



LMS Compliance Ltd

Sustainability Report 2022

This report was crafted based on SGX sustainability reporting requirements as a company listed on the SGX catalyst board.





TABLE OF CONTENTS

Abbreviation	3	Sustainability Scoreboard	30
Preface	4	Contribute to Sustainability	31
Balanced Reporting Approach	5	Environment Data and Analysis	31
Key Frameworks Applied and Scope of the Report	5	Emission	32
Limited Assurance Statement	5	Scope 1	32
Materiality	5	Scope 2	33
Disclaimer	6	Scope 3	33
Board Responsibility Statement	6	GHG Intensity and Reduction	34
The Leaders' Message on Sustainability	6	Water Usage and Sources	34
		Water as a Shared Resource	35
		Management of Water Discharge-Related Impact	35
		Electricity Usage and Sources	37
		Hazardous Waste	37
A Glance at LMS	8	Social Scoreboard	38
Our Philosophy	9	Social Data and Analysis	39
Who Are We	9	Discussion of Social Data	40
Our Strengths	9	Discussion of Employee Safety and Health Risk	41
		Discussion of Safety and Health Risks on Services	41
Sustainability	10	Governance Scoreboard	42
Sustainability Strategy	11	Governance Data and Analysis	43
Environment	11	Discussion on Corporate Governance	44
Social	11	Discussion on Data Protection	45
Governance	12	Digitalisation Scoreboard	46
Economic of Digitalisation	12	Discussion on the Economics of Digitalisation	47
Materiality	13	TCFD Report	48
Methodology	13	Governance	49
Identification: Materiality Assessment	13	Risk Management	49
Prioritisation: Mapping of Material Matters	14	Scenario Analysis	49
Verification: Material Matters	14	Stated Policies Scenario (STEP)	50
Remediate the Negative Impact	18	Sustainable Development Scenario (SDS)	50
Engagement: Stakeholders	18	Strategy (Risk and Opportunity)	51
EMPLOYEE	19	Climate Change Risk Management	51
VENDOR	19	Climate-Related Risks	54
COMMUNITY	19	Climate-Related Opportunities	54
		Metrics and Targets	55
Sustainability Framework	20	Sustainability Standards and Assurance	56
Governance Structure	21	Independence Limited Assurance	57
Nomination and Selection Governing Body	23	3.11 GRI Index	61
Risk Management	24	SASB Index	64
Sustainability Policy	26	SGX 27 Core ESG Metrics	66
Membership of Association	28		



Abbreviation





AAS	Atomic Absorption Spectroscopy	NC	Nomination Committee
AC	Audit Committee	NZCE	Net Zero Carbon Emissions
AMS	Amoeba management system	OHS	Occupation Health and Safety
CBAM	Carbon Boarder Adjusted Mechanism	RC	Remuneration Committee
CEO	Chief Executive Officer	SASB	Sustainability Accounting Standard Board
COA	Certificate of Analysis	SDC	Sustainable Development Committee
GC	Gas Chromatography	STEP	Stated Policies Scenario
GCMS	Gas Chromatography-Mass Spectrometry	SDS	Sustainability Development Scenario
GRI	Global Reporting Initiative	TBT	Technical Barrier of Trade
ICP	Inductively Coupled Plasma	TCFD	Taskforce on Climate-Related Financial Disclosure
ICPMS	Inductively Coupled Plasma Mass Spectrometry	UN	United Nations
LCMSMS	Liquid Chromatography Mass Spectrometry	UPS	Uninterrupted Power Supply
LMS	LMS Compliance Ltd	VVB	Verification and Validation Body

Preface



Balanced Reporting Approach

LMS COMPLIANCE LTD (the “**Company**”, and together with its subsidiaries, the “**Group**” or “**LMS**”) is a company listed on the Catalist board of the Singapore Exchange, providing Testing, Assessment, and Certification services. Our activities interest a wide range of stakeholders, including but not limited to regulators, accreditation bodies, manufacturers, and consumers. As part of our commitment to good governance practices and transparency, we ensure that our performance reporting is holistic and balanced. This is communicated through LMS’s Sustainability Report 2022 which also includes discussions surrounding sustainability and outlook to give our stakeholders insights into our future orientation over the short-, medium- and long-term perspective.

Key Frameworks Applied and Scope of the Report

This Sustainability Report 2022 (“**SR**”) is prepared in accordance with the Global Reporting Initiative (“**GRI**”) Universal Standards, and it includes the primary components as set out in Rules 711A, 711B, and Practice Note 7F of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) for sustainability reporting. This report also adheres to local and international reporting frameworks such as Sustainability Accounting Standards Board (“**SASB**”), and Task Force on Climate-Related Financial Disclosures (“**TCFD**”).

The scope of this report covers the sustainability performance and practices across the Group from 1 January 2022 to 31 December 2022, unless otherwise stated. The subsidiaries included are based on the Malaysian Financial Reporting Standards (MFRS) and the Companies Act 2016 of Malaysia. This report provides information on all our subsidiaries, in which the Group holds 100% ownership interest.

Limited Assurance Statement

The data and information provided have not been verified by external independent party. Instead, we have relied on internal data monitoring and verification by our subsidiary, MY CO2 CERTIFICATION SDN BHD, to ensure accuracy of data and information.

MY CO2 CERTIFICATION SDN BHD, as a verification and validation body, has been engaged to assure the sustainability section in this report. The assurance is limited to environmental, occupational health and safety data, as listed in the following eight (8) indicators:

- *Scope 1 Direct GHG Emissions*
- *Scope 2 Indirect GHG Emissions*
- *Scope 3 Indirect GHG Emissions (Goods receiving and commuting only)*
- *Total Renewable Energy Consumption*
- *Total Municipal Water Supplies (or from other water utilities)*
- *Total Waste Generation and Disposal*
- *Social data on Diversity, Safety and Health*
- *Governance data on board independence*

Pursuant to Catalist Rule 711B(3), the Company has subject its sustainability reporting process to internal review by its internal auditor.

Materiality

The information presented in this report addresses matters most material to our business and stakeholders. We identify, prioritise and validate our material matters via a four-step materiality assessment. This report also addresses our response to fourteen (14) material matters that impact business and stakeholder value. We are committed to continuously improving our reporting quality, and we value input from our stakeholders in making these enhancements. Should you have any queries or feedback on this report, please get in touch with us through the following:

Name : Emily Choo
 Position : Investor Relations
 Email : ir@lmscompliance.com

Disclaimer

This report may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. These forward-looking statements are based on the current view of management on future events, which are subject to change. Several factors may result in outcomes differing significantly from what these forward-looking statements imply or suggest.

Board Responsibility Statement

The board of directors of the Company (the “**Board** or “**Directors**”) recognises its duty to uphold the credibility of this report. The Board views that this report encompasses all the relevant matters that impact the Group’s capacity to generate value and accurately portrays the comprehensive performance of the Group. We have prepared this report in accordance with the SASB, GRI, TCFD, and SGX Core Metric standards.

Datuk Fadilah Baharin
Independent Non-Executive
Chairman

Dr Louis Ooi Shu Geok
Executive Director and
Chief Executive Officer

The Leaders’ Message on Sustainability

Dear Stakeholders,

We are pleased to present the Sustainability Report of the Group on our performance and practices during the financial year (“**FY**”) ended 31 December 2022.

In light of the fact that future generations will inherit the world we currently inhabit, it is our duty to safeguard and conserve it. We fully acknowledge the significant threat posed by climate change and the finite nature of the resources we utilise in our business operations. Consequently, we aspire to transcend the role of a mere chemical company by integrating sustainability into the very fabric of our enterprise and actively contributing to the solution.

Our foremost objective is to achieve net zero carbon emissions by 2050, a monumental challenge that necessitates completely transforming our business practices. Yet, our ambitions extend beyond this crucial milestone. We also endeavour to lead the way in transitioning towards a circular economy, where resources are utilised efficiently and waste is minimised. Through these efforts, we aim to generate positive societal and environmental impacts and act as a responsible and ethical partner to all our stakeholders.

Together, we can build a more sustainable future for all.



*From left to right:
Datuk Fadilah Binti Baharin, Independent
Non-Executive Chairman and
Dr Louis Ooi Shu Geok, Executive Director
and Chief Executive Officer*



A Glance at LMS

Our Philosophy

Vision

Moving Towards Digitalization, Securitization and Globalization

Mission

Contribute to Business Excellence

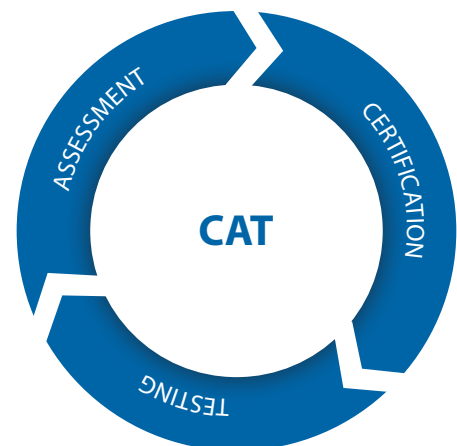


Who Are We

LMS offers quality testing and certification services for its customers across a gamut of industries, ranging from food and healthcare, to industrial and Greentech. We have been in the testing and/or certification business for over fifteen (15) years, and laboratory testing adheres to both local and international standard methods.

Our business segments comprise the following:

- provision of testing and assessment services;
- provision of certification services;
- trading of laboratory equipment, laboratory chemicals, and laboratory solutions; and
- distribution of Conformity Assessment Technology (CAT).



Our Strengths

We believe our established track record and strong market reputation, the experienced and competent management team (including the Chairman of our Board, who was formerly the Director-General of the Department of Standards Malaysia), a diverse range of services and locations to cater to the wide-ranging needs of our customers, strong technical expertise, and constant innovation and digitalisation of our work processes and systems enables our Group to gain an edge in the market. Building upon this, we plan to expand and scale our testing and assessment services, boost our certification services and distribution of our conformity assessment technology, and grow through acquisitions, joint ventures, and strategic alliances to strengthen our market position and expand into new areas and geographies that are complementary to our existing business.





Sustainability

Sustainability Strategy

Our business management and operations are centred around sustainability, aiming to generate value for people and the planet. Our primary commitment is to support the transition to a low-carbon economy through our Net Zero Carbon Emissions (“NZCE”) 2050 Roadmap set by the United Nations (“UN”).

The sustainability agenda is pivotal in enabling us to drive sustainability throughout our Group. The overarching framework is anchored on four (4) essential sustainability pillars: Environmental, Social, Governance, and Digitalisation (“ESGD”). The agenda encompasses various key focus areas and is aligned with fifteen (15) selected UN Sustainable Development Goals (“UN SDGs”) that cover all four (4) pillars.

To ensure continued relevance and alignment with the evolving sustainability landscape, we regularly review our Sustainability Agenda. The review allows us to meet the growing demands of stakeholders and enhance our ESGD ratings. In FY2022, we further strengthened our Sustainability Agenda by adopting a more comprehensive approach to sustainability. One significant enhancement was the inclusion of the “ESG Enabler” aspiration, which aims to integrate sustainability deeply into our Group while inspiring other stakeholders, such as vendors and clients, to attain sustainability. We reviewed and consolidated our key focus areas to ensure that the Sustainability Agenda effectively addresses all the crucial topics relevant to us and our stakeholders.



Environment

We have taken steps to enhance our Sustainability Agenda by adopting green energy and waste management under the umbrella of Environmental Stewardship. This consolidation allows us to adopt a holistic approach to addressing these critical areas within our sustainability framework.

In response to the growing expectations of stakeholders, we have also committed to reducing scope 1, 2 and 3 emissions as a new focus area. This addition reflects our commitment to NZCE by 2050, recognising its significance in promoting a climate change future.

By implementing these changes, we aim to strengthen our Sustainability Agenda and ensure that it encompasses a comprehensive range of topics that are material to our Group and stakeholders. The first pillar encompasses various key focus areas and is aligned with five (5) selected UN SDGs shown below.



Social

In response to growing stakeholder expectations, we have expanded our Sustainability Agenda to include employee well-being and talent transformation as critical focus areas. This addition demonstrates our commitment to supporting and nurturing our employees, recognising their crucial role in our sustainability efforts.

Furthermore, we have restructured our social risk assessment focus on employment rights and workplace safety, embracing a holistic approach within our Sustainability Agenda. This change emphasises our dedication to upholding and respecting employment rights in all operations, acknowledging employment rights’ fundamental importance within sustainability.

By incorporating these enhancements, we aim to meet the increasing expectations of stakeholders and align our Sustainability Agenda with the evolving sustainability challenges and priorities. This comprehensive approach enables us to drive positive change, promote employee well-being, make a significant social impact, and protect employee rights throughout our Group. The second pillar encompasses various key focus areas and is aligned with five (5) selected UN SDGs shown below.



Governance

We have incorporated various standards such as RobecoSAM's Economic Dimension Score ("EDS") into our practices to showcase LMS's commitment and alignment with well-established standards. These additions testify to our dedication to operate in accordance to recognised industry benchmarks.

Complying with these standards demonstrates our adherence to best practices and proactive approach to sustainability. These standards and ratings provide external validation of our efforts and enable us to communicate our commitment to stakeholders transparently.

Furthermore, aligning with these established standards helps us benchmark our performance and progress against industry peers. It allows us to identify areas for improvement, implement effective strategies, and continuously enhance our sustainability practices.

Integrating these standards and ratings into our operations ensures that LMS remains at the forefront of sustainable business practices and fulfils our responsibilities as a socially and environmentally conscious organisation. The third pillar encompasses various key focus areas and is aligned with five (5) selected UN SDGs shown below.



Economic of Digitalisation

We preserve the core business such as Testing, Assessment, and Certification yet accelerate digitalisation, which digitalisation has become critical to the Groups' success across industries in today's rapidly evolving business landscape. As a Group, embracing digitalisation and infrastructure investment as a key strategy can unlock numerous opportunities for growth, efficiency, and innovation. Here are five (5) pillars of our digitalisation strategy:

SIMPLICITY

Enhanced Customer Experience: Our digitalisation initiative allows us to better understand our customer's needs and preferences, enabling personalised experiences and targeted marketing strategies. By leveraging customer data, we can provide seamless, omnichannel interactions, deliver customised products and services, and create memorable customer journeys. Embracing digitalisation as a core strategy helps us gain a competitive edge in the marketplace. By adopting simplicity in our innovative technologies, we can differentiate ourselves from competitors, deliver unique value propositions, and provide superior customer experiences. Digitalization also opens up new revenue streams and business models, enabling companies to stay ahead of the curve.

AGILITY

Operational Efficiency: Our digital tools and automation could streamline and optimise internal processes, improving efficiency and productivity. By integrating technologies such as cloud computing, artificial intelligence (AI), and the Internet of Things (IoT), we can automate routine tasks, reduce manual errors, and enable real-time data analysis for informed decision-making. Also, digitalisation enables companies to respond quickly to market changes and adapt their business models accordingly. By embracing digital platforms and technologies, we can rapidly launch new products or services, scale operations, and enter new markets. This agility is crucial in an increasingly competitive and dynamic business environment.

ACCURACY

Data-Driven Insights: Our digitalisation generates vast amounts of data that can be harnessed to gain valuable insights. By leveraging advanced analytics and machine learning algorithms, companies can extract meaningful information from data, identify patterns, detect trends, and make data-driven strategic decisions. These insights can drive innovation, uncover new business opportunities, improve overall performance and increase decision-making accuracy.

SECURITY

Cybersecurity and Collaboration: We effectively implement digitalisation as a Group strategy that needs digital infrastructure, train employees in digital skills, and fosters a culture of innovation and adaptability. It is crucial to prioritise cybersecurity measures to protect sensitive data and maintain customer trust via a collaborative work environment. We promote collaboration and connectivity among employees, regardless of geographical location. With digital tools like video conferencing, project management software, and virtual workspaces, teams can collaborate seamlessly, share knowledge, and work together efficiently, fostering innovation and creativity.

SUSTAINABILITY

Sustainability and Environmental Responsibility: Digitalisation can contribute to sustainability efforts by reducing paper consumption, optimising energy usage, and promoting remote work, thereby minimising carbon footprints. By leveraging digital platforms, companies can implement eco-friendly practices and contribute to a greener future.

