our people to frequently and thoroughly sanitise their workstations.

Concurrently, we also motivate and assist our employees in choosing a healthier future for themselves, their families and the company. In 2021, we continuously promote health and wellness to our people by proving online programmes such as Well@Work which are conducted by

professional health training. The training promotes a healthy and balanced diet, active lifestyle and time management. Another program conducted was on financial health called Financial Wellness, which encourages our people to be more responsible for their financial management and to be wiser in their lifestyle expenditure.

This approach is based on the principles of respecting one’s privacy and personal choices, making informed decisions, and supporting a healthy workplace and safe working environment.

**Talent Retention and Development**

Since 2020, the COVID-19 pandemic has transformed world normality in a unique way. Without exception, MBMR was also disrupted by uncertainties caused by the pandemic particularly on our people’s health, safety and wellbeing. Due to the high number of infections in our operations and living areas of our people, the management encourages remote working



as much as possible and allows our people to work from home. We continue our efforts in providing safety measures at our business offices, factories, showrooms and service centres. We ensure our workplaces are as safe as possible for our people and offered self-test kits and hand sanitisers, as well as educating our people on self-quarantine or also known as “Amalan Kendiri” and other measures announced by the authorities from time to time.

Our subsidiaries also offer support to the families affected by COVID-19 by sending food supplies to their homes. Daily monitoring updates are also reported to the management to ensure our people are well monitored and supported during these difficult periods.

Our commitment in supporting our people is not just about hiring them as part of our family; it's also about ensuring that business opportunities are not left behind. During the pandemic, we intensified online training to ensure the continuity of our personnel training and development programmes.

As our business landscape changed and was driven mainly by cyberspace, it became imperative that we improve our people's performance in this ever changing market environment. The general term of “staff training and development” is not just an added benefit to our employees, but is also vital towards the company's growth and sustainability.

Competitiveness in leadership and confidence can effectively influence the performance of our employees, beyond mere satisfaction of normal achievement. It generates job satisfaction and higher commitment, resulting in overall workforce improvement that will lead to a more profitable business. Management plays its part by ensuring that the training offered is aligned with the company's current trend and future skills requirements that can support the company's goals.

We also offer our people an enriching role and the opportunity to develop their skills and future careers in an exciting environment. As part of the family, it is our responsibility to ensure our people

receive a competitive salary, be rewarded fairly and allowed to grow their knowledge and improve their skills, along with other attractive benefits.

Supporting our people to expand their knowledge and education, MBMR provides exam leave for employees who need to take the day off to attend exams on weekdays. This examination leave entitlement is considered part of the employee's benefits.

In the MBMR Group, learning is a continuous process. Throughout our people's careers, we want to ensure that they have benefitted from continuing professional development and the opportunities to undergo further training and development including securing professional qualifications. It is also important that our people are able to reach their full potential and thereafter considered for the many career development opportunities available within the Group.

**Safety and Health**

MBMR believes that safety starts with awareness and understanding. Educating our people on the importance of safety is crucial and is a priority throughout the organisation.

Good safety and health practices at the workplace is not solely the management's responsibility but also the responsibility of everyone in the Group.

The safety and health standard operating procedures should be the utmost priority and treated as an important procedure to observe. It is, therefore important that training and the latest enhancements in safety and health practices are conducted regularly across the Group.

Leadership, commitment and active involvement have been the cornerstone in improving our health, safety and sustainability performance which includes minimising injuries. Our accident rate is lower by 58% compared to 2020. Total reported accident cases reduced from 12 cases in 2020 to 5 cases in 2021. No fatal



SOCIAL

Injuries were reported during the year. Despite the lower number of accidents, the management team continues to take quick actions to address these accidents by providing training and reminders to our people including the new staff.

We continue to improve our safety standards and measures as shown by the sharp decline in injuries compared to four years ago. We have also noted a few outstanding achievements from around our site's facilities.

As part of our safety and health objectives, we aim to minimise injuries and accidents in the workplace. The wellbeing of our people is of utmost importance, which is why we ensure that everyone is well educated and are aware of the need to minimise injuries.

We always remind our people to be wary of the hazards around them, in the workplace through the following activities:

- Reminders, education and awareness are scheduled in advance on an annual basis.
- Health screening and blood donation program.

- Distribution and supply of face masks and self-test kits to all employees.
- Ensure that all facilities are well maintained and safe to use.
- Continuous communication on safety and awareness such as group briefing, WhatsApp group, email reminders, etc.
- Chemical spillage audit.
- Monthly audit for fire equipment and first aid kit.

