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SUSTAINABILITY REPORT



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BOARD OF DIRECTORS' STATEMENT

The Board of Directors (“Board”) of Duty Free International Limited (“DFI”), together with its subsidiaries (“the Group”), is pleased to present the Group’s fourth annual Sustainability Report for the financial year ended 28 February 2021 (“FY2021”).

FY2021 marked an extremely challenging year for the Group in the wake of the COVID-19 pandemic which caused disruption of an unprecedented scale to global health, social and economic activities. The Group’s business operations, as with most business globally, was impacted by the pandemic. To mitigate the impact of this pandemic, the Group implemented an aggressive cost optimisation plan in April 2020 which included the deferral of non-critical capital expenditures, cost cutting measures on operating overheads and closure of non-profitable outlets. Despite the initiatives and cost containment exercise the Group had put in place, COVID-19 related circumstances have certainly impacted and disrupted the Group’s operations.

Even with the challenges of the pandemic, the Board recognises the importance of a sustainable society through the practice of sustainable management in both the Group’s business as well as the environment and society. Safety measures and protocols were put in place for the Group’s operations and workplace while complying strictly to the regulations and standard operating procedures imposed by the authorities. The Board has overall responsibility for sustainability and incorporates certain key Environmental, Social and Governance (“ESG”) issues in its strategies. The Group’s sustainability efforts, guided by the Board and assisted by a sustainability working group, continuously identify, address and manage key material ESG factors that are material for the continuity of the Group’s business. The disclosures in this report detail the Group’s efforts in managing the key ESG issues in the Group.

We would like to take this opportunity to record our appreciation for each and every healthcare worker and enforcement personnel who are working hard to curb the spread of COVID-19. We also wish to convey our heartfelt appreciation to all our partners and stakeholders for their support and trust in DFI. The extraordinary dedication, co-operation and esprit de corps manifested by the management and employees working together as one family has enabled the Group to ride through this difficult year. We would like to express our gratitude and applaud them for their dedication and commitment to the Group.

Board of Directors
Duty Free International Limited

ABOUT DUTY FREE INTERNATIONAL LIMITED (“DFI”)

Duty Free International Limited (“DFI”), together with its subsidiaries (“the Group”) is the largest local duty-free retailing group in Malaysia with more than 42 years of experience and a strategic presence at all leading entry and exit points in Peninsular Malaysia. The Group operates duty-free retail outlets/complexes and trading outlets throughout Peninsular Malaysia including Johor Bahru, Bukit Kayu Hitam, Kuala Lumpur International Airports, Senai International Airport, Padang Besar and Langkawi.



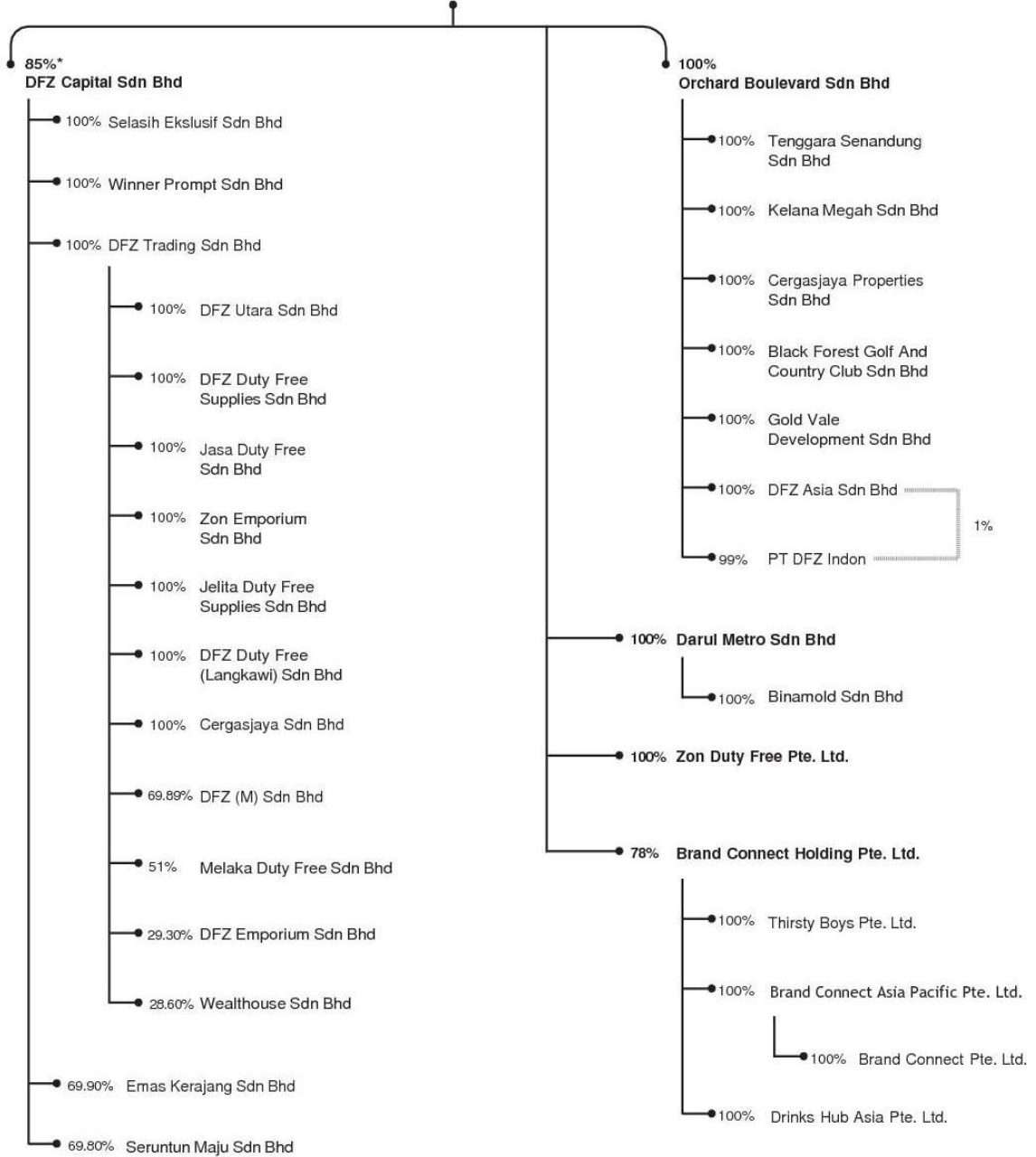
DFI's core value is providing travellers with an exclusive duty-free shopping experience beyond their expectations by delivering the highest standards of customer service, retail execution and an extensive premium selection of international brands of imported duty-free beverages, tobacco products, chocolates and confectionery products, perfumery, cosmetics and souvenirs.

In addition to the Group's trading of duty-free goods and non-dutiable merchandise, DFI owns the Black Forest Golf and Country Club and an oil palm plantation which are strategically located near the Malaysia-Thailand border at Bukit Kayu Hitam.



Duty Free Outlet at Langkawi, Pantai Cenang

Corporate structure as at 28 February 2021



* Represents 85% equity interest in DFZ Capital Sdn Bhd ("DFZ") less one DFZ share.

ABOUT THIS SUSTAINABILITY REPORT

DFI understands the importance of communication with stakeholders. This Sustainability Report is DFI's fourth annual reporting and provides a comprehensive and detailed report on non-financial information for a wide range of stakeholders. The report is organised by the material topics which cover the economic, environmental and social development aspects relevant to the Group, which forms the foundation for DFI's long-term value creation.

The material matters relating to DFI's stakeholders are depicted in the materiality matrix. These key material matters have been determined following internal consultations with the management and both internal and external stakeholders.

REPORTING SUITE AND FRAMEWORK

This sustainability statement forms part of DFI's annual reporting suite for the financial year ended 28 February 2021 ("FY2021"), which includes the Annual Report and Financial Statements. Together, these documents provide a comprehensive report of the Company's performance, activities and outlook. They also contain detailed disclosure of the management of sustainability risks and opportunities within environmental, social and governance (ESG) parameters.

REPORTING SCOPE AND BOUNDARIES

Information in this report covers DFI and its subsidiaries for which DFI has managerial control. This coverage corresponds to the Corporate Structure as illustrated in page 5 of this report. No information or data from previous reports have been restated.