By making digitalisation a key sustainability strategy, we can harness the power of technology to transform operations, optimise customer experiences, and unlock new growth opportunities in the digital age. The fourth (4) pillar encompasses various key focus areas and is aligned with seven (7) selected UN SDGs shown below.



Materiality

Understanding market trends, operational challenges, and stakeholder expectations is crucial to create value continuously. With this underlying principle, we develop strategies that align with the material aspects of business growth and meet the evolving needs of our stakeholders.

By identifying and prioritising these material matters, our Board and leadership team are guided in their decision-making processes, enabling them to steer the Group towards sustainable growth. This approach ensures we proactively address the most relevant and impactful factors contributing to our long-term success and positive stakeholder impact.

By continuously assessing and adapting to the dynamic business landscape, we remain committed to delivering value and meeting the expectations of our stakeholders while driving sustainable growth for our company.

Methodology















The materiality assessment in FY2022 consisted of four key steps:



Identification: Materiality Assessment

We place great importance on conducting regular materiality assessments to ensure the relevance and timeliness of our sustainability efforts coherent with Business Continuity Planning (BCP). These assessments are performed once every year.

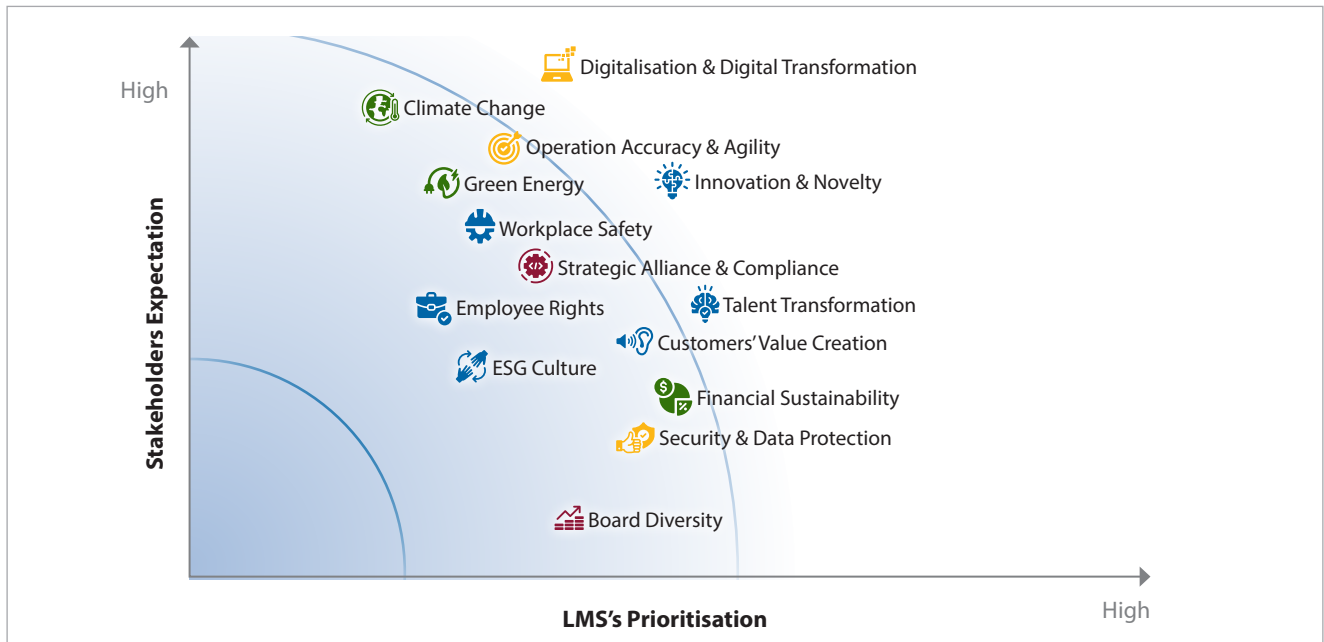
In our most recent materiality assessment conducted in FY2022, we identified fourteen (14) material matters, five (5) of which were high-priority areas. The materiality matrix below illustrates the significance of these identified matters, visually representing their importance and impact on our sustainability strategy. We strive to align our sustainability initiatives with the most relevant and impactful areas, ensuring that our efforts address the needs and expectations of our stakeholders in a meaningful way.

CC	Climate Change		ER	Employee Rights	
GE	Green Energy		CVC	Customers' Value Creation	
FS	Financial Sustainability		BD	Board Diversity	
WS	Workplace Safety		SAC	Strategic Alliance & Compliance	
IN	Innovation & Novelty		OAA	Operation Accuracy & Agility	
TT	Talent Transformation		DDT	Digitalisation & Digital Transformation	
EC	ESG Culture		SDP	Security & Data Protection	

Prioritisation: Mapping of Material Matters

Identifying and addressing material sustainability issues from the Environmental, Social, Governance, and Digitalisation pillars is crucial for our business and stakeholders. These material matters are vital in shaping our understanding of industry trends and allow us to assess the associated risks and opportunities. By recognising and focusing on these material matters, we can enhance our sustainability efforts and ensure a more comprehensive approach to our business practices, benefiting our Group and stakeholders.

In FY2022, we thoroughly reviewed our fourteen (14) material matters to ensure their alignment with current industry standards and guiding principles. This review served as the baseline of LMS's four (4) sustainability pillars. We considered SASB (Chemical cum Professional), GRI, TCFD, and UN SDGs to align our material matters accordingly. The mapping of fourteen (14) material matters has been illustrated in the matrix below:
























Verification: Material Matters






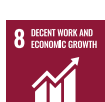





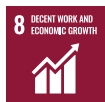



While the validation process confirmed that most of our material matters were aligned with selected guiding principles such as SASB, GRI, TCFD, and UN SDGs. To conclude, after careful consideration and validation, we retained fourteen (14) material matters under four (4) pillars depicted below, which were presented to the Sustainability Development Committee (SDC) and the management before receiving an endorsement from the Board.



We illustrated the material matters and their impacts on the affected stakeholder to provide a comprehensive overview of each matter. Also, the mapping of the material matters has been enhanced to include impact, response and opportunity.

Sustainability Pillars	Material Matters	Impact	Response	Opportunities	Perpetual Target	Stakeholder	UN SDGs
 Environment	 Climate Change	<p>Negative: Energy consumption to cool the workplace is higher if climate change.</p> <p>Positive: Hot areas consume less energy for the heating process.</p>	Ensuring our climate-related risks and opportunities support the LMS's Climate Change Commitment align with TCFD recommendations.	We are adopting green energy to reduce our carbon footprint.	To eliminate emission intensity by 30% by 2030 (measured in kg CO2e/conformity activity), and to further reduce the emission intensity by 60% by 2040, and eventually becoming Net Zero Carbon Emission by 2050.	Employees Vendors Clients Regulators Strategic Partners	 6 CLEAN WATER AND SANITATION
	 Green Energy	<p>Negative: Tenaga Nasional Berhad's ("TNB") Green Electricity tariff (GET) increase tremendously from Aug 2023.</p> <p>Positive: Cleaner and low-footprint energy.</p>	Prioritising green energy, green solutions, and energy efficiency in all operations.	We are adopting Solar energy to reduce our carbon footprint.	To enforce green energy to be part of the Net Zero Carbon Emission 2050 roadmap.		 7 AFFORDABLE AND CLEAN ENERGY
	 Financial Sustainability	<p>Negative: It may lose investors' interest in non-ESG sustainable stock.</p> <p>Positive: Ensure business sustainability that stresses the planet and people.</p>	Be the benchmark of non-financial disclosure in the Testing, Inspection, and Certification (TIC) industry.	Inclusive of the climate change disclosure.	To ensure sustainable cash flow and earnings before interest, taxes, depreciation and amortization EBITDA for continuous growth.		 13 CLIMATE ACTION
							 14 LIFE BELOW WATER
							 15 LIFE ON LAND

Sustainability Pillars	Material Matters	Impact	Response	Opportunities	Perpetual Target	Stakeholder	UN SDGs
 Social	 ESG Culture	Negative: Adverse culture on ESG becomes a restraining force Positive: The supporting culture could enable ESG's values.	We promote an ESG culture among the employees via induction and talent transformation programs.	Indoctrinate the ESG's culture to support sustainable corporate values.	To reinforce the Company's values that are committing to ESG targets.	Employees Vendors Clients Regulators Strategic Partners	 2 ZERO HUNGER  3 GOOD HEALTH AND WELL-BEING
	 Employee Right	Negative: Demotivation could adversely impact productivity and performance. Positive: Instill the fundamental right to strive for the health and wealth of employees.	Review the compensation pack and ensure compatibility with industry expectations.	Job empowerment and enlargement to upskill employees with business sustainability skills.	Zero cases of non-compliance with laws and regulatory requirements.		 5 GENDER EQUALITY  10 REDUCED INEQUALITIES
	 Talent Transformation	Negative: Lack of empowerment often works in a silo and requires management support and intervention. Positive: talent has independence for decision-making that align with the Company's value.	Amoeba management system ¹ ("AMS") is in place to drive talent transformation.	Tag AMS to business sustainability that could create stakeholders' values	Sustaining the top 30 talents that could create value for stakeholders.		 11 SUSTAINABLE CITIES AND COMMUNITIES
	 Workforce Safety	Negative: Accidents could cause a loss of great talent. Positive: safety is a basic need, ensuring a productive workplace for everyone.	Regularly carry out Occupational Safety and Health (OSH) assessments to ensure workplace safety.	Reduce toxic raw material.	Zero cases of work-related accidents and fatalities.		
	 Innovation & Novelty	Negative: Inside-out approach that required material resources. Positive: Creating values and increasing competitive advantage.	Certified as innovation SMEs under SMECorp 1-innocert program	Create values for long-term sustainability needs.	To secure and create the intellectual property (IP) right.		
	 Customers' Value Creation	Negative: Continue to be intuitive and noble is often challenging. Positive: Creating values and retaining customer loyalty.	Survey and client engagement to understand the needs.	Monetised the customers' needs via digitalisation solutions.	To sustain a Customer Satisfaction Index (CSI) above +20% based on net promoter score (NPS).		

Sustainability Pillars	Material Matters	Impact	Response	Opportunities	Perpetual Target	Stakeholder	UN SDGs
 Governance	 Board Diversity	Negative: It can be a costly approach to get foreign directors. Positive: Increase board effectiveness on governance.	The Board consist of 33% female Directors and 30% foreign (non-Malaysian) Directors.	The Board could be more effective when it is diverse.	To sustain the 30% female and foreign directors on board.	Employees Vendors Clients Regulators Strategic Partners	    
	 Strategic Alliance & Compliance	Negative: Often time-consuming and challenging during the integration. Positive: A quicker way to increase footprint in the region.	Take part in Tradeshow and forums to enlarge the regional network.	Merger and acquisition or licensing	Zero cases of non-compliance with laws and regulatory requirements		
 Digitalisation of Economy	 Operation Accuracy & Agility	Negative: Leakage of data cost damage and could lead to loss of clients. Positive: Increasing security could serve more sophisticated client needs.	Maintain data center (DC) and set up new data recovery (DR).	Cloud computing.	Zero leakage involving customers' confidential business information (CBI).	Employees Clients Consumers Strategic Partners	  
	 Security & Data Protection	Negative: It could be costly to maintain the system. Positive: Better security and control.	QR code on the certification of analysis increases traceability and security.	Essential needs to tap sophisticated customer needs.	Zero misappropriation of Certificate of Analysis ("COA").		
	 Digitalisation & Digital Transformation	Negative: Huge investment and long-term development. Positive: raise productivity and increase accuracy and agility.	Enlarge technical engineering team to cater to continuous business needs.	The commercialisation of the digital solutions that have been developed.	To sustain productivity at RM150,000 per headcount.		

Note 1:

The Amoeba Management System (AMS) is a unique management philosophy and organisational structure developed by the Japanese entrepreneur Kazuo Inamori, the founder of Kyocera Corporation and KDDI Corporation. It is based on creating small, autonomous, and self-sufficient units within a larger organisation. Each is referred to as an "amoeba." LMS implemented phase 1 of AMS in 2019. Phase 2 aims to conceptualise the intrinsic value Grouping into create value, add value, value for money, and adverse value Groups; demonstrate with explicit behaviours and examples of activities, with its predictive outcome, to ensure effective talent transformation and foster business sustainability. With such, the intrinsic value Grouping will be accomplished by aggregating appraisal results quarterly, incorporating self, peer, and superior evaluations.








The Amoeba Management System has been praised for creating a strong sense of responsibility and accountability among employees, fostering innovation and entrepreneurship within the organisation, and driving bottom-line results. It promotes a decentralised decision-making process and encourages employees to take ownership of their work and contribute to the company's overall success.

Remediate the Negative Impact

LMS operates under the guidance of its comprehensive policies and guidelines, ensuring strict compliance with all applicable laws and regulations in every aspect of its operations, products, and services. Moreover, the Group continuously engages with its stakeholders to effectively understand and fulfil their requirements. To foster transparency and address concerns, LMS has established a grievance mechanism accessible to suppliers, vendors, and the local community.

Engagement: Stakeholders

Our extensive legacy in the testing, assessment, and certification industry has been established through our stakeholders' unwavering trust and support. Consequently, a crucial component of our sustainability initiatives revolves around fostering transparent communication with our essential stakeholders, ensuring they are consistently informed and engaged. We recognise the significance of comprehending their needs and aspirations to deliver long-term value. Thus, our strategy and choices are derived from their valuable feedback and expectations.

Who	Why	When	How	What issues
 <p>Employees</p>	A pool of talents that create and add value to LMS's services, we engage in understanding the needs and wants to be a sustainable business.	Half-yearly	mySuite™	Resources to drive towards LMS's sustainability plan.
 <p>Vendors</p>	We engage raw material and solution providers to ensure business continuity and minimize carbon footprint.	Yearly	Vendor Evaluation and Assessment.	Forex could impact the cost of raw material
 <p>Clients</p>	We engage the downstream of the value chain, namely the client that receives our reports to identify their needs in our different pillars such as accuracy, agility, security, and simplicity.	Yearly real-time	Clients' expectation survey. Client's satisfaction index via aikinz™	Knowledge to support the technical barrier of trade (TBT).
 <p>Consumers</p>	We engage the indirect users, namely the consumers to provide impartial and independent reports via QR code scanning methodology.	real-time	aisinz™	Manufacturer's Asymmetry of information.
 <p>Regulators</p>	The formal institution of governing rules and regulations, we engage in articulating the industry challenges.	Ad-hoc	Formal meetings, round tables, and working committees.	Compliance and traceability.
 <p>Strategic Partners</p>	We engage the subsidiaries and associate companies in this region to align corporate values and growth targets.	Bi-yearly	Physical and online meetings.	Integration and trust.
 <p>Community</p>	Ensure the local community is not impacted by our operations.	Yearly	Engage resident association.	Access roads in front of the laboratory has pole hole causing danger to clients and other road users.



EMPLOYEE

LMS having effective mechanisms for seeking advice and raising concerns is crucial to ensure open communication, promote transparency, and promptly address issues. Here are some common mechanisms for employees and stakeholders to seek advice and raise concerns: First, the Open-Door Policy, LMS adopt an open-door policy, where employees can approach their immediate supervisors, managers, or even higher-level executives to seek advice or share concerns. This encourages direct communication and allows for a quick resolution of issues. Second, the whistleblower policy governs the confidential reporting channels enabling employees to report unethical behaviour, fraud, or other wrongdoing without fear of retaliation. A third-party organisation typically manages these hotlines to ensure anonymity and protect the whistleblower's identity. Third, the Town Hall Meetings are forums where employees can directly interact with senior management, raise concerns, or ask questions. These meetings provide open dialogue and clarification on various organisational matters. Fourth, Employee Surveys help identify potential concerns and anonymously gather employee feedback. Analysing survey results allows the management to address issues proactively. Fifth, the Online Platforms and Intranets offer online platforms or intranets where employees can access information, resources, and contact details for seeking advice or raising concerns. Regardless of the mechanism, LMS must establish a safe and supportive environment for employees and stakeholders to seek advice and raise concerns without fear of retribution. Encouraging open communication and actively addressing concerns fosters a culture of trust and accountability, benefiting the overall well-being and success of the organisation.