Our Occupational Safety and Health officer from each subsidiary will report their activities and incidents monthly to the MBMR risk management officer. This report is monitored and analysed based on the reported incidents. The management team represented by the risk management officer, will review factors including the company's safety and health regulation or policy, implementation of Standard Operating Procedures (SOP), supervision and quality control inspection process, maintenance procedures for machinery/equipment and hazard recognition and control methods.

Programmes that have been carried out throughout 2021 to ensure our people are well guided and educated includes:

- Fire equipment audit.
- BOMBA pump house weekly check.
- Chemical spillage audit
- Forklift training
- ISO 45000 internal audit
- Scheduled waste management
- Oil interceptor maintenance program

**Community Engagement and Corporate Social Responsibility**

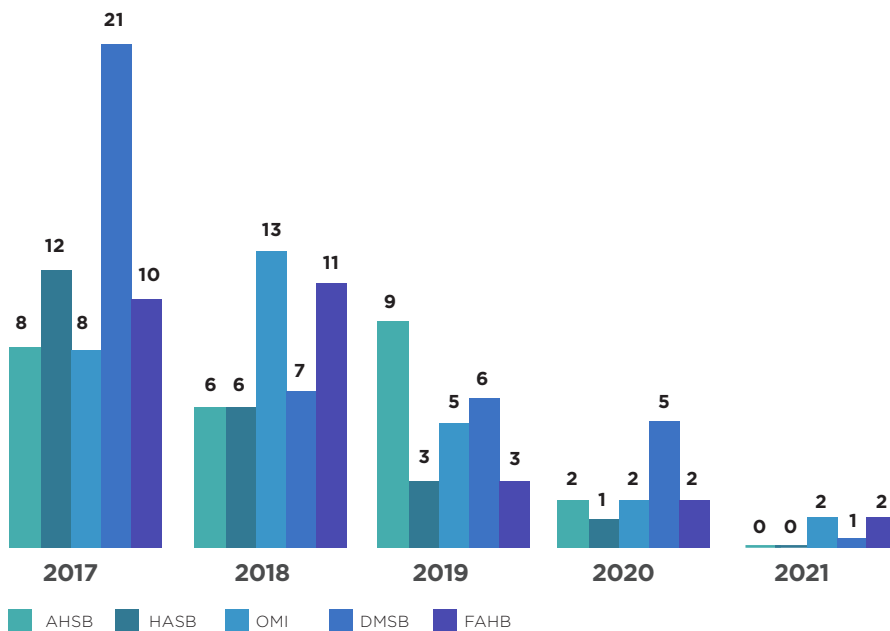
Each year, our Board and Management team review our community engagement approach. It is our responsibility to give back to the communities.

Although the pandemic is now better controlled and the number of cases nationwide has decreased, our community is still struggling to return to normal life. In 2021, as part of MBMR's community engagement campaigns and responsibility towards our community, we have participated in the fight for hunger by contributing RM300,000 to support the community. The amount was channelled equally through five selected non-profit organisations' programs.

While we maintain our commitment to providing philanthropic support to organisations that assist in providing basic needs to the communities in which we do business, we have also identified areas for improvement and plan to conduct more community engagement programmes in the future. We will continue to enhance our program with a very specific corporate social responsibility theme and this will be managed and supported by our new Corporate Social Responsibility committee. Our programmes will be aligned closely with our business which will benefit our shareholders and stakeholders.

As part of our continued efforts, we will always look for opportunities to provide the best support and safety measures to our people and community by sharing our prosperity and safety knowledge. We also need to take a more strategic approach in planning our future investment programmes which are related to all areas of our activities. In doing so, our corporate social responsibility will be to continue its focus on giving back to the community.

**Reported Accidents/Incidents 2017 - 2021**

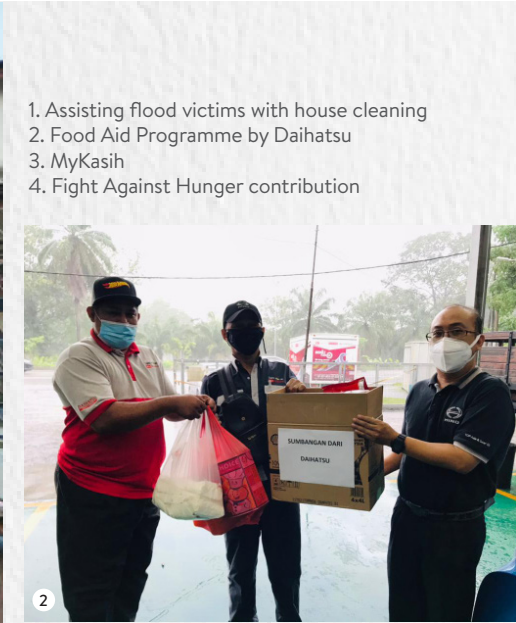


Here are some of the community development activities held in 2021:

Name of Activity		Attendees	Purpose
<b>Spread the Love - Orphanage House</b>	<b>FAHB</b>	Young Executive Council Committee & FAHB Management Team	Giving back to the community by assisting them with basic needs.
<b>Blood Donation Drive</b>	<b>FAHB</b>	Staff, customers, management team, community	Yearly event to help the national blood bank and to promote awareness of a healthy lifestyle among our people, customers and communities.
<b>KRD Food Aid Program for Covid-19 Category A, B and Loss of income</b>	<b>Kelab Rekreasi DMSB</b>	DMSB Management, staff and community	Providing assistance by donating food and other basic needs to affected employees and the community during the pandemic.
<b>PCR Sponsorship</b>	<b>DMSB and Kelantan Local Sport Community</b>	DMSB Staff and Community	Helping the community to get proper PCR and to enhance the company's brand image recognition in conjunction with DMM Sales plan to establish new 3S centre in Kelantan.
<b>KRD Staff Flood Relief Donation</b>	<b>DMMS Jengka, Pahang</b>	DMMS Management and staff	Donating basic needs to flood victims in Pahang.
<b>Daihatsu Flood Relief Program</b>	<b>DMSB</b>	Daihatsu Genuine Parts & Services	Nationwide programme - giving rebates to customers on towing charges and selected parts, extending vehicle parts warranty and providing door-to-door mobile services.
<b>Basic Needs Assistance</b>	<b>OMI</b>	Human Resource Department & Emergency Response Team	Extending basic needs assistance to staff during MCO.
<b>Flood Relief</b>	<b>OMI</b>	Management Team and OMI Staff	Volunteer support to staff and communities that need assistance to clean their houses and providing financial support to the victims.
<b>Orphanage home visit</b>	<b>Rumah Anak Yatim Ulin Nuha, Johan Setia, Klang</b>	Management and staff	Charity drive to share with the less fortunate community. Giving away goodies and necessary items to support the children daily living and education.

SOCIAL

In addition to the aforementioned activities, we will continue to extend our assistance including working with charity organisations and supporting the community.



1. Assisting flood victims with house cleaning
2. Food Aid Programme by Daihatsu
3. MyKasih
4. Fight Against Hunger contribution



**OUR STAKEHOLDERS**

Given the dynamic social, economic and political landscape in which we operate, active stakeholder engagement has always been a key part of MBMR Group's business approach.

Our stakeholders were identified through discussions with the subsidiary's Head of

Company and the management team. Each Head of the Company needs to conduct an internal discussion with all the departmental heads to identify and analyse each of their stakeholders. Their analysis should factor in all the related parties that are directly and indirectly impacted by their business operations

or projects. This includes understanding the impact on the stakeholder, level of involvement in the business or project, their level of influence and interests in the business or project, and frequency of their engagement.



Below are some of the stakeholders identified, their influence and if they are directly or indirectly impacted by our business and operations.

Stakeholders	Influence	Impact
<b>Customer</b>	Highly influential as they are the purchaser of our products and services. Their feedback on products and services improvements is important.	Direct
<b>Shareholders / Investors</b>	They provide funding to ensure the company is well supported to either start-up new projects or to improve certain business areas.	Direct
<b>Business Partners and Associates</b>	Meetings every quarter, board meetings, business plan discussion	Direct
<b>Vendors/ Suppliers</b>	Reliability is high on them as they provide the assurance of the materials and service quality needed by our business.	Direct
<b>Principals</b>	Supplying products and supporting the company with incentives that promote motivation to the employees.	Direct
<b>Employees</b>	Can influence the business decision but within limits. Their roles are important to make sure the operations plan runs accordingly.	Direct
<b>Directors</b>	Play an important role to ensure the company is appropriately managed. Approve the sustainability strategy.	Direct
<b>Management</b>	They make recommendations and decisions that influence the business' activity. Play an important role to ensure the company operation runs smoothly.	Direct
<b>External Auditors</b>	Helping the Group to audit and share their professional and independent view on financial issues. Their review or feedback can influence the management's decision on the issue discussed.	Indirect
<b>Authorities</b>	The government/authority may change or pass new laws.	Indirect
<b>Worker Union</b>	Share their opinion and advice if there is a problem at the workplace. They represent members in any negotiations and discussions with the company.	Indirect
<b>Communities</b>	Able to influence others by sharing their concerns over the business operations which may cause pollution or discomfort to the society around our business operations.	Indirect
<b>Media/Analyst</b>	News coverage of the Group's marketing activities, product launches and other press releases.	Indirect

While the stakeholder list is developing, our sustainability team will analyse it further in the process of identifying and prioritising the list. It is important for us to enhance our stakeholder list and plan on improving our system in identifying our stakeholders for better reporting in the future.