The report highlights the material matters relating to DFI's stakeholders as depicted in the materiality matrix. This matrix graphically represents key material matters that were determined through internal consultations with the management and both internal and external stakeholders.

REPORTING PERIOD

This disclosure includes all information and data pertaining to activities undertaken from 1 March 2020 to 28 February 2021 unless otherwise stated. The Group's last sustainability report was published on 30 July 2020.

REPORTING PRINCIPLES

Sustainability principles are implemented in DFI's business. The Group reports its sustainability performance in accordance with globally recognised standards and principles to help stakeholders make informed decisions in these areas.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core Option and the Singapore Exchange's Practice Note 7.6 Sustainability

Reporting Guide. These guidelines offer the most comprehensive set of sustainability reporting standards.

The principles of stakeholder inclusiveness, sustainability context, materiality and completeness, responsiveness and impact specified under these guidelines help DFI define its sustainability reporting content. The reporting principles of accuracy, balance, clarity and timeliness safeguard reporting quality.

This year, we have also mapped our sustainability focus areas against relevant GRI indicators as well as the United Nations Sustainable Development Goals (UNSDGs) as we embark on our journey towards sustainable development.

The ESG data and information disclosed have not been verified by an independent third party. Data has been obtained from reports generated from internal accounting systems. Internal data monitoring and verification have been relied on to ensure accuracy. This statement has been approved by DFI's Board of Directors.

FEEDBACK

We welcome stakeholders' feedback on our sustainability efforts as it helps to improve our future sustainability reporting and performance. If you would like to get in touch, please contact office@dfi.com.sg.



SUSTAINABILITY AT DFI

FY2021 was a challenging and difficult year for the Group and for all travel-related industry. The COVID-19 pandemic severely affected global health, social and economic activities across the world. It highlighted the vulnerability of our current economic system, exacerbated socio-economic challenges and reinforced the need to accelerate the sustainability agenda. However, it was also a unique opportunity to demonstrate solidarity, the strength of DFI's team spirit and our ability to respond to challenges successfully.

Sustainability is integrated into DFI's business and its commitment to the triple bottom line of responsible economic development, environmental and social performance. It is an inherent element of DFI's business strategy, targeting its sustainable and profitable growth. DFI's Economic, Environmental, Social and Governance ("EESG") engagement focuses on four key areas where the Group can maximise the impact within the scope of DFI's stakeholder eco-system and beyond.

Four Key Areas of EESG Engagement



SUSTAINABILITY GOVERNANCE

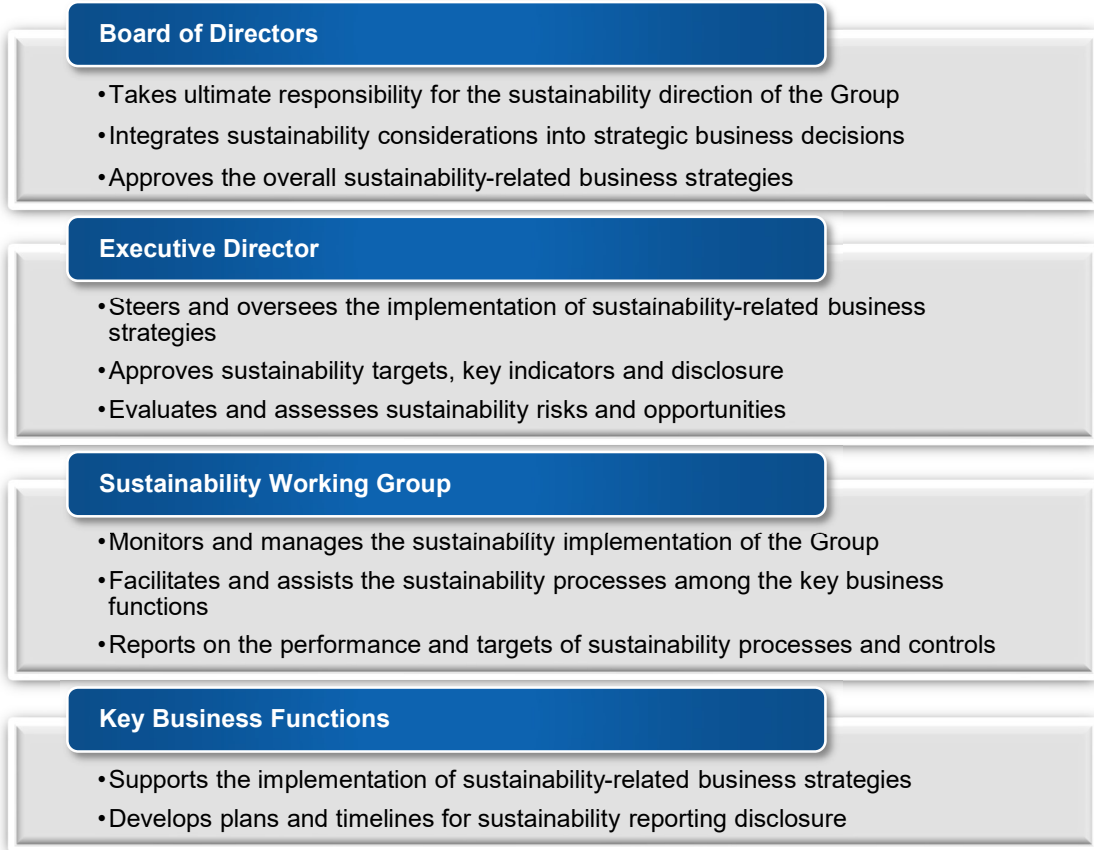
Sustainability is governed at the highest level by the Board of Directors. DFI's sustainability activities and targets are anchored and executed across DFI's functions and operations.

Board members are responsible for overseeing sustainability, operations, systems, operational resilience and the related frameworks and processes. The Board of Directors is the ultimate governing body and oversees the integration of our sustainability agenda and initiatives across the Group. The sustainability agenda is steered by the Managing Director, Executive Director and the Sustainability

Working Group. The Board considers sustainability a part of its strategic formulation and in determining material EESG factors of the Company.

The Sustainability Working Group manages day-to-day sustainability initiatives. It also ensures core business functions are able to complete their plans, meet their timelines and mitigate risks as required.

Sustainability Governance Structure at DFI



Each business area and group function are represented in the Sustainability Working Group. The Working Group prepares sustainability issues related to policies, guidelines and strategy. The business areas and group functions are responsible for implementing these in the business.

ETHICS AND COMPLIANCE

DFI is committed to a culture of integrity and ethical behaviour. The Group’s employees and supply chain partners are held to a high standard of business conduct. An ethical workforce is the cornerstone of DFI’s success. Several governance policies and procedures have been introduced such as the Code of Conduct (“Code”), Anti-Corruption procedures and Whistle-blowing Policy.

Employees must commit to following the highest ethical standards while also familiarising themselves and abiding by applicable laws. The Code sets out expectations for all employees of the Group, which covers topics such as conflict of interest, protection of assets and funds, confidential information, sexual harassment, misconduct, health and safety and compliance with the laws. It emphasises the need for employees to conduct themselves in a manner that surpasses mere compliance with the law. Similarly, the need to comply with the Code extends to our business partners to ensure professionalism and compliance with applicable laws.

Aligning all activities and procedures with clear and strong corporate values builds a powerful image of integrity and transparency.

All employees receive a personal copy of the Code and are required to acknowledge their responsibility for complying with the policies and procedures set out in the Code. Failure to comply with the Code may result in necessary disciplinary action being taken to maintain compliance and fostering an environment where individuals act responsibly and are held accountable for their actions.

Training and communication familiarise all employee with the Group's policy and help reassert their commitment to it. The Code, the anti-corruption policy, customer service and data protection are topics covered in Group training sessions.

The internal audit team assesses the Group's adherence to its ethical values. Various audits assess employee and departmental compliance with policies, procedures, local laws and regulations. Business activities that pose a higher risk to compliance and the Group's reputation are periodically audited such as financial management and reporting, corporate governance, employment issues, supply and capital expenditure transactions and other operational procedures. Any cases or suspected cases of activity involving corruption including bribery and fraud are investigated. The Board is regularly updated on the Group's compliance status.