VENDOR

In the laboratory, various activities are conducted to ensure accurate and reliable results. These activities include sample preparation, data collection, experimentation, analysis, and interpretation of findings. Each step is meticulously executed, following standardised protocols and quality control measures to maintain the highest precision and integrity in the results. Beyond the laboratory, the value chain is crucial in the business ecosystem. From raw material sourcing to product distribution, the value chain encompasses all production, supply, and delivery stages. Collaborative partnerships with suppliers, manufacturers, distributors, and retailers are essential for seamless operations and maximising efficiency. These business relationships facilitate the smooth flow of goods and services, foster innovation, and enable companies to respond swiftly to market demands. Additionally, strong business ties with customers and clients are vital for understanding their needs and preferences, leading to developing products and services that meet their expectations.



COMMUNITY

LMS recognises the importance of actively engaging with the local communities in which we operate. As part of our commitment to social responsibility and sustainable development, we strive to positively impact these communities by conducting thorough impact assessments and implementing development programs that address their needs. LMS views local community engagement as a fundamental aspect of our operations. We gain valuable insights into their concerns, priorities, and aspirations by establishing open communication channels with community members, leaders, and relevant stakeholders. We actively seek feedback and suggestions from the community to ensure that our actions align with their needs and expectations. Before undertaking any new project or initiative, we conduct comprehensive impact assessments to understand the potential effects on the local community and the environment. These assessments involve thorough data collection, analysis, and consultation with community members to identify positive and negative impacts. Based on the findings of impact assessments and in consultation with the local community, we design and implement development programs that align with community needs and priorities. These programs aim to foster sustainable development, promote social well-being, and create a lasting positive impact.





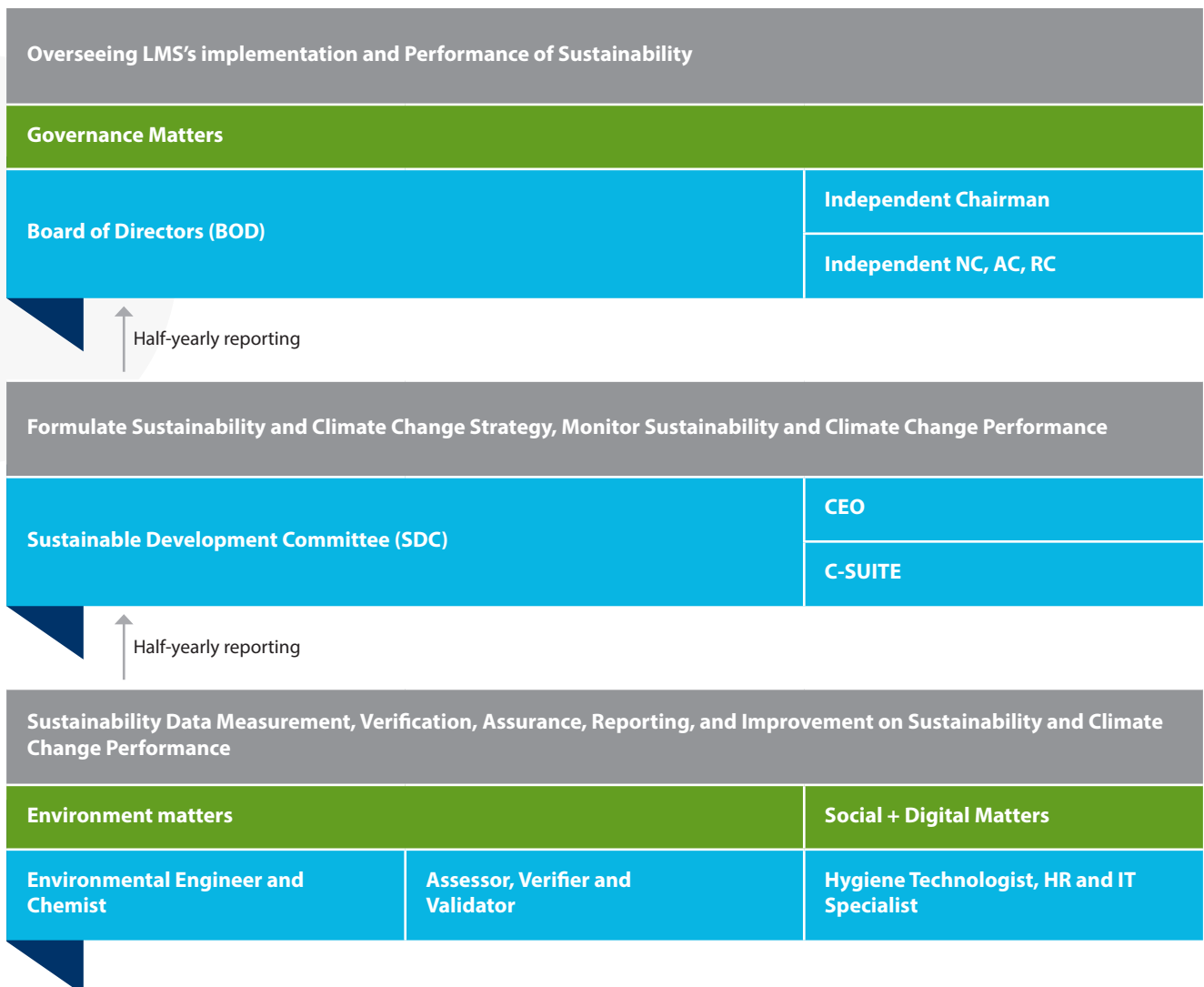
Sustainability Framework

Governance Structure

At LMS, our commitment lies in maintaining integrity and accountability while fostering a strong focus on sustainability throughout our Group. This year, we have taken significant steps to integrate RobecoSAM's Economic Dimension Score ("EDS") into our top management and governance performance evaluations. Moreover, our Board regularly discusses sustainability and climate change^{TCFD} matters during quarterly meetings and undergoes external training on related topics. This includes deliberations on climate-related performance, such as GHG emissions reductions and low carbon portfolio status, ensuring continuous emphasis on sustainability. We have permanently included LMS's sustainability performance, including combating climate change, as a standing item on the agenda for each half-yearly Board meeting. Transparency and accountability are at the core of our sustainability governance approach at LMS.

We have established a Sustainable Development Committee ("SDC") to lead our Sustainability and Climate Change Agenda. The CEO then thoroughly reviews and approves this agenda before being reported to the Board. By clearly defining roles and responsibilities, we ensure the highest standards of integrity and efficiency in executing our Sustainability and Climate Change Agenda and bringing it to life. The structure depicted below demonstrates the role and responsibility of each stakeholder on all sustainability and climate change matters to ensure LMS's sustainability.

^{TCFD} denotes that the statement and claim are linked to Chapter 9, which focuses on climate-related declarations that form part of the TASK FORCE OF CLIMATE-RELATED FINANCIAL REPORTING (TCFD) requirements and standard.



The Board of LMS is responsible for overseeing LMS's climate change agenda and monitoring the progress towards achieving goals and targets related to climate-related issues. When reviewing and guiding the Group's strategy, major action plans, annual budgets, plans, and setting performance objectives, the Board considers climate-related matters as a critical factor. It also finds climate-related aspects when overseeing significant capital expenditures, acquisitions, and divestitures. Furthermore, the Board ensures that the Group's strategies, priorities, and targets are effectively communicated to internal and external stakeholders.

LMS views integrating Environmental, Social, and Governance factors as vital to the Board's fiduciary responsibility. The Board oversees the management and monitoring of the Environmental, Social, and Governance factors and takes them into consideration in the determination of the Group's strategic direction and policies. Sustainability is a part of the Company's wider strategy to create long-term value for all its stakeholders. To address climate-related matters and performance, the Board holds quarterly meetings. In FY2022, these meetings covered various topics, such as the NZCE 2050 Roadmap, sustainability key performance indicators (KPIs) encompassing greenhouse gas emissions, green energy, etc. Additionally, the Board addressed governance-related matters on TCFD recommendations.

Throughout the year, two (2) Board Strategic Conversations took place. In these sessions, the Board discussed long-term plans for LMS's identified business portfolios based on market outlook and external environmental analysis. They also focused on the Group's sustainable development agenda, particularly highlighting efforts to achieve net-zero carbon emissions by 2050.

For a comprehensive understanding of LMS's sustainability agenda, interested parties can access this Sustainability Report on LMS's corporate website. Hence, the online report allows easy accessible to all information on the Group's sustainability initiatives and commitments.

The nomination and selection of the highest governance body is responsible by the Nominating Committee of the Company, a crucial aspect of corporate governance. It typically involves a careful and transparent procedure to identify and appoint individuals with the right skills, expertise, and qualifications to effectively oversee the Group's strategic direction and decision-making. Corporate governance best practices often call for regular board evaluations to assess individual Directors' performance and the Board's overall effectiveness as a collective unit. This evaluation helps identify areas of improvement and ensures the Board's continued alignment with the Group's goals. By following a well-defined and transparent nomination and selection process, LMS can build a diverse, skilled, and committed highest governance body that contributes significantly to the Group's success and sustains long-term value for all stakeholders. Please refer to page 23 of this report, on the section entitled "Nomination and Selection Governing Body", for information.

The Sustainable Development Committee ("SDC") is led by the CEO of the Company and supported by C-suite of the Company that consist of chief operation, technology, development, strategy, compliance, people, and finance officer. The SDC guides and oversees the Group's sustainable practices and initiatives. Its primary responsibility is to ensure that the Company integrates sustainable development principles into its operations, strategies, and decision-making processes. The SDC collaborates with management and stakeholders to drive positive environmental, social, economic, and climate change outcomes while advancing the Group's long-term interests.

The SDC is responsible for developing comprehensive sustainable development strategies aligned with the Group's vision and values. It sets clear goals and targets for improving the Company's environmental performance, social responsibility, and governance practices. The SDC also monitors and assesses the Group's environmental impact, including carbon emissions, resource consumption, waste generation, and water usage. It identifies areas for improvement and establishes action plans to reduce the Company's ecological footprint.

Identifying and evaluating environmental, social, and governance risks is a significant responsibility of the SDC. It develops risk management strategies to mitigate potential adverse impacts and ensure the Group's resilience in the face of sustainability and climate change challenges. Furthermore, the SDC provides accurate and transparent reporting of the Group's sustainability performance. It communicates this information to stakeholders through sustainability reports and disclosures in line with relevant reporting frameworks and standards.

The SDC engages with key stakeholders, including investors, customers, employees, regulators, and NGOs, to understand their concerns, expectations, and feedback on the Group's sustainable practices. It incorporates stakeholder input into decision-making processes. Moreover, to encourage the adoption of sustainable technologies and innovations that can enhance the Group's environmental and social performance while contributing to its long-term success.

The SDC ensures that the Group complies with relevant environmental and social regulations, industry standards, and international agreements related to sustainability. Additionally, the SDC establishes and monitors key performance indicators (KPIs) to track the progress of the Group's sustainability initiatives. These metrics help evaluate the effectiveness of sustainable development efforts.

The Competent Professional Team is responsible for measuring, verifying, and validating the ESG data and synthesising them into the report for assurance. They include environmental engineers, scientists, auditors, hygienists, validators, and verifiers, and they are highly trained for continuous improvement in sustainable practices across the Group. Fostering ESG culture and periodically integrating data measurement technology to achieve sustainability goals.

Nomination and Selection Governing Body

The nomination and selection of the highest governance body is a crucial aspect of corporate governance. It typically involves a careful and transparent procedure to identify and appoint individuals with the right skills, expertise, and qualifications to oversee the Group's strategic direction and decision-making effectively.

LMS has a dedicated Nominating Committee, which comprised independent directors, responsible for overseeing the nomination process. This committee assesses the skills, experience, and diversity required on the Board and identifies potential candidates.

The Nominating Committee evaluates the existing Board's composition and identifies any gaps in skills or expertise. The Nominating Committee determines the qualities needed to steer the Company in the right direction and ensure long-term success.

The Nominating Committee reviews the credentials of potential candidates, considering their professional background, industry experience, track record, ethical standards, and commitment to the Group's mission.

After a thorough evaluation, the Nominating Committee presents its recommended candidates to the existing Board for approval. The Board discusses and votes on each candidate to ensure consensus is reached.

Once elected, new Board members undergo a comprehensive onboarding process to familiarise themselves with the Company's operations, culture, strategy, and key stakeholders.

Please refer to Principle 4 of the Company's Corporate Governance Report, in the Company's Annual Report for FY2022, for more information on the Nominating Committee of the Company.






















Evaluating the Effectiveness of Sustainability and Climate Change Governance is crucial, where corporate governance best practices often call for regular Board evaluations to assess individual directors' performance and the Board's overall effectiveness as a collective unit. This evaluation helps identify areas of improvement and ensures the Board's continued alignment with the Group's goals, including sustainability and climate change. By following a well-defined and transparent nomination and selection process, companies can build a diverse, skilled, and committed highest governance body that contributes significantly to the Group's success and sustains long-term value for all stakeholders.






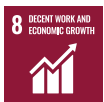



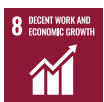








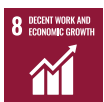







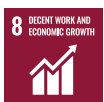







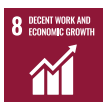





Apart from being an effective governing body, the members of the SDC is being measured following sustainability and climate change KPIs which link to their annual rewards. Again, connecting the sustainability and climate change indicators with rewards will foster the ESG culture in LMS.



Risk Management






















We take a proactive approach to identifying, analysing, and controlling risks that significantly affect our ability to create value, including sustainability-related ones. Environmental, Social, Governance, and Digitalisation factors play a crucial role in building business resilience and gaining the trust of our stakeholders. As a result, we embrace a comprehensive perspective that considers the interconnectedness of our risks, opportunities, sustainability pillars, and the UN SDGs. Similarly, the climate change related risks and opportunities are integrated into our risk management and named as one of the principal material matters.






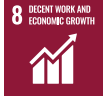





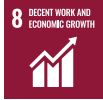







Pillars	Material Matters	Risk	Opportunities	UN SDGs
 Environment	 Climate Change	Energy consumption to cool the workplace is higher if climate change.	We are adopting green energy to reduce our carbon footprint. Hot areas consume less energy for the heating process.	  
	 Green Energy	TNB's GET tariff increased tremendously from Aug 2023	We are adopting Solar energy to reduce our carbon footprint. Cleaner and low-footprint energy	 
	 Financial Sustainability	It may lose investors' interest in non-ESG sustainable stocks.	Inclusive of the climate change disclosure Ensure sustainability that stresses on planet and people.	
 Social	 ESG Culture	Adverse culture on ESG becomes a restraining force.	Indoctrinate the ESG's culture to support sustainable corporate values. The supporting culture could enable ESG's values.	 
	 Employee Right	Demotivation could adversely impact productivity and performance.	Job empowerment and enlargement to upskill employees with business sustainability skills. Instil the fundamental right to strive for the health and wealth of employees.	
	 Talent Transformation	Lack of empowerment often works in a silo and requires management support and intervention.	Tag Amoeba Management System (AMS) to business sustainability that could create stakeholders' values Talent has independence for decision-making that align with company value.	 
	 Workforce Safety	Accidents could cause a loss of great talent.	Reduce toxic raw material.	
	 Innovation & Novelty	Inside-out approach that requires material resources	Create values for long-term sustainability needs. Creating values and increasing competitive advantage	
	 Customers' Value Creation	Continue to be intuitive and noble is often challenging.	Monetised the customers' needs via digitalisation solutions. Creating values and retaining customer loyalty	

Pillars	Material Matters	Risk	Opportunities	UN SDGs
 Governance	 Board Diversity	It can be a costly approach to get foreign directors.	The Board could be more effective when diversity improve Increase board effectiveness on governance.	    
	 Strategic Alliance & Compliance	Often time-consuming and challenging during the integration.	Merger and acquisition A quicker way to increase footprint in the region.	      
 Digitalisation of Economy	 Operation Accuracy & Agility	Leakage of data cost damage and could lead to loss of clients.	Cloud computing Increased data security could serve more sophisticated client needs.	      
	 Security & Data Protection	It could be costly to maintain the system.	Essential needs to tap sophisticated customer needs Better data security and management control.	      
	 Digitalisation & Digital Transformation	Massive investment and long-term development	The commercialisation of the digital solutions that have been developed Raise productivity and increase accuracy and agility.	      

Sustainability Policy

LMS's sustainability policy refers to the Group's guiding principles to promote and support environmentally, socially, and governing responsible practices. Sustainable policies aim to ensure the long-term well-being of the Group's current and future while minimising negative impacts on the environment, society, and climate change.