Consequently, we have been reaching out to and working with the existing stakeholders that have been identified by sharing information and gathering feedback on programmes to achieve outcomes that deliver sustainability and development.

Our operations are highly regulated and it attracts interest and scrutiny from many different stakeholders. Hence, our internal structure ensures multiple external relationships for the organisation. This includes our Sustainability team, our customer relationship, our corporate

Here are some of our stakeholder engagements in 2021:

Stakeholders	Engagement	Frequencies
<b>Customer</b>	Communicating with customers to offer products and services. This includes reminding customers of their vehicle service date and following up after service and purchase.	Daily
<b>Shareholders / Investors</b>	Meeting through AGM.	Yearly
<b>Employees</b>	Daily business operations and social interaction including meetings, town halls, and social activities.	Daily
<b>Directors</b>	Meetings and discussions on issues that need direction from the Directors. To give approvals on recommendations and requests from the management.	Quarterly
<b>Management</b>	Interaction with employees and other stakeholders in meetings, discussions or events.	Daily
<b>Vendors/Suppliers</b>	Direct business dealings to discuss product quality, supplies of goods, price negotiations and updating them on new requirements or policy.	Daily
<b>Principals</b>	Discussion on products issues and matters such as product quality, sales and after-sales targets, customer satisfaction, new model launches, etc.	Weekly
<b>Business partners and associates</b>	Meetings every quarter, board meetings, business plan discussion	Quarterly
<b>Non-Government Organisation (NGO)</b>	Engage with NGOs through CSR programs.	Yearly
<b>External Auditors</b>	The yearly audit process involves the management, and employees, especially in operations and finance.	Yearly
<b>Authorities</b>	Vehicle inspections, renewal of business licenses, etc.	Weekly
<b>Employees Union</b>	Discussion with Union and Union leaders on compensation and benefits for the employees.	Yearly
<b>Community</b>	Interaction during physical events, online promotions, and feedback via Facebook messenger and emails.	Daily
<b>Media/analyst</b>	News coverage of the Group's marketing activities, product launches and other press releases. We also conducted analyst briefings for quarter two and quarter four in 2021.	Twice a year



social responsibility and even our Finance team.

These teams undertake regular and proactive engagements with key stakeholders with the aim of gathering information and perspectives on our businesses and operations. Our engagement process provides us with a clear insight into the range of views.

At the same time, we encourage our stakeholders to reach out to us to share their concerns and feedback on our products,

services, business conduct or any matters that are important to them.

MBMR is also working actively to increase stakeholder confidence in the company's performance in every area of our business operations, including market share, financial, management and sustainability.

We encourage all stakeholders who have concerns to raise them with the company through the accessible channels via our company website: [www.mbmr.com.my](http://www.mbmr.com.my).

Here is the platform provided to our stakeholders to ease their concerns:

Platform	Details
<p><b>Websites and Email</b></p>	<p>Our website - <a href="http://www.mbmr.com.my">www.mbmr.com.my</a> provides information on the company's subsidiaries, business partners, associates and updated information on our business performance.</p> <p>Our website has been updated and enhanced to be more interactive and friendly for our stakeholders. Nonetheless, we will continue to improve the website to be the reference point for all shareholders and stakeholders.</p> <p>Our investors, suppliers, contractors and the community can communicate and reach out to us at <a href="mailto:contact@mbmr.com.my">contact@mbmr.com.my</a> or <a href="mailto:inquiries@mbmr.com.my">inquiries@mbmr.com.my</a>.</p> <p>Jobseekers also may submit their interest in applying for any vacant position in the Group by sending their resume to <a href="mailto:career@mbmr.com.my">career@mbmr.com.my</a>.</p> <p>Meanwhile, investors may voice their opinions, suggestions or concerns through <a href="mailto:investor.relations@mbmr.com.my">investor.relations@mbmr.com.my</a>.</p> <p>To ease our monitoring of the whistleblowing matters, we have created a new email, especially for the community that has any disclosure related to inappropriate practices within MBMR Group at <a href="mailto:whistleblowing@mbmr.com.my">whistleblowing@mbmr.com.my</a>.</p>

## MATERIAL SUSTAINABILITY MATTERS

We assess our material sustainability matters on an annual basis through a discussion with all the heads of companies, heads of departments and supervisors on the existing materiality issues. This will help us to identify new issues to ensure that our sustainability strategy is focused on the right areas. We constantly study the best approach in identifying our material sustainability matters including identifying the economic, social and environmental issues that are most important to our businesses and stakeholders. Our new Sustainability Framework established in 2022 has fully integrated the assessment of sustainability matters into our risk management process to ensure that broader sustainability issues are factored in with the risks and opportunities being considered across the organisation.