ANTI-CORRUPTION AND WHISTLEBLOWING

The Group has laid out the policy and procedures as well as provided in-house training to the directors and management team to ensure strong business ethics and compliance with section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"). All directors, employees, managers and executives are constantly reminded to ensure that the Group conducts its business ethically and in full adherence to all applicable laws, rules, regulations.

Our Anti-Corruption Policy establishes adequate procedures to prevent, detect and mitigate the risk of any conduct of bribery or corruption in the Group.

The Group's Whistle-blowing Policy encourages employees to disclose any malpractice or misconduct in the Group that they may be aware of. Any concerns of wrongdoing or corruption can be reported directly to the Audit Committee including the background details, history of events, reasons for concern and identity of the alleged person involved. DFI will investigate all complaints based on the information

provided depending on its severity, reliability and credibility. DFI prohibits retaliation against any employee for making a report in good faith. DFI’s centralised contact point through a dedicated DFI email address safeguards the integrity of these investigations. The Group did not receive any whistleblowing cases during the financial year ended 28 February 2021 through this channel.

Reportable Incidents

Failure to comply with:	<ul style="list-style-type: none"> • legal obligations • relevant financial reporting standards
Abuse of:	<ul style="list-style-type: none"> • power or authority
Serious improper matters which may:	<ul style="list-style-type: none"> • cause financial or non-financial loss to the Group • damage the Group’s reputation
Actions that:	<ul style="list-style-type: none"> • endanger the health or safety of employees • are intended to conceal any of the above

STAKEHOLDER ENGAGEMENT

DFI values stakeholder input and is committed to proactive and constructive engagement with a wide range of stakeholders at local, national and international levels.

Engaging with stakeholders enables DFI to expand the industry value chain beyond the Group’s immediate activities. Meaningful engagement has also helped the Group to improve its sustainability strategies to meet the needs of the Group’s stakeholders.



The primary interests and concerns of stakeholders are considered in the Group's strategy, management decisions and operations. DFI aims to constantly improve the implementation of its stakeholder engagement programme. The interests and key concerns, engagement method and frequency of engagement for the respective stakeholder groups are presented in the following table.

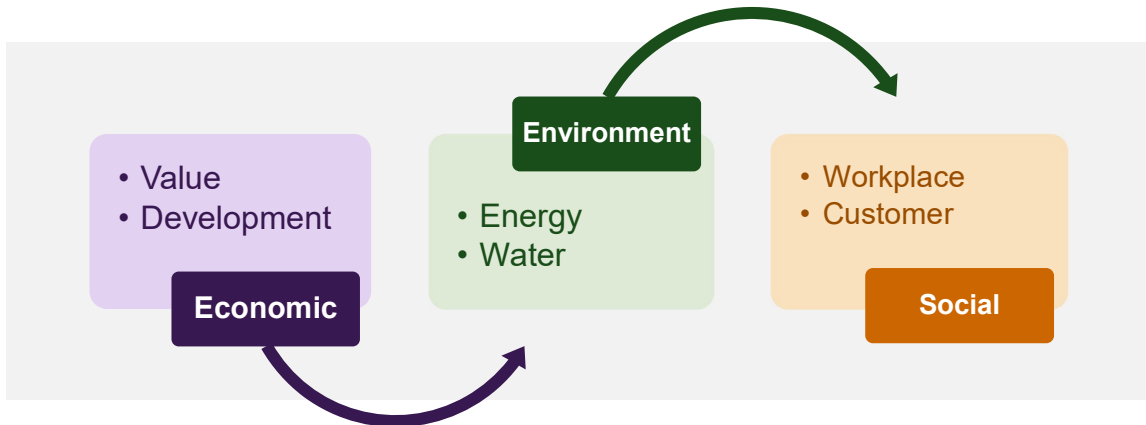
Stakeholder Group	Engagement platforms	Frequency	Interests and Key Concerns
Customers	<ul style="list-style-type: none"> • Corporate website • Feedback forms • Social media • Loyalty programme 	<ul style="list-style-type: none"> • Continuously • Continuously • Continuously • Continuously 	Quality of products and services, product prices and promotions
Employees	<ul style="list-style-type: none"> • Annual performance review • Intranet portal • Email communications • Internal meetings 	<ul style="list-style-type: none"> • Annually • Continuously • Continuously • As needed 	Job-related training and development, work-life balance, employment benefits, performance appraisal and reward system
Board of Directors	<ul style="list-style-type: none"> • Board meetings • Email communications 	<ul style="list-style-type: none"> • Quarterly and Annually • As needed 	Regulatory compliance, economic performance, corporate governance and risk review
Government	<ul style="list-style-type: none"> • Formal meetings • Dialogues 	<ul style="list-style-type: none"> • As needed • As needed 	Regulatory compliance, economic performance, and societal welfare
Investors	<ul style="list-style-type: none"> • Media release • Investor relations roadshow • SGX* announcements • Dialogues • Annual Reports 	<ul style="list-style-type: none"> • Quarterly • As needed • Quarterly/as needed • As needed • Annually 	Regulatory compliance, financial performance, new development of the Group return on investment and dividend distribution
Suppliers	<ul style="list-style-type: none"> • Meetings and dialogues • Email communications • Trade fairs and events 	<ul style="list-style-type: none"> • As needed • Continuously • Annually 	Product knowledge, events, partnerships, compliance and performance against contract terms
Financiers	<ul style="list-style-type: none"> • Financial reports • Regular meetings 	<ul style="list-style-type: none"> • Annually • As needed 	Compliance with financiers' terms and conditions and financial performance

MATERIALITY ASSESSMENT

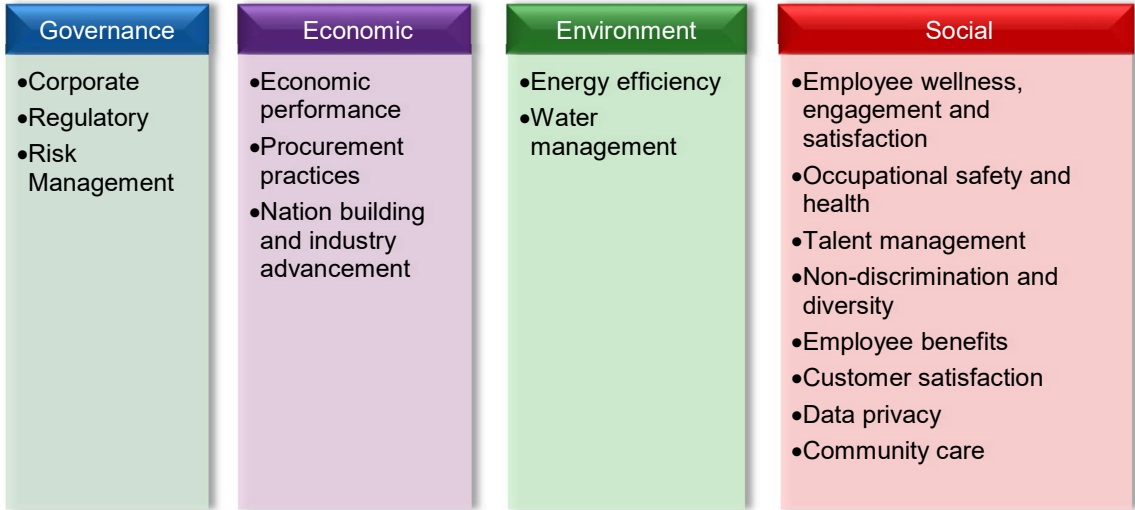
Materiality assessments are the backbone of sustainability reporting. They help the Group to identify material issues which matters most to the Group’s business and stakeholders. DFI has adopted the following process for its materiality assessment:



The carefully planned and executed process allows the Group to align internal and external perspectives, identify areas for potential optimisation and further develop the sustainability-related management approach and reporting.