Pillars	Material Matters	Sustainability Policy	Opportunities	SDGs
 Environment	 Climate Change	Green House Gas (GHG) Policy	We are adopting green energy to reduce our carbon footprint. Hot areas consume less energy for the heating process.	 
	 Green Energy	Renewable Energy Policy	We are adopting solar energy to reduce our carbon footprint. Cleaner and low-footprint energy	
	 Financial Sustainability	Budget planning policy, cash flow monitoring policy, and financial compliance policy.	Inclusive of the climate change disclosure Ensure sustainability that stresses on planet and people.	 
 Social	 ESG Culture	HR Policy and Work From Home (WFH) guideline	Indoctrinate the ESG's culture to support sustainable corporate values. The supporting culture could enable ESG's values.	
	 Employee Right	HR Policy and WFH guideline	Job empowerment and enlargement to upskill employees with business sustainability skills. Instil the fundamental right to strive for the health and wealth of employees.	 
	 Talent Transformation	Amoeba Management System and Guide	Tag AMS to business sustainability that could create stakeholders' values Talent has independence for decision-making that align with corp value.	
	 Workforce Safety	Safety and Health Policy	Reduce toxic raw material. Safety is a basic need, ensuring a productive workplace for everyone.	
	 Innovation & Novelty	Innovation Policy	Create values for long-term sustainability needs. Creating values and increasing competitive advantage	
	 Customers' Value Creation	ISO17025, 17021, and 17029 Quality Manual on customer relationship policy	Monetised the customers' needs via digitalisation solutions. Creating values and retaining customer royalty	

Pillars	Material Matters	Sustainability Policy	Opportunities	SDGs
 Governance	 Board Diversity	ABC policy, Whistleblowing policy, and Conflict of Interest policy	The Board could be more effective when it is diverse. Increase board effectiveness on governance.	    
	 Strategic Alliance & Compliance	ISO17025, 17021, and 17029 Quality Manual on subcontracting policy	Merger and acquisition A quicker way to increase footprint in the region.	
 Digitalisation of Economy	 Operation Accuracy & Agility	ISO17025, 17021, and 17029 Quality Manual	Cloud computing Increasing security could serve more sophisticated client needs.	      
	 Security & Data Protection	PDP policy, Information Security policy, and Network security policy	Essential needs to tap sophisticated customer needs Better security and control	
	 Digitalisation & Digital Transformation	IP policy	The commercialisation of the digital solutions that have been developed Raise productivity and increase accuracy and agility.	

Membership of Association

Overall, joining an association can be a strategic move for corporations seeking to grow their network, knowledge, and influence within their industry. It offers numerous opportunities for growth, collaboration, and staying ahead in a competitive business landscape. LMS has several compelling reasons to join associations, which can bring multiple benefits and advantages to the Group.



Industry Insights and Information: Associations often offer access to industry-specific insights, market trends, research, and information that can help corporations stay updated with the latest developments in their sector. This knowledge can be crucial for making informed business decisions.



Professional Development: Many associations offer training programs, workshops, and conferences that promote the professional development of corporate employees. These opportunities help improve skills and knowledge, benefiting employees and the Group.



Advocacy and Representation: Associations often advocate for their members' interests and represent them in front of regulatory bodies and government agencies. By joining an association, corporations can have a voice in shaping policies and regulations that impact their industry.



Collaboration and Knowledge Sharing: Associations foster a collaborative environment where corporations can share experiences, exchange ideas, and learn from each other. This collaborative spirit can lead to innovation and problem-solving.



Social Responsibility and Sustainability: Many associations promote sustainable business practices and social responsibility. Joining such associations aligns corporations with these values and helps them integrate sustainability into their operations.

Please refer to the table below for a list of our membership of associations, as well as our respective roles in the associations:

Association	Contribution	Roles
Malaysia Association of Accredited Laboratory (PMAM)		EXCO
Agriculture Laboratory Association of Malaysia (AGLAM)		Corporate Member
Malaysian Employers Federation (MEF)		Corporate Member
Malaysia Semi-Conductor Association (MSIA)		Sub-committee
Malaysia Institute of Food Technology (MIFT)		Corporate Member
Association of Malaysian Medical Industries (AMMI)		Corporate Member
Small and Medium Enterprises Association (SAMENTA)		Corporate Member





Sustainability Scoreboard

Contribute to Sustainability

In FY2021, LMS generated approximately 107,401 pieces of sustainability datasets that fit into three (3) sustainability pillars, namely “Environment”, “Social”, and “Governance”. The data was generated routinely, which involved daily testing, assessment, and certification services for the vast spectrum of industries.

For instance, from a “social” perspective, our testing division ensures the quality of food is fit for human consumption, and we also conduct health risk assessments for workers exposed to chemicals in their workplaces. Similarly, we examine wastewater pollutants from an “environment” standpoint before discharge from the sewage systems. Also, our certification audits, which adhere to ISO 22000, ISO 14001, and ISO 45001 standards, demonstrate our commitment to leading the way in promoting business sustainability.

As a result of our testing, assessment, and certification services, we contribute valuable sustainability datasets to our clients, facilitating their sustainability decision-making processes and ensuring the products meet our clients’ sustainability aims. The table below illustrates the distribution of sustainability data across different conformity activities within the industries we serve.

Conformity Activities	Contribute to sustainability pillars	FY2021	FY2022
Testing	Environment	12,363	14,264
Testing	Social (Product)	75,143	79,887
Assessment and Testing	Social (People)	1,396	2,367
Testing	Social (Hygiene)	11,295	10,833
Certification and Assurance	Governance	26	50
Total		100,223	107,401

Environment Data and Analysis

As a responsible and forward-thinking Company, LMS has recognised the importance of sustainable activities in today’s business landscape. Our Group has made significant investments in various sustainability initiatives in line with its commitment to embrace sustainable practices and ethical conduct. One key area of focus for LMS is environmental protection. The Company has allocated substantial resources to reduce its environmental footprint and promote eco-friendly practices. This includes adopting energy-efficient technologies, optimising waste management processes, and adopting solar energy. By doing so, the Group aims to minimise its environmental impact and contribute to the broader efforts of combatting climate change.

Safety is another paramount concern for LMS. Recognising that a safe and hygienic working environment is fundamental to the well-being of its employees and stakeholders, the Company has invested in adequate Personal Protection Equipment (PPE) and undertaken control measures. Robust safety protocols are in place across all operations, ensuring all employees have the tools and knowledge to handle potential hazards effectively. Furthermore, the Company continually assesses and improves safety measures to maintain the highest protection standards.

LMS understands that sustainable initiatives benefit the environment and employees and contribute to the Company’s long-term success and resilience. By proactively managing its materiality risks and opportunities, the Company enhances its reputation, attracts socially conscious investors, and builds strong relationships with customers and partners who prioritise sustainability and ethical practices. Overall, LMS’s investment in sustainable activities goes beyond compliance with regulations; it represents a genuine commitment to positively impacting society and the environment. By embracing sustainable practices, prioritising safety, and fostering a culture of social responsibility, the Company sets a commendable example for others in the business community to follow. Through these efforts, LMS actively contributes to a more sustainable and equitable future for all.

Capex and Expenses on Sustainability Activities	FY2021	FY2022
Expenditure (RM)		
Personal Protective Equipment	20,430	13,316
Safety Related Training	18,316	6,067
Environmental Protection-Related Training	64	2,627
Other Human Capital Training (MBA and other course)	26,265	17,648
Sponsorship and CSR	16,250	7,642
Governance	85,595	114,118
CAPEX (RM)		
Solar Panel Installation	-	76,560
Engineering Control	43,685	4,150
Total	210,605	242,129

Emission

Greenhouse gas emissions are a critical aspect of measuring and addressing environmental impacts, and they are categorised into three scopes by the widely-used international accounting tool, the Greenhouse Gas (“GHG”) Protocol. By classifying greenhouse gas emissions into these three distinct scopes, the GHG Protocol enables companies to develop comprehensive strategies for emissions reduction and sustainability efforts. Understanding the different scopes helps companies identify areas where they have the most direct control over emissions (scope 1), where they can influence emissions through energy procurement and consumption choices (scope 2), and where they need to collaborate with suppliers and stakeholders to address emissions throughout the value chain (scope 3). This holistic approach empowers companies to make informed decisions and take targeted actions to mitigate their environmental impact and contribute to global efforts in combatting climate change.

Scope 1

This category includes direct emissions from sources owned or controlled by the Group. These emissions result from activities directly conducted by the Group, such as burning fossil fuels for heating, operating company-owned vehicles, or using on-site manufacturing processes that release greenhouse gases. Scope 1 emissions are considered under the Group’s direct operational control.

Using speciality gases, namely argon, hydrogen, oxygen, and nitrogen, is a prerequisite for operating analytical instruments. This category comprises direct emissions from sources owned or controlled by the Group. These emissions arise from activities conducted directly by the Group, such as burning fossil fuels to operate generator sets that release greenhouse gases. Scope 1 emissions fall under the Group’s direct operational control. In the operation of analytical instruments like Gas Chromatography (“GC”), Gas Chromatography-Mass Spectrometry (“GCMS”), Atomic Absorption Spectroscopy (“AAS”), Inductively Coupled Plasma (“ICP”), Inductively Coupled Plasma Mass Spectrometry (“ICPMS”), and Liquid Chromatography-Mass Spectrometry-Mass Spectrometry (“LCMSMS”), the use of speciality gases, including argon, hydrogen, oxygen, and nitrogen, is essential. The manufacturer provides specific recommendations regarding gas usage, including volume and flow rate, to achieve the desired conditions and intended results.

As a result, modifying the gases is practically infeasible and could raise safety concerns. Nevertheless, in the short term, our strategy to manage scope 1 emissions involves consolidating the run time of analytical instruments to reduce emissions during the conditioning process. Similarly, our long-term approach to controlling scope 1 emissions is to invest in instruments with smaller carbon footprints whenever such technology becomes available. Our emission reduction target is set at 30% by 2030. However, to assess performance trends against these targets, our Group requires more data and analyses such as GC, GCMS, AAS, ICP, ICPMS, and LCMSMS. The manufacturer has specifically recommended gas usage in terms of volume and flow rate to achieve the desired condition and intended result. Hence, modifying the gases is almost impossible and could raise safety concerns.

Scope 1 emissions (kg CO ₂ e)	FY2021	FY2022
Acetylene gas	93	120
Argon gas	10,182	13,763
Hydrogen gas	229	210
Nitrogen gas	2,228	2,457
Oxygen gas	57	28
Zero air	240	258
Natural gas	0.16	0.13
Petrol for generator set	1,122	10,633
Total Scope 1 emissions	14,152	27,469

Scope 2

Unlike scope 1 emissions, which involve direct emissions controlled or owned by the Company, scope 2 greenhouse gas (GHG) emissions encompass indirect emissions associated with purchasing energy sources. These emissions primarily result from generating electricity and water that the Group procures from external sources. While these emissions are not produced directly by the Company itself but were extracted from natural resources, they are intricately linked to its energy consumption and are, therefore, regarded as falling within the scope of its responsibility.

It is essential for the Group to account for these scope 2 emissions to comprehensively assess the indirect environmental impact arising from the utilisation of purchased energy sources. By doing so, the Company gains insight into the full extent of its carbon footprint, considering its direct operations and the energy sources it relies upon. Understanding scope 2 emissions enables the Group to make informed decisions regarding energy procurement and consumption patterns, allowing for the identification of opportunities to reduce greenhouse gas emissions and promote sustainability throughout its energy supply chain.

Addressing scope 2 emissions is crucial to the Group's commitment to environmental stewardship and climate action. By being accountable for the indirect emissions related to its energy usage, the Company can contribute to broader efforts to mitigate the impact of climate change and transition towards a more sustainable and environmentally responsible future. Incorporating scope 2 emissions into the Company's environmental considerations demonstrates its dedication to transparency, accountability, and proactively managing its environmental impact.

Scope 2 emissions (kg CO ₂ e)	FY2021	FY2022
Electricity	416,216	415,646
Solar energy	-	12,044
Water	2,237	2,091
Total Scope 2 emissions	418,453	405,693

Scope 3

Scope 3 emissions represent the most encompassing category of greenhouse gas emissions, as they cover all other indirect emissions that occur throughout the Group's value chain. These emissions go beyond the Group's direct operational activities and involve various external factors indirectly contributing to its carbon footprint. Scope 3 emissions are considered a more challenging aspect of emissions management due to their diverse and widespread nature.

Within the scope 3 category, emissions can arise from numerous sources and activities that are not under the Group's direct control, including business travel undertaken by employees, transportation of goods and services to and from suppliers and customers, as well as upstream and downstream processes in the supply chain, all contribute to scope 3 emissions. Additionally, the daily commuting of employees. However, our scope 3 emission excludes the entire lifecycle of products or services the Group offers, from raw material extraction to end-of-life disposal.

Given their indirect nature, scope 3 emissions can often be more challenging to track and manage than scope 1 and scope 2. These emissions are influenced by various external entities, and data collection from multiple sources is required for a comprehensive assessment. Despite the complexities involved, addressing scope 3 emissions is essential for holistically understanding the Group's total environmental impact and carbon footprint.

Effectively managing scope 3 emissions necessitates collaboration and engagement with various stakeholders throughout the value chain. Companies may implement strategies to reduce emissions, like supply chain optimization, promoting sustainable transportation options, encouraging telecommuting, and advocating for circular economy practices that minimize waste generation.

Taking accountability for scope 3 emissions showcases the Group's commitment to sustainability and demonstrates a proactive approach towards addressing its indirect environmental impact. By identifying and managing these emissions, the Group can play a significant role in contributing to global climate efforts and driving positive change within its industries. Recognising the significance of scope 3 emissions is vital to creating a more sustainable and environmentally responsible future.

Scope 3 emissions (kg CO ₂ e)	FY2021	FY2022
Goods receiving	10,806	12,131
Business travelling by air	39	2,810
Business travelling by land	179	1,597
Sample collection and client visitation	37,619	52,557
Field sampling	22,207	26,989
Total Scope 3 emissions	70,850	96,084

Note: Emission of CH₄ and NO₂ is excluded due to their insignificance.

GHG Intensity and Reduction

GHG emissions intensity, also known as carbon intensity, refers to the amount of greenhouse gas emissions produced per unit of output or activity. It is a critical metric to assess the environmental impact. By calculating GHG emissions intensity, LMS can identify opportunities to reduce its carbon footprint and transition towards more sustainable practices.

LMS is taking the most effective ways to reduce GHG emissions intensity by improving energy efficiency. This involves optimising energy use, adopting energy-saving technologies such as LED lights, and switching to renewable energy sources such as solar power further reduces emissions associated with electricity consumption.

GHG emissions intensity is a crucial metric in assessing the environmental impact of various activities and sectors. As the world faces the challenges of climate change, reducing emissions intensity becomes imperative to limit global warming and its consequences. LMS can transition towards a more sustainable and low-carbon future by implementing energy-efficient practices, adopting clean technologies, managing waste responsibly, and setting ambitious emission reduction targets. Collaborative efforts from all stakeholders, including businesses, policymakers, and individuals, are essential to combat climate change and create a more resilient and environmentally responsible world.

Emission intensity (kg CO ₂ e)	FY2021	FY2022
Total emission	503,455	529,246
kg CO ₂ e/conformity activity	5.02	4.93

Water Usage and Sources

Laboratory water usage refers to the amount of water utilised in scientific laboratories for various research, analysis, and experimental purposes. Laboratories require high-quality water for various applications, including sample preparation, equipment cleaning, reagent dilution, and analytical techniques. Sources of laboratory water can vary based on the specific requirements of the experiments and analyses being conducted. Some common sources include tap water, distilled water, and ultra-pure water. First, tap water is the primary source for general laboratory needs, such as cleaning glassware and basic laboratory processes. However, tap water may not always meet the stringent purity requirements for sensitive experiments and analytical techniques. Second, distilled water is commonly used to produce laboratory-grade water. Distilled water is free from most impurities but may not be suitable for highly sensitive analytical applications.



Third, ultra-pure water is for extremely sensitive experiments and advanced analytical techniques like High-Performance Liquid Chromatography (“HPLC”) or Mass Spectrometry (“MS”), ultra-pure water is essential. Ultra-pure water is obtained by combining multiple purification methods, such as reversed osmosis, deionisation, and advanced filtration.