Any matters that impact our business significantly across the Group, be it cost, risk, productivity, product quality, service, our people or any areas highlighted by our stakeholders are important to us. To date, these findings have led to the identification of 12 key issues as tabled on the next page.

Material Matters	Aspects Included	Explanation
<b>Product Quality</b>	<ul style="list-style-type: none"> <li>• Sustainable products</li> <li>• Quality standards</li> <li>• Certifications</li> </ul>	<p>Consumer behaviour is changing and resources are becoming scarce. We are incorporating the questions of how the procurement, production and use of materials can reduce the disposal section in the waste management inverted pyramid. It is also important for us to ensure that our products meet the predetermined standard by the regulations.</p>
<b>Customer Satisfaction</b>	<ul style="list-style-type: none"> <li>• Customer relations</li> <li>• Service quality</li> <li>• Feedback</li> </ul>	<p>Customers are one of our most important stakeholders and we must maintain an ongoing positive interaction with them to understand their needs and thus provide the best-fitting solutions for them. Only with our customers as partners, can we create a sustainable impact across the organisation.</p>
<b>Policy &amp; Governance</b>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Business ethics and compliance</li> <li>• Human rights</li> </ul>	<p>A well-directed, administered and controlled organisation to ensure its stability and the integration of stakeholders' expectations and interests particularly in the corporate governance: independence of the BOD; the existence of specific committees; etc.</p>
<b>Raw Materials</b>	<ul style="list-style-type: none"> <li>• Resources management</li> <li>• Alternative materials</li> </ul>	<p>All materials are scarce and it is important to well manage their consumption. Scarce materials also mean cost efficiency. Limitation of access to get the materials will lead to the materials being more expensive. Therefore, alternative materials become crucial.</p>
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>• Management methods</li> <li>• Regulators requirements</li> </ul>	<p>An improper solid waste management system may contribute to a worsening environmental degradation of the community. Management is to ensure procedures comply with the regulator's requirements in managing the waste</p>
<b>Corporate Social Responsibility</b>	<ul style="list-style-type: none"> <li>• Recognition of local communities' needs to create awareness of our products and services and ensure their positive impact.</li> </ul>	<p>Our production sites do not carry material risks or have adverse effects on local communities and the direct impact are low. However, engagement with the community and cooperation with them on a local level is important for us to keep our reputation as a good company to the community.</p>
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Usage/consumption</li> <li>• Operation control</li> <li>• Cost-effectiveness</li> </ul>	<p>The energy-related matter is still one of the issues that need to be well monitored. Our management is committed to tackling the challenges to reduce consumption and be more cost-effective.</p>
<b>Staff Welfare</b>	<ul style="list-style-type: none"> <li>• Work-life balance</li> <li>• Health and wellbeing</li> </ul>	<p>A good organisation should be able to allow the employees to enjoy their freedom to learn and grow. Develop a continuous improvement culture and recognise good work or achievements. Compensate the employees by providing a healthy and happy environment.</p>
<b>Safety &amp; Health</b>	<ul style="list-style-type: none"> <li>• Safe workplace</li> </ul>	<p>To care about our people who work for the company and to avoid any risk impacting their health and physical integrity by ensuring a culture of "Safety First", especially in the manufacturing sector.</p>
<b>Employee Relation</b>	<ul style="list-style-type: none"> <li>• Employee management</li> <li>• Training and development</li> </ul>	<p>The broad spectrum of functions and roles within our business requires efficiency in the human resource management process and the possibility to engage, develop and retain employees. Continuous training and skills development are mandatory to keep productivity and quality high.</p>
<b>Government/Regulators</b>	<ul style="list-style-type: none"> <li>• Regulators requirements</li> <li>• Compliance issues</li> </ul>	<p>Other than taking regulatory requirements as compliance matters, it also acts as guidelines to align the business efficiency and responsibility.</p>
<b>Water</b>	<ul style="list-style-type: none"> <li>• Water management</li> </ul>	<p>Our operations are not water-intensive. Yet we need to keep monitoring the water management as it is part of the scarce resources. Sustainable water is a significant topic for society at large.</p>



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