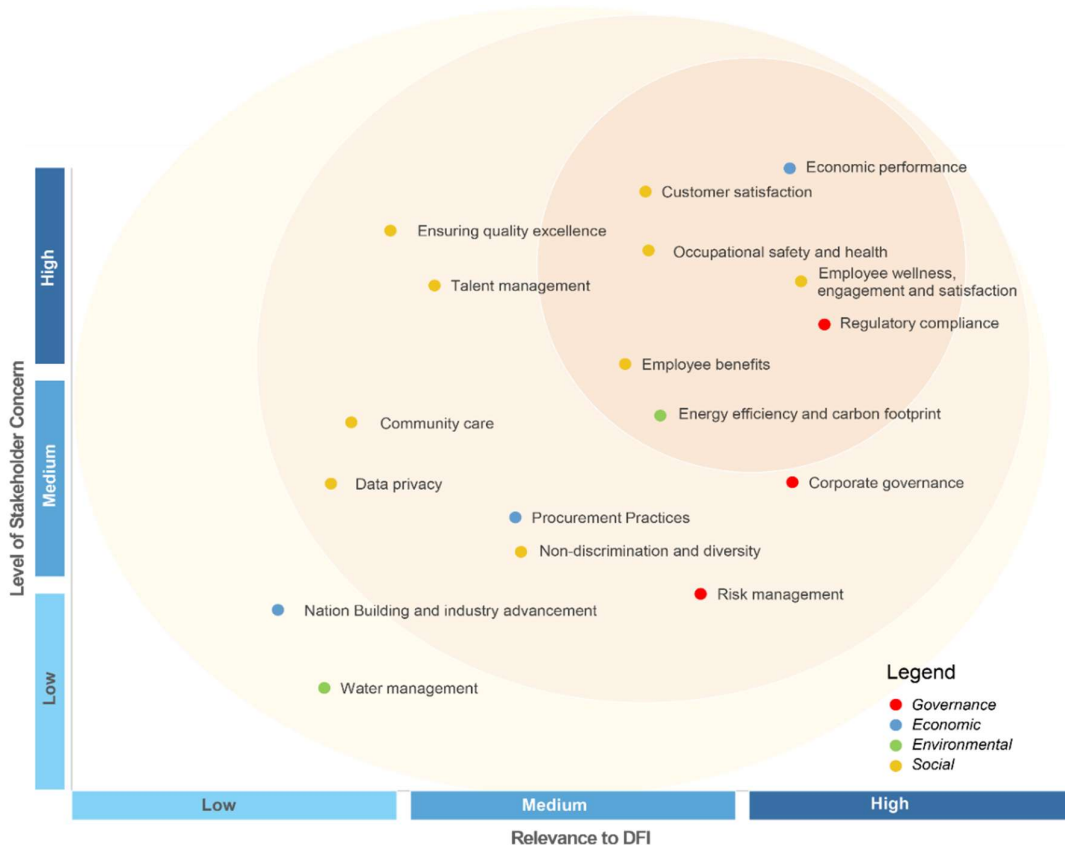


DFI commissioned an external consultant to conduct a materiality assessment in the last financial quarter of FY2020 to identify the material sustainability topics from both the Group and its stakeholders’ perspectives. The main stakeholder groups included in DFI’s materiality assessment and the subsequent definition of the topics are employees, customers, suppliers, investors, financiers, media, local communities, government, regulators, certification bodies and other formal organisations. The sustainability topics identified for the materiality assessment covers the following topics:



Material sustainability matters were plotted on a materiality matrix. This matrix shows their relative position according to the degree of stakeholder interest and potential business impact. The materiality matrix formalises our approach to reporting and prioritises our responsible business efforts. Following a review in FY2021, the materiality matrix was deemed current and relevant to both the businesses and the external environment.

DFI Group Materiality Matrix








MAPPING OUR SUSTAINABILITY FOCUS AREAS AGAINST THE UNSDGs

Adopted by all United Nations Member States in 2015, the 2030 Agenda for Sustainable Development shared 17 Sustainable Development Goals (SDGs). These SDGs are a blueprint for peace and prosperity for people and the planet. Ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, spur economic growth while tackling climate change and working to preserve our oceans and forests.

DFI supports the United Nation’s 2030 agenda and contributes to some degree to SDGs which addresses economic growth, social inclusion and environmental protection. DFI’s sustainability framework concentrated on areas that:

- Have the greatest positive impact on the environment and communities;
- Improve associate engagement;
- Address the major risks and compliance requirements; and
- Are important to customers, suppliers and other stakeholders.

Focus Areas	What We Do	Relevant GRI Indicators	Relevant SDGs
People	<ul style="list-style-type: none"> • Manage and identify business impacts on employees, workers in the value chain, customers and local communities. • Attractive and safe working environments accorded to employees along with fair and competitive wages. • Mutually respectful working atmosphere that appreciates all individuals. • Employee development through a broad range of in-house and external training and other development opportunities. 	<ul style="list-style-type: none"> • 401-2: Benefits provided to full-time employees • 403-5: Worker training on occupational safety and health • 403-8: Workers covered by an occupational health and safety management system • 403-9: Work-related injuries • 404-1: Average hours of training per year per employee • 404-2: Programmes for upgrading employee skills • 416-1: Assessment of health and safety impacts of product and service categories 	<div style="display: flex; flex-direction: column; align-items: center; gap: 10px;"> <div style="background-color: #4caf50; color: white; padding: 5px; text-align: center; width: 60px; height: 60px; display: flex; flex-direction: column; justify-content: center; align-items: center;"> 3 <small>GOOD HEALTH AND WELL-BEING</small> </div> <div style="background-color: #d32f2f; color: white; padding: 5px; text-align: center; width: 60px; height: 60px; display: flex; flex-direction: column; justify-content: center; align-items: center;"> 4 <small>QUALITY EDUCATION</small> </div> <div style="background-color: #e34a33; color: white; padding: 5px; text-align: center; width: 60px; height: 60px; display: flex; flex-direction: column; justify-content: center; align-items: center;"> 5 <small>GENDER EQUALITY</small> </div> <div style="background-color: #e91e63; color: white; padding: 5px; text-align: center; width: 60px; height: 60px; display: flex; flex-direction: column; justify-content: center; align-items: center;"> 10 <small>REDUCED INEQUALITIES</small> </div> </div>

Focus Areas	What We Do	Relevant GRI Indicators	Relevant SDGs
Planet	<ul style="list-style-type: none"> Committed to environmental aspects by conducting our business in an energy efficient manner. 	<ul style="list-style-type: none"> 302-1: Energy consumption within the organisation 302-4: Reduction of energy consumption 303-5: Water consumption 306-2: Waste by type and disposal method 	  
Profit	<ul style="list-style-type: none"> Create and distribute economic value to stakeholders and ultimately reflecting our commitment to growth through performance excellence. 	<ul style="list-style-type: none"> 201-1: Direct economic value generated and distributed 203-2: Significant indirect economic impacts 204-1: Proportion of spending on local suppliers 205-2: Communication and training on anti-corruption policies and procedures 	 

ECONOMIC



Our Management Approach

DFI's Economic pillar of sustainability include compliance, proper governance and risk management. Economic sustainability requires that a business uses its resources efficiently and responsibly so that it can operate in a sustainable manner to consistently produce operational profit. The policies, principles, commitments, monitoring and control systems below are measures the Group have established to ensure good governance within the Group. DFI goes beyond adherence and compliance. Various mechanisms are put in place to evaluate the Group's performance and identify potential solutions. They include reporting, audit, assessment and training.

Policies, Principles and Commitments	Monitoring and Control Systems
<ul style="list-style-type: none"> • Singapore Financial Reporting Standards (FRSs) • Companies Act, Chapter 50 (the "Act") • Singapore Code of Corporate Governance • Requirements by Singapore Stock Exchange on sustainability disclosures • Code of Conduct 	<ul style="list-style-type: none"> • Financial reporting • Internal audit • Risk assessment • Compliance training • Whistle-blowing

DFI remains one of the largest duty-free trading groups in Malaysia. Its duty-free and duty-paid retail outlets with its premium travel retail brand, The Zon, are strategically located across Peninsular Malaysia. A duty-free retail specialist with over 42 years of experience, as illustrated on page 2 of DFI's Annual Report for financial year ended 28 February 2021 ("AR FY2021"), The Zon has an extensive presence at all leading entry and exit points, international airports, seaports, international ferry terminals,

border towns and popular tourist destinations in Peninsular Malaysia. Together with DFI's subsidiary, Brand Connect Holding Pte. Ltd. and its group of subsidiaries, DFI is able to develop and expand its beverage distribution business and market operations beyond the current sales channels in the Malaysian duty-free market to include Singapore and South East Asia's duty-paid market. All these outlets are centrally managed in Kuala Lumpur and Penang, Malaysia.