The selection of the appropriate water source in a laboratory depends on the specific needs of the experiments and the desired level of water purity. Laboratories must ensure the water meets the required quality standards for accurate and reliable research outcomes. Regular monitoring, maintenance, and validation of water purification systems are essential to ensure the consistency and reliability of laboratory results.

Water Usage and Sources (m ³)	FY2021	FY2022
Government water	6,991	6,535
Rain harvesting water	0	0
Recycle water	0	0
Total	6,991	6,535
Water consumption intensity (per conformity assessment)	0.07	0.06



Water as a Shared Resource

Water is one of the most critical resources on Earth, essential for sustaining life and supporting numerous industries, including laboratory scientific testing. As laboratories rely heavily on water for various purposes, it is vital to recognise and address their interactions with water as a shared resource. LMS delves into the significance of water in laboratory settings, explores its diverse applications, and highlights the importance of responsible water management and conservation to ensure its sustainable use.

Water Quality and Purity

Maintaining the quality and purity of water used in laboratories is crucial for obtaining accurate and reproducible results. Impurities, such as dissolved minerals, organic compounds, or microbial contaminants, can significantly impact experimental outcomes. To ensure reliable research data, laboratories invest in water purification systems, such as reverse osmosis, deionisation, and distillation, to obtain ultrapure water.

Water Consumption in Laboratories

Lab operations can consume substantial amounts of water daily, posing a challenge to conservation efforts. Beyond testing needs, water is also used for equipment cooling, sanitation, and general laboratory upkeep. Acknowledging the water footprint of laboratory activities is essential in identifying opportunities for minimising wastage and optimising usage.

Sustainable Water Management

Implementing sustainable water management practices in laboratories is key to reducing the environmental impact. Water recycling and reusing strategies can significantly cut down on consumption. Regular maintenance of laboratory equipment, such as fixing leaks and maintaining autoclaves, helps prevent unnecessary water losses. Additionally, updating older equipment with water-efficient alternatives can further enhance conservation efforts.

Management of Water Discharge-Related Impact

Water discharge, the release of water from various sources into the environment, can significantly impact ecosystems, water quality, and human health. Managing water discharge-related impacts is crucial to safeguarding the environment, promoting sustainable water use, and mitigating potential risks. LMS explores various strategies and practices to effectively address water discharge and minimise its adverse effects.

To manage water discharge-related impacts, it is essential to identify and understand the sources of discharge. LMS discharges non-polluted water used for laboratory distillation processes to produce distilled water, hence, we do not require any water treatment technology to improve the quality of discharged water. However, the discharged water can be reused to prevent water scarcity. Beside coagulation, flocculation, biological treatment, and membrane filtration help remove contaminants and ensure compliance with regulatory standards.

Effectively managing water discharge-related impacts is essential for protecting water resources, preserving ecosystems, and ensuring public health. By understanding discharge sources, implementing best management practices, adhering to regulations, engaging stakeholders, and encouraging research and innovation, we can work towards a sustainable and responsible approach to water discharge. A collective effort from governments, industries, communities, and individuals is crucial to securing clean and healthy waterways for future generations.



Electricity Usage and Sources

Electricity is a critical resource in laboratories as it drives essential scientific experiments, research activities, and data analysis. In laboratories, electricity is used for powering a wide range of applications, including operating laboratory equipment such as centrifuges, microscopes, spectrophotometers, and analytical balances. It also supports temperature-controlled environments using incubators, ovens, freezers, and refrigerators for sample storage and experimentation. Additionally, electricity is essential for running LIMS software for processing and interpreting experimental data.

Efficient electricity usage in laboratories is essential to reduce operational costs and minimise the environmental impacts of energy consumption. Laboratories can achieve this by investing in energy-efficient laboratory equipment, implementing energy-saving practices, and exploring renewable energy options. By adopting sustainable electricity usage practices and considering renewable energy sources, laboratories can contribute to broader energy conservation and environmental sustainability efforts. Additionally, responsible electricity usage aligns laboratories with global goals for a cleaner and more sustainable energy future.

Electric Usage and Sources (Kwh)	FY2021	FY2022
Government electricity	533,610	532,880
Solar panel	0	15,442
Net total	533,610	517,438
Electricity consumption intensity (per conformity assessment)	5.32	4.82

Hazardous Waste

In the contemporary world, managing waste-related impacts has become of utmost importance due to the alarming levels of waste generation, which present significant environmental and health challenges. LMS's waste management focuses on the responsible handling, treatment, and disposal of waste to mitigate its adverse effects on ecosystems, human health, and the environment. Within LMS, the most effective approach to managing waste-related impacts is to tackle waste generation at its source. This can be achieved through awareness campaigns, educational initiatives, and promotion of sustainable consumption patterns. Implementing source separation of waste into recyclables and organic waste, such as acids and alkalines, helps optimize waste handling processes. Moreover, our laboratory actively promotes reuse initiatives to minimise the amount of waste sent to landfills or incineration facilities. These efforts contribute to a more sustainable waste management system and reduce environmental strain.



Waste Generation (KG)	FY2021	FY2022
Generation	12	542
On-site reused	0	0
Send for recycling	12	542



Social Scoreboard

Social Data and Analysis

It is crucial to consider social factors impacting the Group's financial performance. These factors include our abilities to address social trends, manage the talent pool, and promote talent engagement. We firmly believe that focusing on talent transformation can enhance profitability and corporate responsibility. Notably, our workforce remained stable throughout FY2021 and FY2022, and we observed a positive trend in female leadership representation. Our commitment to encouraging a work-life balance also resulted in steady working hours and overtime practices.

Furthermore, we are delighted to report that employee engagement scores remain strong, with a decrease of 0.1 points in FY2022, as compared to FY2021. These stable developments highlight the positive impact of our efforts to create a supportive and engaging work environment. We recognise that several social factors can influence the Group's financial performance. These factors encompass both short-term and long-term challenges, as outlined in the table below:

By carefully considering these social factors, we can make well-informed investment decisions aligning with our sustainability commitment and responsible corporate practices. Integrating environmental, social, and governance considerations into our investment strategies enables us to contribute to a more sustainable and ethically responsible investment landscape.

	Social Data	FY2021	FY2022
Diversity	Number of employees	112	121
	Number of employees with disabilities	-	-
	Percentage of employees with tertiary education (%)	91	88
	Number of foreign employees	-	-
	Number of female managers	7	11
	Percentage of female managers (%)	41	55
	Percentage of top 30 female employees (%)*	53	54
	Percentage of female C-suite members (%)	25	25
Safety and Health	Total work days	247	244
	Total working hours	2,058	2,033
	Total overtime hours	254	748
	Total lateness hours	380	498
	Total medical leave taken (days)	281	449
	Average paid leave taken (days)	11	10
	Total Recordable Incident Rate	1	1
	Number of fatality	-	-
Performance	Total training hours	758	1031.5
	Annual training cost	44,645	26,342
	Number of appraisals (time)	4	4
	Number of performance bonuses issued	7	4
	Productivity	151,676	154,344
	Average amoeba achievement (%)	73	70
Engagement	Number of amoeba criteria (quarter)	96	114
	Employee engagement score	7.9	8.1
	Relationship with manager score	8.0	8.3
	Wellness and Happiness score	7.7	7.5
	Embassidoship score	8.3	7.9
	Number of Management review (time)	2	2

* Top 30 is the classification of employees that create values in the respective financial year such as activities that associated with profit maximisation, talent development, international or regional market development, product development, technology development, dormant client conversion, fundamental financial development and other novel development that has a direct impact on maximising shareholders' wealth and material in the mid to long term.

Diversity Data		FY2022		
Gender		Female	Male	
Current employee	%	55.4	44.6	
New hires	%	43.9	56.1	
New hires	no.	18	23	
Separation	no.	21	8	
Employee at the start of the period	no.	71	41	
Employee at the end of the period	no.	67	54	
Turnover	%	30.4	16.8	
Age-based Diversity		< 30	30 - 50	>= 50
Current employee	%	47.9	49.6	2.5
New hires	%	82.9	17.1	0
New hires	no.	34	7	0
Separation	no.	18	11	0
Employee at the start of the period	no.	49	60	3
Employee at the end of the period	no.	58	60	3
Turnover	%	33.6	18.3	0.0
Employment				
Separation	no.	29		
Turnover	%	24.9		
Total employee	no.	121		
Development & Training		Female	Male	
Training hours	Hrs	713.5	318	
Average training hours / employee	Hrs / no.	10.6	5.9	
Average training hours / employee	Hrs / no.	8.5		

Discussion of Social Data

In response to the ongoing challenges posed by the COVID-19 pandemic, we will continue to prioritise the health and safety of our employees. To minimise the risk of transmission, we will persist with our work-from-home policy for supporting personnel. This approach has proven successful in maintaining business continuity while safeguarding our workforce's and their families health.

The Amoeba Management System remains a central focus of our talent transformation efforts. Through this program, we are nurturing and preparing the top 30 talents within our organisation for key leadership positions in our upcoming global expansion plan. By equipping these individuals with essential skills, knowledge, and leadership acumen, we are confident in their ability to drive success in new markets and ensure the company's sustained growth.

Furthermore, we strongly encourage our talented workforce to pursue further education to bolster their professional development. To facilitate this, we proudly offer full sponsorship for advanced educational programs, such as the Master in Business Administration (MBA) and Computer Engineering courses. By investing in our employees' education, we aim to cultivate a skilled and innovative workforce that can meet the demands of an ever-evolving business landscape.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate. While the Company does not have a fixed dividend policy, the Directors intend to recommend and distribute dividends of a minimum of 20% of our profit attributable to owners of the Company in respect of FY2022, FY2023 and FY2024. This gives shareholders a fair return on their investment, as well as reflecting our dedication to maintain consistent and transparent financial practices. For FY2022, the Company declared a final tax-exempt (one-tier) cash dividend of S\$0.0015 per ordinary share in the capital of the Company.

By implementing these initiatives and policies, we strive to create an inclusive, flexible, and supportive work environment that empowers our employees to thrive personally and professionally. We believe these measures will drive the Group's success and reinforce our dedication to sustainable practices and responsible corporate citizenship.

Discussion of Employee Safety and Health Risk

In FY2022, we reported a single external incident, which fortunately did not result in any fatalities. However, we take such incidents seriously and prioritise the health and safety of our employees. We conducted comprehensive assessments and monitoring initiatives to ensure a safe working environment. Chemical Health Risk Assessments were carried out to identify potential risks related to chemical exposure. Through this process, we could proactively address any long-term health hazards and implement appropriate control measures. Similarly, local exhaust ventilation systems were examined to assess their efficiency in reducing airborne contaminants and safeguarding employee health.

Chemical Exposure Monitoring was crucial in monitoring employees' exposure levels and ensuring compliance with safety standards. By closely monitoring exposure levels, we were able to take prompt action to mitigate any risks and protect our workforce from harm. We are pleased to report that all recommendations from the risk assessments and monitoring processes were diligently implemented and closed. This proactive approach demonstrates our commitment to employee well-being and safety. Furthermore, during the Chemical Exposure Monitoring process, we carefully assessed the levels of exposure to five (5) hazardous chemicals commonly used in our operations. None of these chemicals exceeded the permissible limits, indicating that our control measures effectively maintained a safe working environment.

Additionally, it is worth noting that none of the mentioned chemicals was classified under the Use and Standard of Exposure of Chemicals Hazardous to Health regulation schedule 2. This reaffirms our commitment to using safe and compliant chemicals in our operations, reducing potential health risks to our employees. By consistently adhering to rigorous safety protocols, conducting regular assessments, and implementing necessary measures, we aim to provide a workplace where our employees can thrive without compromising their health and well-being. Our dedication to maintaining a safe environment remains unwavering, and we will continue to prioritise the safety of our workforce above all else.

Discussion of Safety and Health Risks on Services

Safety and health risks in the conformity assessment services industry encompass various potential dangers and hazards that can arise while delivering multiple services. Unlike physical products, services often involve human interactions and activities, which can present unique challenges related to safety and health. Effectively managing these risks is crucial to safeguard the well-being of service providers, customers, and the general public. At LMS, we prioritise workplace safety as a fundamental aspect of our operations. We have implemented robust safety measures to mitigate potential risks and protect our employees, customers, and visitors. Before entering the shop floor or any other restricted areas, all visitors are thoroughly briefed about the potential hazards and safety protocols. This practice helps raise awareness and ensures that everyone remains vigilant and informed about the safety procedures they must follow.

For individuals required to work in the laboratory, we provide the necessary Personal Protective Equipment (PPE). This includes safety gear such as gloves, lab coats, goggles, and masks, which are essential to safeguard against potential exposure to hazardous substances and ensure their well-being. Workplace safety prevents accidents, injuries, and occupational health issues. By maintaining a vigilant and proactive safety culture, we create an environment where everyone takes responsibility for their safety and that of others.

In our commitment to the safety and health of our customers and the public, we ensure that all our products and services comply with relevant health and safety regulations. We diligently assess and monitor the potential impacts of our products and services on the well-being of users and take proactive measures to address any identified concerns. As a result of our dedication to safety practices and compliance, there has been no recorded incident of non-compliance concerning the health and safety impacts of our products and services. This track record reflects our continuous efforts to uphold the highest safety standards in all aspects of our operations.

In conclusion, we recognise that safety and health risks in the services industry require comprehensive management strategies. At LMS, we remain committed to prioritising workplace safety, implementing necessary safety measures, and adhering to regulatory requirements to ensure the well-being of our workforce, customers, and the public. By maintaining a culture of safety and vigilance, we aim to create a secure and healthy environment for everyone involved in our service delivery process.



Governance Scoreboard

Governance Data and Analysis

We believe there is no thriving ‘Environment’ and ‘Social’ without a good governing of ‘G’ in ESG. Environmental and social factors may have been in the limelight recently, nevertheless, the ‘G’ remains critical to success in corporate governance. Our Board and Board Committees (namely the Audit Committee, the Nominating Committee and the Remuneration Committee) are chaired by an Independent Non-Executive Director. The Chairman of the Board and the CEO are separate persons in order to ensure an appropriate balance of power and authority, increase accountability and greater capacity of the Board for independent decision-making. Our board independence ratio is 71.4%, board gender diversity stood at 42.9%, and board ethnic diversity was reported as 57.1%, in accordance with the Herfindahl-Hirschman Index.

The independence of our board is a cornerstone of our governance framework. Ensuring that our Board and Board Committees are chaired by an Independent Non-Executive Director, we uphold transparency, objectivity, and prudent decision-making processes. This structure guarantees that our Board operates without undue influence and is well-equipped to make unbiased and informed choices. Furthermore, we value the distinct roles of our Executive Directors and as such, they are not appointed as a Chairman or a member of any of the Board Committees. Maintaining clear distinctions between executive and non-executive roles fosters accountability and avoids potential conflicts of interest.

Our Board independence ratio of 71.4% reflects the substantial representation of independent members on the Board. These independent voices bring diverse expertise and perspectives, enhancing the effectiveness of board deliberations and strategic planning. We are also deeply committed to promoting gender diversity within our board composition. With a 42.9% gender diversity representation, we recognise the importance of inclusivity in driving innovation, creativity, and well-rounded decision-making. In addition to gender diversity, our commitment to ethnic diversity is evident, with a reported board ethnic diversity of 57.1%. Embracing diverse cultural backgrounds enriches our organisational culture and ensures a comprehensive understanding of our diverse markets.

In conclusion, we firmly believe that a thriving environment and social framework cannot be achieved without strong governance represented by the ‘G’ in ESG. Our Board independence measures and diverse composition demonstrate our dedication to sound corporate governance, which is vital for ensuring sustainable success and responsible business practices. We will continue prioritising and upholding these principles as we progress towards a sustainable and inclusive future.



Discussion on Corporate Governance

The significance of good corporate governance is crucial to unlock the environmental and social benefits. Moving forward, our organisation prioritises strong corporate governance by adopting RobecoSAM's Economic Dimension Score as a measure of board effectiveness. Through this approach, we aim to enhance firm performance, share prosperity with stakeholders, and protect the environment.

Our assessment of governance effectiveness encompasses seven (7) key areas:

- **Code of business conduct:** We thoroughly evaluate whether the Group has a comprehensive code addressing business ethics, bribery, and corruption. By upholding high ethical standards, we ensure that our business practices align with sustainable and responsible principles.
- **Risk and crisis management:** We meticulously assess the Group's risk management practices to gauge their effectiveness in identifying and mitigating long-term risks. A robust risk management framework is essential to safeguarding our stakeholders and business operations.
- **Supply chain management:** We strongly emphasise the Group's strategies for managing risks and opportunities associated with its supply chain. Ensuring responsible and sustainable supply chain practices is vital to upholding our ESG commitments.
- **Tax strategy:** We evaluate the Group's tax policies and clarify taxation issues and risks. Transparent and responsible tax practices are crucial in maintaining trust with our stakeholders and contributing to the communities in which we operate.
- **Materiality:** Our assessment focuses on the Group's ability to identify and report on long-term value creation that is relevant and sustainable for our business. We ensure our decisions align with our ESG objectives by prioritising material factors.
- **Policy influence:** We carefully evaluate the Group's spending on public policy, legislation, and regulations, as well as its transparency regarding these contributions. Responsible policy influence is vital in promoting positive societal and environmental outcomes.
- **Impact measurement and valuation:** We thoroughly assess the Group's social programs, whether in the form of expenses or investments, and their potential to create meaningful societal impacts. Understanding the true impact of our initiatives allows us to make data-driven decisions for greater sustainability outcomes.

By focusing on these seven (7) areas, we are confident that we can strengthen our corporate governance practices and fully unleash the potential of sustainability. Embracing strong governance principles is a commitment to our stakeholders and reflects our dedication to sustainable and responsible business practices. We strive to positively impact society, the environment, and our business ecosystem through continuous improvement in these aspects.



Discussion on Data Protection

We have established a comprehensive policy for personal data protection and confidentiality that applies to all stakeholders, including employees, clients, vendors, and trainees. Our primary objective is to ensure the secure storage, management, and use of personal data. To achieve this goal, we have implemented the following steps:

Induction Program for Employees and Trainees:

As part of our onboarding process, all new employees and trainees must participate in an induction program. During this program, they are presented with our Personal Data Protection (“PDP”) and Confidentiality Policy. They must sign the policy, signifying their understanding of its importance and commitment to adhering to its guidelines. This ensures that every workforce member is well-informed about the significance of personal data protection from the outset of their engagement with our organisation.

Client Acknowledgment at LIMS Login:

We prioritise the protection of our client’s data as well. Therefore, when clients log in to our Laboratory Information Management System (“LIMS”) for the first time, they are prompted to acknowledge our PDP policy before gaining access to their accounts. This ensures that our clients are actively engaged in our data protection efforts and are aware of the measures we have in place to safeguard their information.

Vendor Assessment and PDP Policy Compliance:

Our commitment to data protection extends to our vendor relationships. During the annual vendor assessment process, all vendors are required to review and sign our PDP policy. This emphasises our expectation that our business partners maintain the same level of care and commitment to secure personal data when handling information on our behalf.

Following these steps establishes a strong and unified approach to personal data protection across all stakeholders. Acknowledging and complying with our PDP policy reinforce our organisation’s dedication to maintaining the highest data security and confidentiality standards. Our commitment to safeguarding personal data goes beyond regulatory compliance, it reflects our core values and commitment to building trust with our stakeholders. We continuously monitor and update our PDP policy to ensure its relevance and effectiveness in light of evolving best practices and legal requirements. This demonstrates our commitment to an ongoing process of improvement and adaptation to provide the utmost protection of personal data and uphold the trust placed in us by our stakeholders.





Digitalisation Scoreboard

1101001010 1010111 0001 110101001 01010101 01010
11101110000111000101011100111111 1010 1010111 00
1100 00101010101 1110111

0101001 01010101 01010
011100111111 1010 1010111 00
0101010101 1110111
0001 1101 01001 010 10101 01010
000101011100111111

Discussion on the Economics of Digitalisation

In line with our corporate philosophy, digital transformation is a vital element driving our business forward. Embracing digitalisation has yielded remarkable benefits for our Group, touching three (3) key perspectives: planet, people, and prosperity. Moreover, we have gained a sustainable competitive advantage, positioning us ahead of our rivals in the market. The progress made in FY2022 alone is a testament to the transformative power of our digital initiatives.

From an environmental standpoint, our commitment to digitalising manual processes has led to significant positive impacts on the planet. By reducing the consumption of paper, we have saved the equivalent of 18 trees from being cut down. This reduction in paper usage conserves natural resources and contributes to lower carbon emissions and a smaller ecological footprint.




Regarding people, our digital transformation efforts have elevated productivity levels from RM84,000 to an impressive RM154,344 per headcount between 2016 to 2022. Automating and streamlining processes have freed up valuable time for our employees, allowing them to focus on more strategic and value-added tasks. This increased efficiency has translated into a more engaged and motivated workforce, fostering a positive work culture and enhancing overall job satisfaction.

Another critical aspect is the elimination of misappropriation, which has been achieved at a remarkable rate of 100%. Through digitalisation, we have implemented robust systems and controls that detect and prevent any unauthorised access or misuse of resources. This protects our organization from financial losses and reinforces the trust and confidence of our stakeholders, including customers, investors, and partners.

Our digital transformation has proven to be a game-changer in terms of prosperity. Automating processes, data-driven decision-making, and improved operational efficiency have significantly contributed to cost savings and increased revenue streams. This has enhanced financial performance and laid the foundation for sustainable growth and profitability.

Furthermore, our efforts in digitalisation have given us a sustainable competitive advantage in the market. By being at the forefront of technological advancements, we are better equipped to adapt to changing market dynamics and customer demands. This agility and innovation-driven approach have set us apart from competitors, positioning us as leaders in our industry.

In conclusion, our digital transformation journey aligns seamlessly with our corporate philosophy and values. The benefits we have reaped regarding environmental sustainability, enhanced productivity, and competitive advantage have been exceptional. As we continue to leverage digital technologies and innovate, we remain committed to driving positive change, creating value for our stakeholders, and securing a prosperous and sustainable future for our Group and the communities we serve.

Sustainability Pillars	Digital Transformation	Impact	FY2021	FY2022
 Environment	Issuance of the electronic Certificate of Analysis (COA), Invoices, Quotations, Sales Orders, and Delivery Orders	Reduce printing and postage	17.4 trees	18.3 trees
 Social	Digitalise laboratory workflow and processes (AikinZ-LIMS) and ISO document management system (AizenZ-DMS)	Increase productivity	RM 151,676	RM 154,344
	Digitalise the Amoeba Management System (AMS)	Increase talent transformation (%)	73	70
	Digitalise the Corporate Communication System via mySuite at likert scale from 0 to 10	Foster communication	7.96	7.95
 Governance	High-security QR code on COA	Reduce misappropriation	0 case reported	0 case reported
	21 CFR Part 11 e-Signature ¹	Increase traceability	0 failure	0 failure

Denote 1: Referred to the US-FDA requirement of Electronic Records; Electronic Signatures - Scope and Application



TCFD Report

In recent times, there has been a rising demand from investors, customers, and regulators for uniform and comparable disclosures related to climate matters. The TCFD (Task Force on Climate-related Financial Disclosures) was established to address this need by formulating guidelines that encourage providing valuable, forward-looking information alongside financial reports. These guidelines promote a standardised reporting framework, enabling stakeholders to better assess companies by facilitating comparisons.

Moreover, the TCFD Recommendations assist companies in both recognising and evaluating various aspects such as transition risks, physical risks, and climate-related opportunities. They serve as a valuable resource in identifying and assessing potential risks and opportunities associated with climate considerations.

The TCFD Recommendations are organised into four (4) main pillars, each representing a fundamental aspect of a business: governance, strategy, risk management, and metrics and targets.



Governance

This pillar focuses on how LMS integrates climate-related issues into our governance framework. It includes information about Board oversight, management's responsibilities, and how climate risks and opportunities are incorporated into the Group's overall strategy.

Please refer to page 21 to 23 of this report, on the sections entitled "Governance Structure" and "Nomination and Selection Governing Body", for information.

Risk Management

LMS discloses the processes for identifying, assessing, and managing climate-related risks. Hence, the climate-related risks and opportunities have been identified in this report at page 13 (Identification: Materiality Assessment), assessed in page 14 (Prioritisation: Mapping of Material Matters), and managed through stakeholder engagement to remediate its negative impact in page 18 and 19 (Remediate the Negative Impact, and Engagement: Stakeholders). This includes information on how these risks are integrated into their overall risk management framework in page 24 and 25 (Risk Management). This report defines short-term as one (1) year, medium-term as two (2) to four (4) years, and long term as five (5) years and above.

Scenario Analysis

To better understand climate-related risks and opportunities in our businesses, we have embraced scenario analysis to navigate the potential future trajectory of transition and physical parameters. Scenarios outline various paths of development leading to specific outcomes, and they do not aim to provide a complete depiction of the future. Instead, they focus on key factors driving future results and highlight central elements of possible futures. We recognise that each scenario carries uncertainty and relies on certain assumptions. Nevertheless, these scenarios offer valuable references, providing signals and indicators about the plausible trends in the parameters relevant to our businesses. This scenario analysis will be conducted and updated annually based on the most current data and information available, thus reflecting potential changes that may impact our businesses.

Our climate-related transition risk analysis is grounded on the Stated Policies Scenario ("**STEP**") and the Sustainable Development Scenario ("**SDS**"). The defined scenarios provide robust frameworks to assess and address the challenges and opportunities climate change poses.

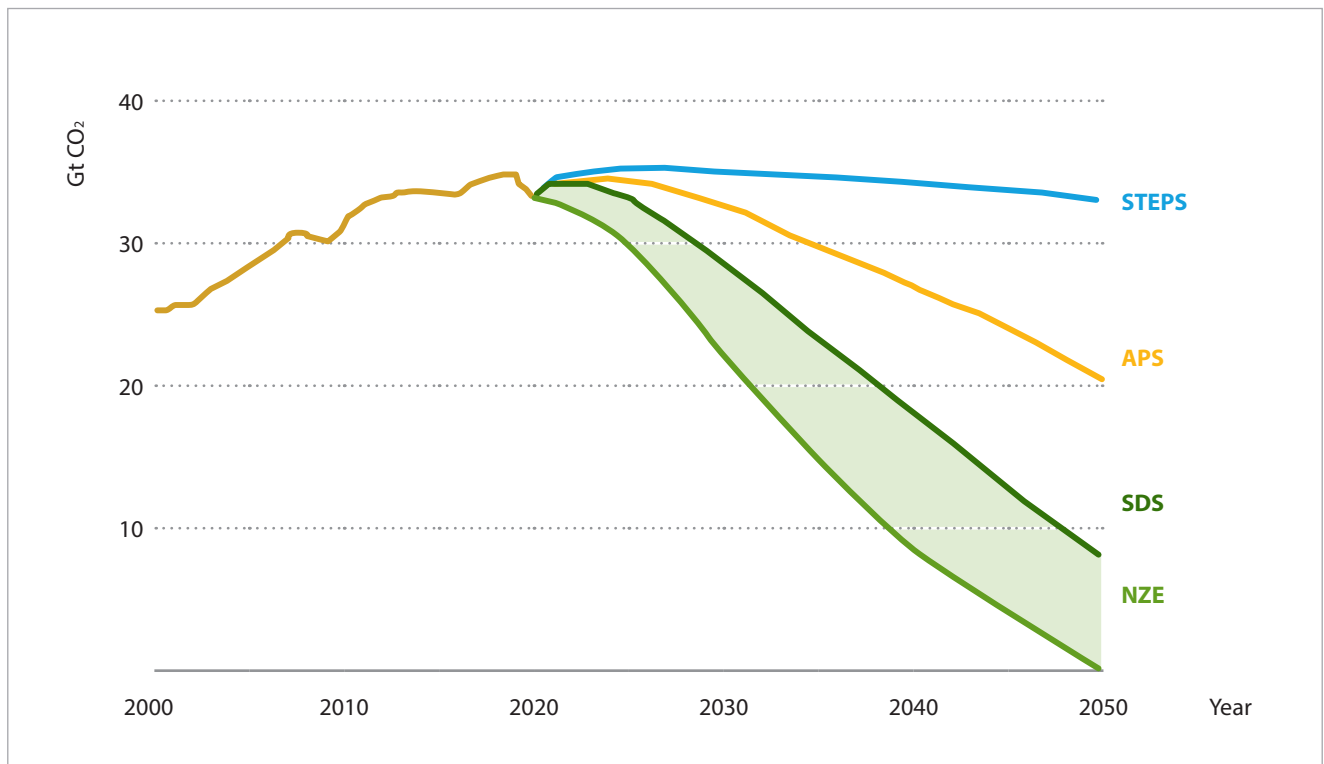
Stated Policies Scenario (STEP)

The STEP represents a more conservative and business-as-usual scenario. It is based on the existing policies and measures governments and other entities have already announced and implemented. The STEP assumes that current policies will continue without significant changes or additional efforts beyond what has already been declared. It projects the future trajectory based on the existing policies and regulatory framework. Hence, the emission reduction efforts in the STEP may not be sufficient to achieve the Paris Agreement's more ambitious temperature targets of limiting global warming to well below 2°C or 1.5°C.

Sustainable Development Scenario (SDS)

The SDS is an ambitious scenario that aims to align with the goals of the Paris Agreement, which means limiting the global average temperature increase to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels. The SDS assumes a proactive approach, incorporating more stringent policies, regulations, and measures beyond the ones already implemented (as seen in the STEP). It envisions significant efforts to increase energy efficiency, deploy renewable energy sources, and reduce greenhouse gas emissions substantially. Therefore, SDS sets more aggressive emission reduction targets than the STEP, leading to a substantial decline in greenhouse gas emissions over the coming decades.

In summary, the SDS represents a more proactive and ambitious approach to combat climate change, with stringent targets, additional measures, and a focus on renewable energy and emissions reduction. On the other hand, the STEP represents a more conservative projection based on the existing policies and measures that have been declared up to the analysis time, without additional efforts to address the urgency of climate change depicted in the figure below.



Strategy (Risk and Opportunity)

This pillar requires LMS to disclose how climate-related risks and opportunities might impact our current and future business strategies. It provides insight into the Group's resilience to climate scenarios, including 2°C and lower or to be carbon neutral by 2050, to understand how well they are positioned for potential climate-related changes.

Climate Change Risk Management

In recognition of the significant impact of climate change, LMS has adopted a comprehensive strategy to manage climate-related risks and their interactions with our overall business strategy. Proactive evaluation of both physical and transition risks is conducted through qualitative and quantitative climate-related scenario analysis, following the approach outlined below.






The figure orchestrates the processes for identifying, assessing, and managing climate-related risks. This includes information on how these risks are integrated into their overall risk management framework. Key risks are identified and prioritised based on the considerations stated in the section entitled "Materiality" at page 13 of this report through the methodology demonstrated in the section entitled "Methodology" at page 13 of this report.




Climate-Related Risks




LMS faces several climate-related risks that can impact its operations, safety, and the integrity of experiments. Some of the relevant climate-related risks associated with LMS are:




	<p>Extreme weather events: Chemical laboratories can be susceptible to extreme weather events like hurricanes, storms, or floods. These events can disrupt laboratory operations, damage infrastructure, and pose safety risks to personnel and the surrounding environment.</p>	<p>Risk type: Acute Time horizon: Short term Assessment Likelihood/Impact: High/High Materiality: Yes TCFD Disclosure: Yes</p>	
<p>Our assessment of scenario < 2°C</p> <p>STEP</p> <p>SDS</p>		<p>Financial impact: RM400,000</p>	
<p>We foresee that the rising extreme weather events would cause a flood that will disrupt the operation—the impact is categorised into three (3) phases. First, during the flood, the operation is disrupted. Second, after the flood, it may incur cleaning and sanitising costs to reinstate the operational condition. Third, the loss of assets such as vehicles, office equipment, computers and electrical fittings. Which translates to RM200,000 per disruption. The figure presented is a potential EBITDA loss, calculated based on the NZCE scenario by 2050, where two (2) floods between 28 years.</p>			
<p>Our Strategy towards Scenario NZCE 2050</p>		<p>Mitigation cost: RM300,000</p>	

The Group is looking forward to redesigning the shop floor and office space. The segregation of scientific equipment to the upper floor could mitigate the impact. Also, the Group's plan to use any new building material that can withstand the water during the flood could minimise the loss of assets, especially office equipment. The capital expenditure of RM300,000 has been allocated for using new building materials and redesigning of shop floor initiative. The EBITDA will be protected in the next 28 years to prevent the financial impact, despite the capital expenditure impact on the book for the next ten (10) years. This could cushion by capital allowance.