ECONOMIC IMPACT OF DUTY FREE RETAIL

Duty free and travel retail contributes significantly to the global economy. The popularity of the travel and tourism industry is one of the primary growth factors of the duty-free and travel retail market. However, the COVID-19 pandemic outbreak took the world by surprise in early 2020, disrupting many lives and causing major economic upheavals, globally. Travel and tourism came to a standstill as a result of massive travel restrictions imposed to contain the spread of the COVID-19 virus. Given the far-reaching effects of COVID-19, especially the movement restrictions, international border closures and other control measures imposed by the authorities, DFI Group's economic performance for FY2021 was also significantly affected. To mitigate the pandemic's impact on the Group's business and ensure the safety and well-being of employees, the Group had to implement tough but necessary cost containment measures which included closing down non-performing outlets, suspending non-essential capital expenditures, downsizing manpower and optimising operating overheads.

The outlook for the coming financial year is expected to be challenging and highly uncertain due to the global economic crisis, travel restrictions and consumers' cautious spending. The duration of the global COVID-19 pandemic is unpredictable; there is no indication of the recovery timeline for the duty-free industry.

Strategic planning, resource allocation and further cost optimisation will help DFI face business challenges. Despite the severity of the COVID-19 pandemic, which adversely affected the Group's performance, the Group continues to maintain a strong and robust balance sheet. The Group will maintain its controlled approach to cost discipline while awaiting travel activities to resume. The Group will also remain viable, cautiously prudent, vigilant and responsive to market changes to minimise the negative financial impact the pandemic has on its core operations.

DFI pursued sustainable profits through revenue generation by contributing to its stakeholders through various activities such as generating employment opportunities and servicing taxes. The Group's value distribution to its different stakeholders is presented in the following table.

RM ('000)	FY2019	FY2020	FY2021
Economic Value Generated*	113,866	83,300	3,294
Economic Value Distributed			
- Employees (Salary and other benefits)	36,720	36,250	21,928
- Government (Income tax)	16,097	13,479	7,519
- Providers of capital (Dividends and finance costs)	75,067	25,315	6,183
- Community (Donations)	3,072	1,110	750
Total Economic Value Distributed	130,956	76,154	31,380

Note: * Represents revenue and other income, net off operating expenses.

Further insights into the Group’s economic performance for FY2021 can be found on pages 42 to 126 of DFI’s AR FY2021.

SUPPORTING LOCAL ECONOMIC DEVELOPMENT

As the largest local duty-free retailing Group in Malaysia, DFI has contributed to local economic development at various business locations. The Group’s operations create value and opportunities by supporting the employment, training and advancement of local residents. DFI’s local economic development practices focus on training, hiring local staff and developing infrastructure. Driven by this ambition, DFI helps strengthen the local socio-economic base, furthering the development of industrial capacity and facilitating skills transfer. More than 99% of staff working at our outlets are local residents.

DFI’s Integrated Approach to Local Economic Development

 <p>Hiring staff from local communities</p>	 <p>Developing local markets by engaging local suppliers, contractors and business partners whenever possible</p>
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DFI’s responsibilities extend beyond its own direct activities by ensuring suppliers of goods and services behave responsibly towards society and the environment. Suppliers and business partners must adhere to the law, stipulated contract conditions and international best practices in respect of human rights, the environment, health and safety, and labour standards.

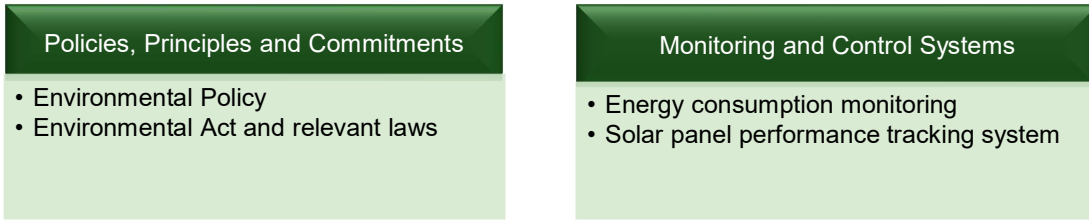
ENVIRONMENTAL



Solar Panel at Bukit Kayu Hitam Outlet

Our Management Approach

Environmental sustainability means that we are living within the means of our natural resources. DFI’s policies, principles, commitments, monitoring and control systems ensure that the Group consumes natural resources at a sustainable rate. The Group complies with all relevant environmental laws. In addition, the Group has adopted a monitoring and tracking system on resources used.



DFI Group’s operational energy consumption has been high in its retail operations outlets, which are located in highly regulated locations such as airports, seaports, international ferry terminals, border towns and popular tourist destinations. Primary environmental aspects are related to energy use and waste generation. DFI’s target is to manage these aspects effectively in order to minimise environmental impact. Fuel use and the energy consumed by outlets, logistics, packaging and other waste are the main aspects considered.

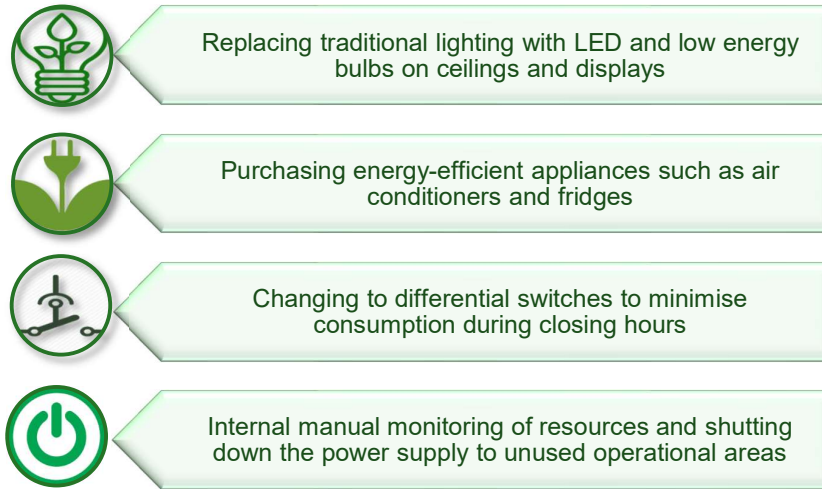
RESOURCES MANAGEMENT

The majority of utilities such as energy and water used in outlets rented from third party landlords cannot be directly changed or influenced by DFI. The Group’s business operations optimise in-store lighting, ambient temperature and compound lighting to create a luxury shopping experience. Food and beverage refrigeration, screen displays and other energy-consuming devices also consume considerable energy.

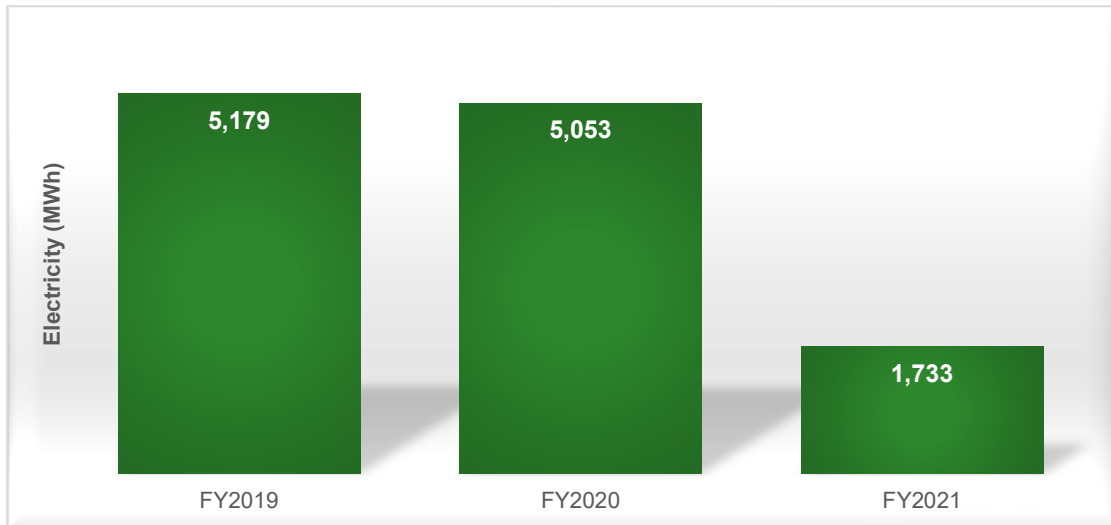
Energy efficiency can be influenced the greatest when redesigning stores such as:

- Substituting traditional lighting with more energy-efficient lighting systems on the ceiling and furniture displays; and
- Using A-rated electronic devices for air conditioning and refrigerators in our stores.