 <p>Water availability: Chemical laboratories often rely on water for various processes and cooling systems. Changes in precipitation patterns and water availability due to climate change can lead to challenges securing sufficient water supplies for laboratory operations.</p>	<p>Risk type: Acute Time horizon: Short term Assessment: High/High Likelihood/Impact: Yes Materiality: Yes TCFD Disclosure: Yes</p>	
<p>Our assessment of scenario < 2°C</p> <p>STEP</p>  <p>SDS</p> 	<p>Financial impact: RM336,000</p>	
<p>We foresee that the water scarcity would disrupt operations such as distillation, chemical mixing and glassware washing—especially the water rationing due to its availability where the dam water level is low. The water scarcity may stop the operation, affecting the client's deadline. The man lose day is significant during the water rationing that could translate to RM6,000 per occurrence daily. The figure presented is a potential EBITDA loss and productivity drop, calculated based on the NZCE scenario by 2050, where two (2) failure yearly between 28 years.</p>		
<p>Our Strategy towards Scenario NZCE 2050</p>	<p>Mitigation cost: RM120,000</p>	
<p>The Group looks forward to installing a water reuse and storage system to minimise the man lose day. The capital expenditure of RM120,000 has been allocated for installing a water reuse and storage system with the capacity of one (1) day of usage. The EBITDA will be preserved in the next 28 years to prevent the financial impact, despite the capital expenditure impact on the book for the next five (5) years.</p>		

 <p>Temperature fluctuations: Chemical reactions and experiments in the laboratory often require precise temperature control. Climate changes, such as extreme heat or cold spells, can affect the ambient temperature and may lead to challenges in maintaining stable conditions, impacting the accuracy and reproducibility of experiments.</p>	<p>Risk type: Chronic Time horizon: Long term 28 yrs Assessment: High/Low Likelihood/Impact: Not Materiality: Not TCFD Disclosure: No</p>	
<p>Our assessment of scenario < 2°C</p> <p>STEP</p>  <p>SDS</p> 	<p>Financial impact: RM238,000</p>	
<p>We anticipated that the rising ambient temperature would cause the building to become warmer. Hence we will spend more energy cooling down the temperature of the shop floor when the building insulation is inefficient. On average, for every degree you change the thermostat over eight hours, you can expect to see about a 1.5% difference in your overall bill. That means turning the thermostat down 1 degree for 8 hours during the chronic warm weather will increase the electricity bill by 1.5%. In the worst-case scenario, we assume to turn up 2 degrees for 8 hours, which translates to a 3% increment of the annual electricity bill amounting to RM8,500 annually. The figure presented is a potential EBITDA loss calculated based on the NZCE scenario by 2050.</p>		
<p>Our Strategy towards Scenario NZCE 2050</p>	<p>Mitigation cost: RM200,000</p>	
<p>The Group is looking forward to increasing the use of green energy, such as installing solar panels and implementing efficient energy management to mitigate the impact. The capital expenditure of RM170,000 has been allocated for the Solar Panel project, whereas RM30,000 has been assigned to the efficiency energy management program. The EBITDA will be improved in the next 28 years to cushion the financial impact, despite the balance sheet expecting to have an effect in the next five (5) years.</p>		

	Waste management challenges: Climate-related risks can impact waste disposal processes, especially if extreme weather events, such as floods, may lead to increased hazardous waste generation or hinder waste collection and treatment.	Opportunity type: Technology Time horizon: Short-term Assessment: High/Low Likelihood/Impact: Not Materiality: No TCFD Disclosure: No	
Our assessment of scenario < 2°C STEP  SDS 		Financial impact: RM8,000	
<p>We foresee that waste collection becomes difficult under extreme weather conditions. For instance, a flood may disrupt waste collection services, hinder treatment and increase waste, which translates to RM2,000 per disruption. The figure presented is a potential EBITDA loss, calculated based on the NZCE scenario by 2050, where two (2) floods between 28 years¹.</p>			
Our Strategy towards Scenario NZCE 2050		Mitigation cost: RM300,000*	
<p>The Group is looking forward to redesigning the shop floor and office space. The segregation of scientific equipment to the upper floor could mitigate the impact. Also, the Group's plan to use any new building material that can withstand the water during the flood could minimise the loss of assets, especially office equipment. The capital expenditure of RM300,000 has been allocated for using new building materials and redesigning of shop floor initiative. The EBITDA will be protected in the next 28 years to prevent the financial impact, despite the capital expenditure impact on the book for the next ten (10) years. This could cushion by capital allowance.</p>			
<p><i>*sunk cost for mitigating extreme weather events declare risk under flood</i></p>			

	Power outages: Climate-related events, such as severe storms, can cause power outages, particularly concerning in a chemical laboratory where continuous power is vital for critical equipment like fume hoods, refrigerators, and safety systems.	Risk type: Acute Time horizon: Short term Assessment: Low/Low Likelihood/Impact: Not Materiality: No TCFD Disclosure: No	
Our assessment of scenario < 2°C STEP  SDS 		Financial impact: RM300,000	
<p>We foresee that the power outages would disrupt the operation—especially the improper shutdown when the power outage is back to normal. The inappropriate shutdown may cause the electronic components failure due to excessive current. Also, during power outages, operations cannot be carried out, and the client's deadline may be lost. The man loss day is insignificant compared to the assets, such as electronic component replacement due to improper shutdown during the outage, which could translate to RM100,000 per detector/motherboard. The figure presented is a potential EBITDA loss, calculated based on the NZCE scenario by 2050, where three (3) failure between 28 years¹.</p>			
Our Strategy towards Scenario NZCE 2050		Mitigation cost: RM80,000	
<p>The Group is looking forward to installing an Uninterrupted Power Supplier (UPS) for those sophisticated equipment that could minimise the loss of assets, especially part replacement. A capital expenditure of RM80,000 has been allocated for the installation of UPS. The EBITDA will be contacted in the next 28 years¹ to prevent the financial impact, despite the capital expenditure impact on the book for the next five (5) years.</p>			

Denote 1 means is based on the constant price in 2021. Below is the summary of climate-related risks interacting with our Group's Financial Planning into three (3) aspects:

EBITDA

The Group's EBITDA is highly susceptible to a wide array of climate-related risks, which can significantly influence the Group's financial performance and overall profitability. As the world faces escalating challenges from climate change and its associated consequences, businesses across various sectors must realise that their operations and financial outlook are inextricably intertwined with the changing climate.

CASH FLOW

Cash flow plays a pivotal role in achieving the necessary capital expenditure and ensuring the prompt implementation of the mitigation plan. A healthy and steady cash flow is essential for several key reasons, each contributing to the successful execution of the planned initiatives.

First and foremost, capital expenditure requires significant financial resources, often involving investments in infrastructure, equipment, technology, and other long-term assets. These upfront expenses are critical for effectively implementing the mitigation plan, laying the foundation for sustainable and resilient practices. A strong cash flow enables the Group to allocate funds without delay, ensuring the necessary resources are available to initiate the projects and capitalise on opportunities promptly.

Additionally, cash flow provides the financial flexibility to navigate unforeseen challenges and contingencies that may arise during the execution of the mitigation plan. Climate-related risks and uncertainties are inherent, and having sufficient cash reserves allows the Group to adapt and respond swiftly to changing circumstances, safeguarding the continuity and progress of the initiatives.




CAPITAL EXPENDITURE




Indeed, capital expenditure is an essential and unavoidable component of carrying out a comprehensive mitigation plan. Significant investments in infrastructure, technology, and equipment become necessary when embarking on initiatives to address climate change and reduce environmental impacts. One considerable aspect of capital expenditure is its impact on the balance sheet. The assets acquired through these investments are recorded on the balance sheet as tangible assets. These assets have a measurable value and contribute to the overall net worth of the Group.

However, it is essential to recognize that these assets are subject to depreciation over time. Depreciation represents the gradual decrease in the value of these tangible assets as they age or become obsolete. As the assets depreciate, their book value on the balance sheet is reduced, reflecting their diminished worth over time. This depreciation is usually accounted for annually through depreciation expenses on the income statement.

Climate-Related Opportunities

LMS should implement robust risk management plans to address climate-related risks, ensure contingency measures are in place for power outages and extreme weather events, and invest in climate-resilient infrastructure. Regular monitoring of environmental conditions and awareness of local climate projections can help the Group adapt to enhance overall safety and operational resilience. Additionally, fostering sustainable practices can contribute to mitigating the impact of climate change and enable opportunities within the Group and in the broader environment as below:

 <p>Regulatory and compliance changes: Climate-related regulations and policies may evolve, affecting how chemical laboratories handle and manage certain substances and emissions</p> <p>Emerging Regulations: World Bank requires carbon prices to be in the range of the following: •USD 40-80 per tonne by 2020; •USD 50 and USD 100 per tonne by 2030; •USD 140-80 per tonne by 2040. Malaysia could implement a carbon tax to regulate the carbon emission aligned with the NZCE 2050 plan.</p>	<p>Opportunity type: Policy & Legal</p> <p>Time horizon: Medium-term</p> <p>Assessment: High/High</p> <p>Likelihood/Impact: Yes</p> <p>Materiality: Yes</p> <p>TCFD Disclosure: Yes</p>	
<p>Our assessment of scenario < 2°C</p> <p>STEP</p>  <p>SDS</p> 	<p>Financial impact: RM33,320,000</p>	
<p>We foresee that the government of Malaysia could implement a carbon pricing policy to regulate the NZCE 2050 plan. Apart from ETS, which Bursa launched in December 2022, the government may accelerate the rollout of the carbon tax to embrace the EU Carbon Boarder Adjusted Mechanism (CBAM), where we believe seven (7) per cent of sectors will be impacted in the first year of the CBAM. Being a part of the supply chain of MNC, we expect sustainability compliance to be heating up, or else we may lose the contract from the MNC. The contract loss for non-conformity on sustainability report is a potential for RM1,400,000 or 7% of annual revenue for 28 years¹.</p>		
<p>Our Strategy towards Scenario NZCE 2050</p>	<p>Value:</p>	<p>RM39,200,000</p>
<p>The Group looks forward to the government developing a domestic carbon pricing mechanism to encourage companies to reduce their emissions. This would help to align Malaysia's policies with the EU's carbon reduction goals and make Malaysia's businesses more competitive. Hence, independent assurance services become lucrative to moderate carbon trading with an estimated RM39,200,000 (7% of active clients require assurance services) business opportunities.</p>		

	Market Demand: Climate-driven purchasing behaviour created a shift to adopt lower carbon footprint products and services. Products and services that have no declaration of carbon footprint may force to reinvent the emerging needs.	Opportunity type: Market Forces Time horizon: Medium-term Assessment: High/High Likelihood/Impact: Yes Materiality: Yes TCFD Disclosure: Yes	
Our assessment of scenario < 2°C STEP  SDS 		Financial impact: RM71,400,000	
We foresee that products and services with a carbon footprint may become a leading adoption requirement as the shift of climate-driven behaviour. The same goes for testing, certification and assessment services that may need to state their footprint when delivering the services. We expect that if we can not provide the footprint may lose 15% of annual revenue for 28 years ¹			
Our Strategy towards Scenario NZCE 2050		Value:	RM119,000,000
The Group looks forward to developing the footprint of our testing, certification and assessment services, which could generate additional revenue of 25% annually for 28 years ¹ .			

Denote 1 means the revenue is based on the constant price in 2021. Below is the summary of climate-related opportunities impacting our Group's Financial Planning into three (3) aspects:

REVENUE

Embracing opportunities can significantly impact and accelerate the Group's revenue growth, enhancing financial performance and overall success. When recognized and effectively pursued, these opportunities can act as catalysts for expansion and prosperity within the Group.

INVESTMENT

The "invest to grow" strategy reflects a forward-thinking and proactive approach to fostering sustainable and long-term expansion. This strategy involves investing in various business areas to stimulate growth, maximize opportunities, and enhance overall performance. The Group is positioning itself for success in a rapidly evolving market landscape by prioritising investments to fuel development and profitability.

Metrics and Targets

We have embraced a comprehensive method to establish our climate-related measurements, aiding us in evaluating and overseeing the key factors that influence our joint strategy for tackling climate-related challenges. These measurements are designed to weave together our Group structure, strategic planning, and risk oversight. This will enable us to monitor our advancements and make informed choices as we move forward. Going forward, these measurements will be revealed in our Annual Report, offering stakeholders a comprehensive understanding of how we track climate-related monitoring criteria in relation to our openly stated objectives. The metrics detailed in the ensuing table are significant to our operations and will undergo annual evaluation.

Metrics	FY2021	FY2022
Emission		
Scope 1 emissions (kg CO ₂ e)	14,152	27,469
Scope 2 emissions (kg CO ₂ e)	418,453	408,213
Scope 3 emissions (kg CO ₂ e)	69,700	91,872
Total emissions (kg CO ₂ e)	502,304	527,554
Emission intensity / Conformity activity	5.01	4.91
Energy Transition		
Renewable energy installed capacity (Kwh)	-	29,041
Renewable energy generation (Kwh)	-	15,615
Quantity of carbon credits retired for offset purposes	-	-
Internal carbon price ("ICP") used (tonne) ¹	-	SGD60 - RM210

Note 1: Cited from <https://www.channelnewsasia.com/singapore/carbon-tax-net-zero-target-emissions-singapore-green-plan-2506496>

LMS has pledged to align with our Climate Goals to achieve net-zero carbon emissions by 2050. Our objectives for 2030 include eliminating emission intensity by 30% (measured in kg CO₂e/conformity activity). And 2040 further reduces the emission intensity by 60%, eventually becoming net-zero carbon emission by 2050.



Sustainability Standards and Assurance

Limited Assurance by MY CO2 Certification



Verification Assurance no.: SUS14016230001

Rev.: 00

Sustainability Report Verification Assurance

Organisation: LMS Compliance Ltd

LMS COMPLIANCE LTD (LMS or the Group) is a first-of-its-kind company listed on SGX, providing Testing, Assessment, and Certification services. Their activities interest a wide range of stakeholders, including but not limited to regulators, accreditation bodies, manufacturers, and consumers. They ensure that performance reporting is holistic and balanced as part of their commitment to good governance practices and transparency. This is communicated through LMS's Sustainability Report 2022, which also includes discussions surrounding sustainability and outlook to give stakeholders insights into their future orientation over the short-, medium- and long-term perspectives.

The Board of Directors of LMS (the "Directors") and the management of LMS (the "Management") are responsible for the preparation and presentation of the Scope by the Applicable Criteria and the information and assertions contained within it; for determining the objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

The Directors and the Management are responsible for preventing and detecting fraud and error, mainly through the implementation and continued operation of an adequate internal control system. The Directors and the Management are also responsible for ensuring that staff involved with preparing and presenting the description of the scope and the Integrated Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units. The Directors and the Management responsible for disclosing to us their knowledge of (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the scope and the Integrated Report and (ii) allegations of or suspected fraud or dishonesty committed against the Group. The Directors and the Management are responsible for making available the Scope and the Integrated Report and any other information timely to facilitate the completion of the engagement within the required time frame. The Directors and the Management are responsible for disclosing to us facts that may affect the scope and the Integrated Report, of which they may become aware during the period from the date of the independent limited assurance report to the date the Scope and the Integrated Report are issued.

This Assurance Statement by MY CO2 Certification on LMS Sustainability Report 2022.

MY CO2 Certification and LMS are self-sufficient corporations and entities. Our assurance team has the appropriate experience and competence and is not working for LMS in any other capacity. Other staff from MY CO2 do work with LMS which we do not consider there to be a conflict between the other services provided by MY CO2 and that of our assurance team.

The purpose of this Independence Assurance Statement (hereinafter referred to as Statement) is only to conclude that the relevant issues within the scope of the LMS Sustainability Report are guaranteed, but not for other purposes. Except for this Statement on the verified facts, for any use of other purposes,



or any person who read this Statement, MY CO2 is not responsible or liable for any legal or other responsibility.