Energy-Saving Measures at DFI



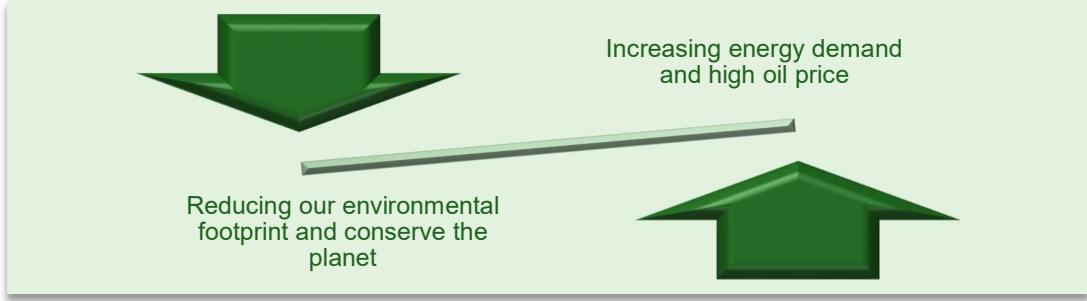
Electricity Consumption at DFI Group



RENEWABLE ENERGY

The Group first installed solar panels at its Bukit Kayu Hitam outlet in FY2019. The Group continued to improve its energy efficiency by installing solar panels at its Padang Besar outlet in FY2020.

Factors Influencing Our Renewable Energy Initiative



Solar power is produced by collecting sunlight and converting it into electricity. Solar energy helps to reduce the Group’s electricity consumption as well as enabling DFI to manage its environmental footprint by using renewable energy.

The installed solar panels’ performance is tracked using a vendor’s photovoltaic (PV) system — Sunny Portal. Key system data can be accessed and analysed remotely in real-time. The monitoring mechanism measures both the overall consumption of internal power and external energy as power is generated for self-consumption.

This energy data is available on a daily, monthly and yearly basis and includes historical data. The system can also detect minor deviations and resolve them quickly. There is also a built-in community portal for DFI to benchmark its PV system data with other peer users.

Description	FY2019 savings	FY2020 savings	FY2021 savings
Solar installed capacity (kWp)	353	565	565
Total electricity generated (MWh)	398	613	491
Monthly average electricity savings (MWh)	41	51	41
Monthly average cost savings (RM)	20,955	25,969	20,835

WATER MANAGEMENT

Lost water equals increased expenditure. Between 30% and 50% of water is lost through ageing infrastructure such as leaking pipes and fittings. As most infrastructure is underground, it is virtually impossible to visually find these leaks unless the water reaches the surface.

The accumulation of losses may be significant and even small leaks may result in considerable losses over time. The Group monitors its water bills and consumption for early leak detection.

Water usage for the Group's operations is considered minimal; however, the Group strive to minimise it whenever possible. Memos and notices are displayed in toilets to remind employees and visitors to save water and turn off taps that are not in use.

WASTE MANAGEMENT

The waste produced by our retail shops is mostly packing materials which are properly disposed of and recycled where possible. We collaborate with sustainability teams at airports and terminals to further improve recycling systems and reduce wastage.

Some of our Waste Reduction Initiatives

- Replace traditional shopping bags with reusable bags
- Coach retail staff to ask customers if they need a bag
- Replace plastic shopping bags with biodegradable recycled bags at certain outlets
- Minimise paper printing, encourage electronic storage of documents and practice double-sided printing
- Separation of waste to assist recycling
- Reusing cartons and pallets used to transport and protect products

SOCIAL



Coexisting with the community and devising ways of expanding our contribution beyond business activities are important parts of being a good corporate citizen. Over the years, we have developed community programmes that deliver our aspirations of supporting fair employment, creating opportunities for young people, helping staff champion causes that are important to them and engaging with local charities.

Our Management Approach

Achieving social sustainability ensures that social wellbeing of a community can be maintained in the long term. At DFI, this comes down to treating employees fairly, delivering excellent shopping experience to our customers and being a good community member. Various policies and principles are in place which set clear expectations for the Group’s employees. The Group also has monitoring and control systems to benchmark the Group’s performance internally and externally.

Policies, Principles and Commitments

- Code of Conduct
- Employee Handbook
- Sponsorship Guidelines
- Training policy
- Employment Act and other labour laws
- Quality procedures and certifications
- Standard Operating Procedure (SOPs)

Monitoring and Control Systems

- Employee performance evaluation
- Grievance mechanism
- Employees satisfaction study
- Customer satisfaction survey

VALUING OUR EMPLOYEES AND PROTECTING THEIR RIGHTS

DFI has provided customers with travel essentials and speciality items in the region for over 42 years. Employees embody DFI’s core values of passion, service, dedication, trust, innovation and teamwork. They bring DFI’s core purpose, of being a traveller’s exclusive duty-free retail provider, to life. DFI’s growth would not be possible without the ability to attract, identify, hire and retain strong talent.

Employees are encouraged to work together and focus on customers, supply chain partners and corporate goals at all times. DFI is proud of the teams’ professionalism and outstanding commitment to providing a first-class service to customers. Collaborating closely with supply chain partners, employees’ team spirit helps builds a strong base for the Group’s continuous success.

DFI offers attractive working environments, interesting tasks as well as fair and competitive wages. Our general working atmosphere epitomises mutual respect and appreciation for the individual. Supporting a broad range of in-house and external training and development opportunities helps foster employee development.

SALARY AND BENEFIT

DFI complies with local labour legislation in all countries of operations. Any agreements that specify remuneration-related matters such as minimum wages and separate supplements such as overtime pay are honoured. Employees receive total remuneration that is aligned with the labour market in the respective country. A fixed base salary is supplemented with allowances and a variable bonus that links total remuneration to performance. DFI also offers a range of benefits including attractive monetary reward, medical benefits, leave, insurance and hospitalisation and other fringe benefits.

Benefits Provided to all Full-time Employees

LEAVE	Annual leave, sick leave, hospitalisation leave, maternity and paternity leave, marriage leave, compassionate leave, calamity leave, rest day and public holidays
MONETARY	Salary, bonuses, allowances, increments, incentives, claims, overtime
MEDICAL	Outpatient treatment and prolonged illness benefits, medical expense reimbursement
STATUTORY CONTRIBUTIONS	Employee Provident Fund (EPF), Social Security Scheme (SOCSSO) and Employee Insurance Fund (EIS) in Malaysia, Statutory contributions to Central Provident Fund (CPF) in Singapore
INSURANCE	Group personal accident (GPA), Group hospitalisation and surgical insurance scheme
OTHER FRINGE BENEFITS	Accommodation, transportation, meal allowance, uniform, employee purchase discounts, handphone allowance, professional association benefits

COMPENSATING OUR PEOPLE FAIRLY

The economic consequences of COVID-19 have been formidable to all businesses globally. The pandemic has also devastated communities and affected people in different ways. As a business, DFI Group has experienced damaging economic consequences, including store closures and job losses. The Group implemented tough but necessary cost containment measures to mitigate the impact of the COVID-19 pandemic such as closing down non-performing outlets, downsizing manpower and optimising operating overheads. In year 2020, DFI Group offered a Voluntary Separation Scheme (“VSS”) and employees applying for the VSS programme were compensated in accordance with appropriate labour laws.

Despite the severity of COVID-19 on the Group’s performance, DFI continues to place the Group’s employees’ well-being at heart. Since year 2011, through its charity arm, Yayasan Harmoni (a non-profit tax-exempt organisation), the Group had set – up “Sumbangan Bantuan Persekolahan”, or school aid contribution, which helped qualified employees with their children’s expenses for the new schooling year annually. A total of 281 employees’ children benefited from this financial aid in FY2021.



Outlet at Johor

TALENT MANAGEMENT

Regularly planning the next career steps with individual employees is an important aspect of a long-term, successful employer-employee relationship. Building constructive dialogue between each individual employee and manager on goals, priorities and personal development is essential. Each employee (100%) receives an annual performance review to evaluate their performance and identify further personal development potential for their next career steps.

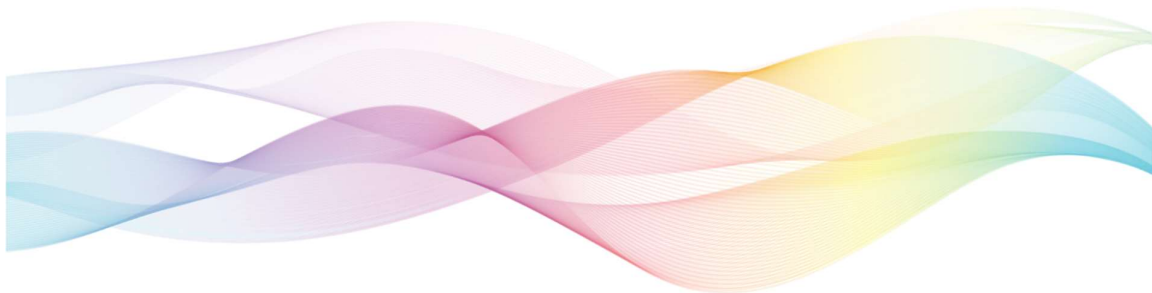
Some employees were transferred and reallocated to other business units or entities due to the temporary closure of shops in FY2021. This approach developed employees' career paths and provided them with experience in other areas of their current division.

DFI is fully committed to empowering its talent at all levels and aims to offer opportunities for employees to grow and develop successful careers within the Group. Unfortunately, most physical training programmes were postponed in FY2021 due to the COVID-19 standard operating procedures (SOPs). Face-to-face seminars, courses and training were all categorised as prohibited activities.

Employees are encouraged to participate in online courses conducted by industry experts to increase their experience and improve their job performance. In FY2021, 1,366 total training hours were recorded covering areas such as regulatory compliance, retail and services, safety and product knowledge.

DFI's training statistics

	FY2019	FY2020	FY2021
Number of training programmes	79	68	22
Total investment in training (RM)	101,176	125,950	9,055
Number of training hours	4,884	9,248	1,366
Average number of training hours per year per employee	6	12	4



EQUAL EMPLOYMENT

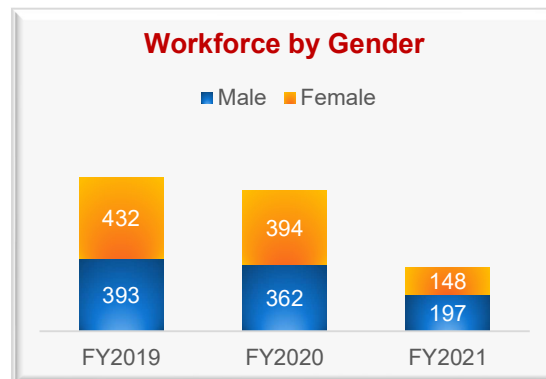
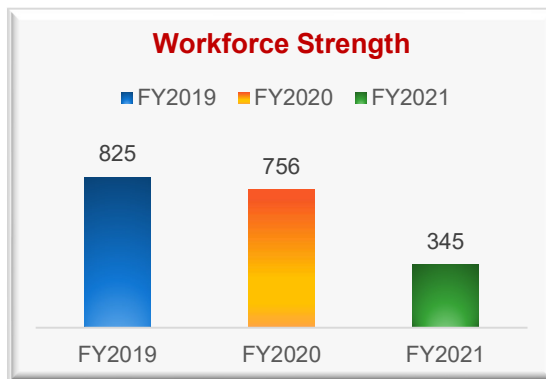
DFI fosters a culture of equal opportunity. Providing equal employment conditions and offering career opportunities without discrimination to all employees are integral parts of our Human Resources policy.

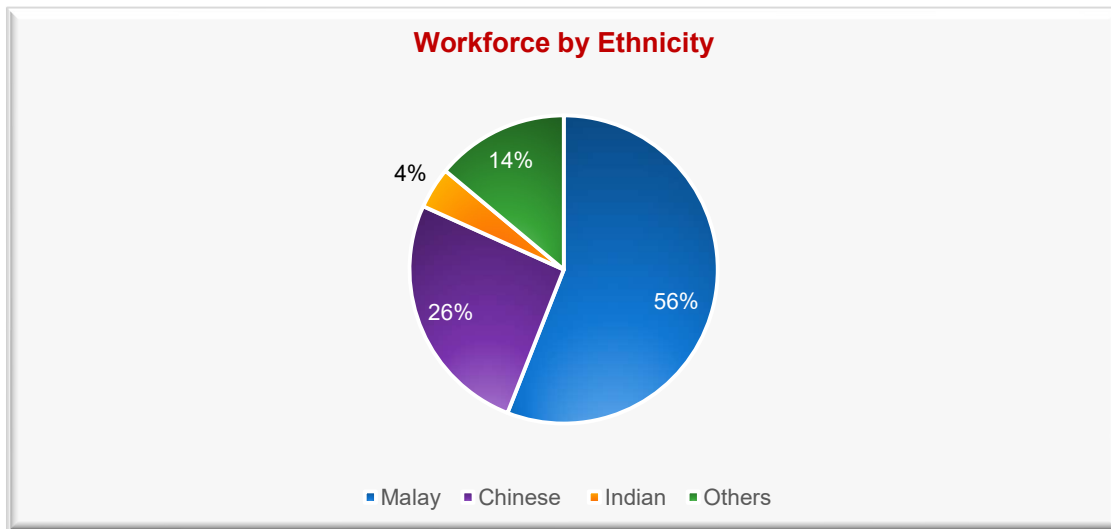
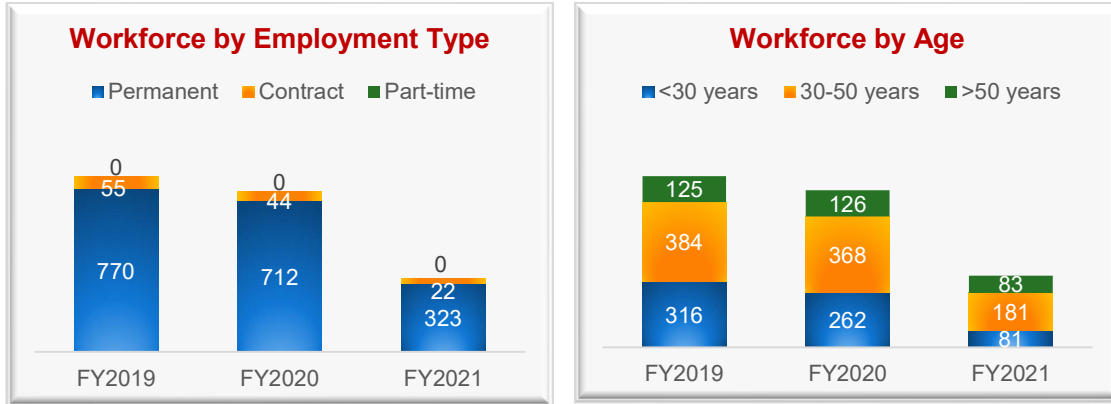
Working environments are nurtured where everyone receives equal treatment regardless of gender, colour, ethnic or national origins, disability, age, marital status, sexual orientation or religion. DFI adheres to local legislation and regulations where the Group operates. DFI's clear recruitment procedures strictly forbid child labour or forced labour in any form.

Employee turnover at DFI

	FY2019	FY2020	FY2021
By gender			
Male	109	113	190
Female	110	104	249
By Age Group			
<30 years	136	134	186
30-50 years	58	57	183
>50 years	25	26	70
Total employee turnover rate (%)	26%	29%	127%

The following figures offer a glimpse of the diversity and balance of workforce in DFI.





Breakdown of New Hires by Gender and Age Group

New Hires	FY2019	FY2020	FY2021
Number of employees			
By gender			
Male	125	89	31
Female	113	83	21
By Age Group			
<30 years	170	114	20
30-50 years	50	39	15
>50 years	18	19	17

Women Empowerment

	FY2019	FY2020	FY2021
% Women in Middle Management	58%	44%	60%
% Women in Senior Management	32%	29%	33%

OCCUPATIONAL HEALTH AND SAFETY

Employees' health and safety is the Group's top priority. The majority of the Group's workforce operates in airports, seaports, downtown, border towns and popular tourist destinations. Workplace safety is reinforced through regular learning. Fire safety and first aid training courses teach prevention and quick, correct reactions in cases of emergency.

Slips, trips and falls, lifting and carrying heavy loads, and standing for long periods of time are some of the ways employees may be injured at work. Safety briefings and awareness sessions covering all these areas are delivered regularly to remind employees of safe ways of working with minimised risks of occupational injuries. Employees who work on the floor are reminded of the importance of wearing suitable footwear.

DFI also conducts monthly inspections of all electrical and fire emergency systems including fire alarms, emergency lights, exit signs, automatic sprinklers, pressurised hydrants, wet and dry risers and hose reel systems. A third-party service and maintenance company performs monthly inspections of its machine room, lift and escalators to ensure that they are functioning optimally at all times.

DFI's formal safety and health policy aims to provide a safe and environmentally-friendly operation for all employees, customers and the public.

SAFETY AND HEALTH POLICY

We are committed to ensure a safe and healthy working environment with no risks to its employees, customers and all individuals who deal with it.

In our effort to uphold DFI as a first-choice duty free shop, with its main target of achieving zero accident, DFI will:

1. Ensure that all legal requirements related to safety and health issues are observed.
2. Always perform continuous changes and development in its efforts to ensure DFI a safe and healthy working environment without any risks of injuries and free from work-related diseases.
3. Provide training and information in ensuring safety and health awareness among employees and individuals concerned.
4. Foster cooperation from all parties concerned in an effort to achieve the target of zero accident at the workplace.
5. Develop and maintain a safe and healthy workplace culture by practicing "Best Safety Practices" among employees at DFI.

We are pleased to report that there were no cases of serious injuries, accidents or breach of safety standards reported during this reporting period.



DFI works closely with the communities in which it operates to identify and invest in initiatives that help support their needs. Collaborating with local stakeholders, the Group invests in programmes that boost the local economy. However, in FY2021, DFI's priority focus was on the Group's employees. DFI is responsible for their safety and wellbeing, especially during these uncertain times. In addition to the financial aids disbursements mentioned above, the Group implemented the standard operating procedures issued by the authorities to manage the pandemic for all employees at the Group's outlets and offices. The Group replaced face-to-face meetings with regular virtual meetings and gatherings to protect employees' well-being.

CUSTOMER-FOCUSED ACROSS OPERATIONS

DFI is committed to providing customers with the best retail experience in all the Group's outlets. In DFI's goal of creating a unique shopping experience, the Group constantly works towards delivering the best customer service and being recognised as a renowned travel retail partner by our stakeholders.

CREATING A UNIQUE SHOPPING EXPERIENCE

Above all, DFI is a travel retailer and has acquired considerable knowledge and expertise built in this field over the years. DFI has unique brand outlet concepts across the country. Operating stores in the format of renowned brands helps meet their needs in each travel application.

The general travel retail outlet is the most commonly used concept at DFI - a full range of product categories comprising perfumes and cosmetics, food and confectionery, wines and spirits, jewellery, fashion, leather, tobacco goods, souvenirs and electronics. Each section within an outlet is dedicated to each product category with a highly-trained employee stationed to offer expert advice.

DFI is a partner of choice for global brands, allowing them to showcase their products in dedicated retail spaces and mirror their high street image. These shops are either designed as standalone boutiques or an integrated shop-in-shop in the Group’s general travel retail stores to meet each location’s travellers’ profile effectively.

CUSTOMER SATISFACTION AND LOYALTY

Customers are the focus and heart of all DFI outlets. As such, forming long-term relationships with customers boosts customer loyalty. DFI offers an extensive range of value-added service from the point of pre-sale to after-sales.

POINT OF SALE SERVICE			PRE AND AFTER-SALE SERVICE			
Value-Added Offer E.g. Gift-with-Purchase, HPP	Gift Vouchers	Gift Wrapping	24/7 Operations	Website	Customer Loyalty Programme	
Category Consultant	Acceptance of Multiple Currencies	Free Packing	Store Hygiene	E-Newsletter	Contact Hotline	
Bilingual Staff	E-Wallet Options	Tasting & Sampling	Check Out Counter	FAQ	Live Chat	

Customers’ perspectives and areas that matter most to them must always be prioritised. Regular, personalised customer engagement is maintained through informal communications during visits, telephone calls, emails and active engagement on social media channels.

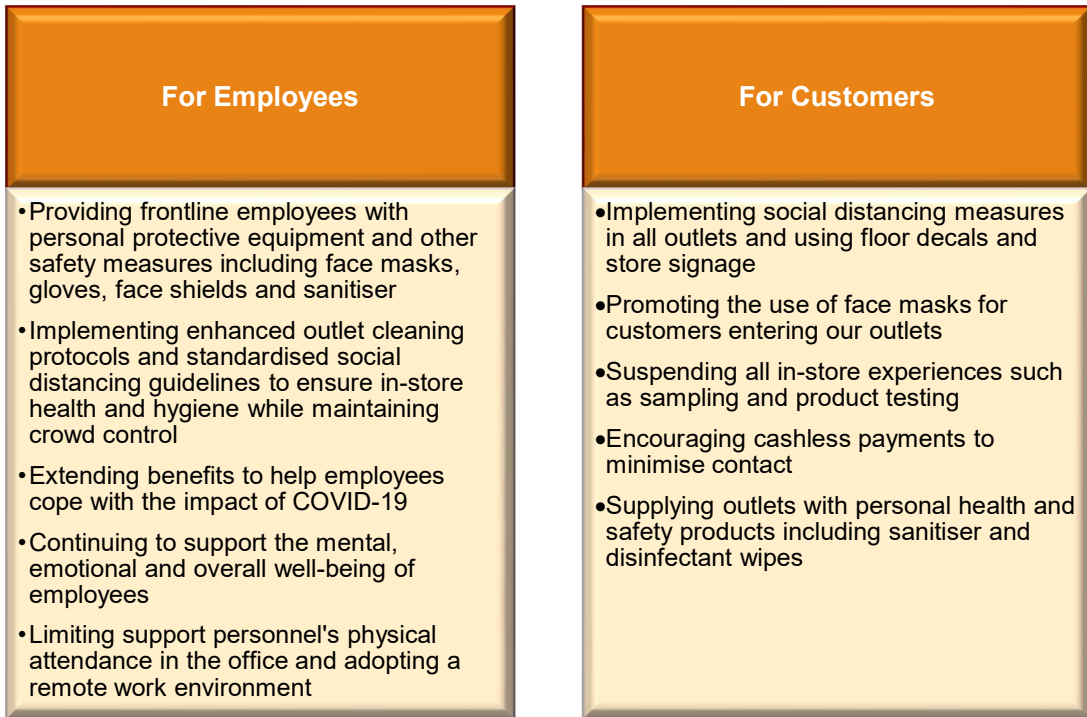
REWARDING CUSTOMER LOYALTY

The ZON Community Loyalty Programme appreciates and rewards loyal customers for their continuous support and keeps them updated on the ongoing promotions at the Group’s outlets. ZON Community Cardholders enjoy exclusive members’ discounts and benefits. Other exciting activities designed to appreciate customers’ loyalty are presented below.

Other Exciting Activities to Appreciate Customer Loyalty



Supporting Team Members and Customers



DFI'S COMMITMENT

Since early 2020, the world has witnessed an unprecedented transformation and disruption of the worldwide travel industry due to COVID-19. Global travel restrictions are in place and travel-related industry came to a halt as a result of the pandemic. Given the challenges, the Group's focus remains on strategic planning, resource allocation and further cost optimisation to prepare for future challenges. Concurrently, DFI is committed to adopting all guidelines provided by the respective governments and local authorities of the countries or states where the Group's outlets operate in order to create a safe environment for employees and customers.

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