This Statement is based on the conclusions made from verifying the relevant information provided to MY CO2 by LMS. Therefore, the scope of the verification is based on and confined to the content of this provided information. MY CO2 shall consider that the contents of the information are complete and accurate. The LMS shall answer all concerns and questions about the contents or the relevant issues contained in this statement.

1. Verification Process:

The verification process was conducted by an independent third-party verification organisation, MY CO2 Verifier, by **ISO 14016:2021**. The process included a comprehensive review of the sustainability report data, information sources, and calculation methodologies. To collect evidence related to conclusions, we implemented the following tasks:

- Implement the high-level management review for topics from external groups related to *ESG policy* to confirm the appropriateness of the report in this statement.
- Discussions about stakeholder engagement with the managers of LMS; however, we have no direct contact with external stakeholders.
- Interviews with employees related to ESG Sustainability management, report preparation and information provision.
- Interviews with sites, selected based on a risk analysis, including quantitative and qualitative criteria.
- Review the critical developments related to organisations.
- Review the scope and maturity of systems related to financial and non-financial reports.
- Review the supporting evidence declared in the report.

The activities conducted during a limited assurance engagement differ in nature and timing compared to those in a reasonable assurance engagement. Additionally, the extent of procedures in a limited assurance engagement is less extensive. As a result, the confidence level achieved through a limited assurance engagement is notably lower than what would have been attained through a reasonable assurance engagement.

2. Verification Scope:

The verification scope covered the entire sustainability report for the December 31, 2022 fiscal year. This included:

- *Scope 1 Direct GHG Emissions*
- *Scope 2 Indirect GHG Emissions*
- *Scope 3 Indirect GHG Emissions (Goods receiving and commuting only)*
- *Total Renewable Energy Consumption*



Verification Assurance no.: SUS14016230001

Rev.: 00

- *Total Municipal Water Supplies (or from other water utilities)*
- *Total Waste Generation and Disposal*
- *Social data on Diversity, Safety and Health*
- *Governance data on board independence*

This Sustainability Report (SR) covers the reporting period of 1 January 2022 to 31 December 2022 unless otherwise stated. Information presented relates to the group's activities comprising our subsidiaries and associates, if any. The subsidiaries included are based on the Malaysian Financial Reporting Standards (MFRS) and Companies Act 2016. This report provides information on all our subsidiaries, where we have 100% ownership.

3. Verification Findings:

MY CO2 Verifier conducted a detailed assessment of the data provided in the sustainability report. The verification findings are summarised below:

- The reported environmental data was consistent and accurately calculated using the specified methodologies.
- Information sources, such as meter readings, records, and documentation, were verified for accuracy and completeness.
- The data collection and reporting processes were adequately documented, and internal controls were in place to ensure data integrity.
- The report's scope and boundaries were clearly defined, and disclosures regarding significant issues were accurate and transparent.

4. Verification Conclusion:

Based on the verification process, we summarise the content of "the company's ESG sustainability report and provide a fair opinion of LMS Compliance Ltd's relevant operation and performance. We believe that the index, such as economic, social and environmental performance for the fiscal year ending Dec 31 2022, is presented correctly. The performance index disclosed in the report demonstrates LMS Compliance Ltd's efforts to identify and meet the stakeholder requirements.

5. Verification Statements:

MY CO2 CERTIFICATION SDN BHD, as a verification and validation body (VVB), has been engaged to assure the sustainability section in this report. The assurance is limited to environmental, occupational health and safety data, as listed in the following eight indicators:

- *Scope 1 Direct GHG Emissions*
- *Scope 2 Indirect GHG Emissions*
- *Scope 3 Indirect GHG Emissions (Goods receiving and commuting only)*
- *Total Renewable Energy Consumption*
- *Total Municipal Water Supplies (or from other water utilities)*



Verification Assurance no.: SUS14016230001

Rev.: 00

- *Total Waste Generation and Disposal*
- *Social data on Diversity, Safety and Health*
- *Governance data on board independence*

6. Restriction of Use:

Our report should not be considered suitable for use or reliance by any party other than LMS in any capacity or context. Should any other party, apart from LMS, gain access to our report or its contents and choose to rely on it, they do so at their own risk. We do not accept responsibility or assume liability for any party other than LMS concerning our work, this report, or the conclusions drawn. The release of our report to LMS comes with the understanding that it cannot be copied, referenced, or disclosed, either in its entirety (except for LMS's internal use) or partially, without our prior written consent, to the fullest extent permitted by law.

Verified by,



ChM. Chong Moi Me


Lead Verifier


MY CO2 Certification Sdn Bhd

3.11 GRI Index

The Global Reporting Initiative (GRI) serves as a multi-stakeholder standard for sustainability reporting, offering direction on report content and indicators, and is globally recognised as the most widely adopted standard for such reporting. This report has been diligently prepared following the latest GRI Universal Standards 2021 and references our 2022 Sustainability Report and GRI Content Index.




GRI STANDARD	DISCLOSURE	PAGE NUMBER	
GRI 2: General Disclosures 2021	2-1	Organisational details	5
	2-2	Entities included in the organisation's sustainability reporting	5
	2-3	Reporting period, frequency and contact point	5
	2-4	Restatements of information	Not Applicable
	2-5	External assurance	Nil
	2-6	Activities, value chain and other business relationships	19
	2-7	Employees	19
	2-8	Workers who are not employees	19
	2-9	Governance structure and composition	20
	2-10	Nomination and selection of the highest governance body	23
	2-11	Chair of the highest governance body	20
	2-12	Role of the highest governance body in overseeing the management of impacts	20
	2-13	Delegation of responsibility for managing impacts	20
	2-14	Role of the highest governance body in sustainability reporting	20
	2-15	Conflicts of interest	Principle 1 of the Corporate Governance Report in the Company's AR 
	2-16	Communication of critical concerns	18 - 19
	2-17	Collective knowledge of the highest governance body	21
	2-18	Evaluation of the performance of the highest governance body	23, 24
	2-19	Remuneration policies	Principle 6, 7 and 8 of the Corporate Governance Report in the Company's AR for FY2022. 
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	
	2-22	Statement on sustainable development strategy	11
	2-23	Policy commitments	6
	2-24	Embedding policy commitments	6
	2-25	Processes to remediate negative impacts	18
	2-26	Mechanisms for seeking advice and raising concerns	18
	2-28	Membership associations	28
	2-29	Approach to stakeholder engagement	18-19
	2-30	Collective bargaining agreements	Not Applicable

GRI STANDARD		DISCLOSURE	PAGE NUMBER
GRI 3: Material Topics 2021	3-1	Process to determine material topics	13
	3-2	List of material topics	13
	3-3	Management of material topics	24
GRI 202: Market Presence 2016	201-1	Ratios of standard entry level wage by gender compared to local minimum wage	Minimum salary RM1,500
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	12
	203-2	Significant indirect economic impacts	12
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	>90%
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	37
	302-4	Reduction of energy consumption	37
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	35
	303-2	Management of water discharge-related impacts	35
	303-3	Water withdrawal	Nil
	303-4	Water discharge	34 - 35
	303-5	Water consumption	34 - 35
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Nil
	304-2	Significant impacts of activities, products and services on biodiversity	Nil
	304-3	Habitats protected or restored.	Nil
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	32
	305-2	Energy indirect (Scope 2) GHG emissions	33
	305-3	Other indirect (Scope 3) GHG emissions	33
	305-4	GHG emissions intensity	34
	305-5	Reduction of GHG emissions	34
GRI 305: Emissions 2016	306-1	Waste generation and significant waste-related impacts	37
	306-2	Management of significant waste-related impacts	37
	306-3	Waste generated	37
	306-5	Waste directed to a disposal	37
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Not Applicable
	308-2	Negative environmental impacts in the supply chain and actions taken	Not Applicable
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	39
		Benefits provided to full-time employees that are not provided to temporary or part-time employees	40

GRI STANDARD		DISCLOSURE	PAGE NUMBER
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	41
	403-2	Hazard identification, risk assessment, and incident investigation	41
	403-4	Worker participation, consultation, and communication on occupational health and safety	41
	403-5	Worker training on occupational health and safety	41
	403-9	Work-related injuries	41
	403-10	Recordable work-related ill health cases	41
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	39
	404-2	Programs for upgrading employee skills and transition assistance programs	18 – Note 1
GRI 405-1 Diversity of governance bodies and employees	405-1	Diversity of governance bodies and employees	39
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Nil
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Nil
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Nil
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	19
	413-2	Operations with significant actual and potential negative impacts on local communities	19
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	
	414-2	Negative social impacts in the supply chain and actions taken	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	41
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	41

SASB Index


We cited the Sustainability Accounting Standards Board (SASB) guideline for the Professional & Commercial Services industry, closely aligning with the business of LMS Compliance Ltd. Beside this, we also voluntary include Resources Transformation, specifically the chemical industry, in our ESG reporting. Hence, we highlight below the sections of the report and other public disclosures that include information in the spirit of SASB’s objectives. We will continue to assess how our disclosures on these topics should evolve. Unless otherwise stated, this document covers all LMS Compliance Ltd. and its subsidiaries. All data covers the period from 1 January to 31 December 2022, and in Ringgit Malaysia (RM). This is an index of disclosed information based on SASB’s disclosure framework. The table below refers to the Professional & Commercial Services industry criteria, partly for the Chemicals industry stipulated in the Resource Transformation sector. To the best knowledge of the Group, the combination of two standards recognises a small number of chemicals used for analysis processes rather than chemical manufacturing.

	ACCOUNTING MATRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSES / PAGE NUMBER																											
Professional Integrity	Description of approach to ensuring professional integrity.	Discussion and Analysis	NA	SV0102-01	 page 42, 43																											
Professional Integrity	Total amount of monetary losses as a result of legal proceedings associated with professional integrity.	Quantitative	Reporting Currency	SV0102-02	The Group has not suffered any losses due to legal proceedings associated with professional integrity during the reporting period.																											
Data Security	Description of approach to identifying and addressing data security risks.	Discussion and Analysis	NA	SV0102-03	 page 45																											
Data Security	Description of policies and practices relating to collection, usage, and retention of customer information.	Discussion and Analysis	NA	SV0102-04	 page 45																											
Data Security	(1) Number of data security breaches and, (2) percentage involving customers’ confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected	Quantitative	Number, Percentage (%)	SV0102-05	<ul style="list-style-type: none"> The Group did not encounter any data security breaches during the reporting period. 0% on CBI and 0% on PII 0 number of customers affected 																											
Workforce Diversity & Engagement	Percentage of gender and racial/ ethnic Group representation for (1) executive management and (2) all other employees.	Quantitative	Percentage (%)	SV0102-06	<table border="1"> <thead> <tr> <th></th> <th>Top 30</th> <th>Others</th> </tr> </thead> <tbody> <tr> <td colspan="3">Gender diversity</td> </tr> <tr> <td>Male</td> <td>46.7%</td> <td>41.3%</td> </tr> <tr> <td>Female</td> <td>53.3%</td> <td>58.7%</td> </tr> <tr> <td colspan="3">Ethnicity</td> </tr> <tr> <td>Malay</td> <td>26.7%</td> <td>65.2%</td> </tr> <tr> <td>Chinese</td> <td>70.0%</td> <td>28.3%</td> </tr> <tr> <td>Indian</td> <td>3.3%</td> <td>6.5%</td> </tr> <tr> <td>Foreigner</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>		Top 30	Others	Gender diversity			Male	46.7%	41.3%	Female	53.3%	58.7%	Ethnicity			Malay	26.7%	65.2%	Chinese	70.0%	28.3%	Indian	3.3%	6.5%	Foreigner	0%	0%
	Top 30	Others																														
Gender diversity																																
Male	46.7%	41.3%																														
Female	53.3%	58.7%																														
Ethnicity																																
Malay	26.7%	65.2%																														
Chinese	70.0%	28.3%																														
Indian	3.3%	6.5%																														
Foreigner	0%	0%																														
Workforce Diversity & Engagement	(1) Voluntary and (2) involuntary turnover rate for employees.	Quantitative	Rate	SV0102-07	Voluntary turnover rate = 24.9% Involuntary turnover rate = 0% page 39																											

	ACCOUNTING MATRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSES / PAGE NUMBER
Workforce Diversity & Engagement	Employee engagement as a percentage	Quantitative	Percentage (%)	SV0102-018	Eligible employees on appraisal = 100% Eligible employees on myVoice survey = 63.4% We define employee engagement as the Percentage of eligible employees who respond to myVoice survey and participate in the quarterly appraisal.
Greenhouse Gas Emissions	Gross global Scope 1 emissions, Percentage covered under emissions-limiting regulations	Quantitative	Metric tons (t) CO ₂ Percentage (%)	RT-CH-110a.1	page 32
Greenhouse Gas Emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	RT-CH-110a.2	page 32
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CH-130a.1	page 37 ND page 37 page 37
Hazardous Waste Management	Amount of hazardous waste generated, Percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-CH-150a.1	page 37
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	RT-CH-320a.1	page 39
Workforce Health & Safety	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and Analysis	N/A	RT-CH-320a.2	page 41
	ACTIVITY METRIC	CATEGORY		CODE	RESPONSES
	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract.	Quantitative	Number	SV0102-A	(1) full-time vs part-time = 100% vs 0% (2) temporary = 0% (3) contract = 2.5%
	Employee hours worked, percentage billable	Quantitative	Hours, Percentage (%)	SV0102-B	N/A

SGX 27 Core ESG Metrics

PILLAR	TOPIC	METRIC	UNIT	FRAMEWORK ALIGNMENT	PAGE NUMBER
Environment	Greenhouse Gas Emissions ("GHG")	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	tCO ₂ e	GRI 305-1, GRI 305-2, GRI 305-3, TCFD, SASB 110, WEF core metrics	32 33 33
		Emission intensities by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	tCO ₂ e / organisation specific metrics	GRI 305-4, TCFD, SASB 110	32 33 33
	Energy Consumption	Total energy consumption	MWhs or GJ	GRI 302-1, TCFD, SASB 130	37
		Energy consumption intensity	MWhs or GJ/ organisation specific metrics	GRI 302-3, TCFD	37
	Water Consumption	Total water consumption	ML or m ³	GRI 303-5, SASB 140, TCFD, WEF core metrics	34 -35
		Water consumption intensity	ML or m ³ /organization specific metrics	TCFD, SASB IF-RE-140a.1	34 -35
	Waste Generation	Total waste generated	t	GRI 306-3, SASB 150, TCFD, WEF expanded metrics	37
Social	Gender Diversity	Current employees by gender	Percentage (%)	GRI 405-1, SASB 330, WEF core metrics	39
		New hires and turnover by gender	Percentage (%)	GRI 401-1, WEF core metrics	39
	Age-Based Diversity	Current employees by age Groups	Percentage (%)	GRI 405-1, WEF core metrics	39
		New hires and turnover by age Groups	Percentage (%)	GRI 401-1, WEF core metrics	39
	Employment	Total turnover	Number and Percentage (%)	GRI 401-1, SASB 310, WEF core metrics	39
		Total number of employees	Number	GRI 2-7	39
	Development & Training	Average training hours per employee	Hours/No. of employees	GRI 404-1, WEF core metrics	39
		Average training hours per employee by gender metrics	Hours/No. of employees	GRI 404-1, WEF core metrics	39
	Occupational Health & Safety	Fatalities (Singapore), SASB 320	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	41
		High-consequence injuries	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore)	41
		Recordable injuries	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	41
		Recordable work-related ill health cases	Number of cases	GRI 403-10, WEF expanded metrics, MOM (Singapore)	41

PILLAR	TOPIC	METRIC	UNIT	FRAMEWORK ALIGNMENT	PAGE NUMBER
Governance	Board Composition	Board independence	Percentage (%)	GRI 2-9, WEF core metrics	43
		Women on the Board	Percentage (%)	GRI 2-9, GRI 405- 1, WEF core metrics	43
	Management Diversity	Women in the management team	Percentage (%)	GRI 2-9, GRI 405- 1, WEF core metrics, SASB 330	39
	Ethical Behavior	Anti-corruption disclosures	Discussion and number of standards	GRI 205-1, GRI 205-2 and GRI 205-3	
		Anti-corruption training for employees	Number and Percentage (%)	GRI 205-2, WEF core metrics	>90%
	Certifications	List of relevant certifications	List	Commonly reported metric by SGX issuers	ISO17025 ISO17021 ISO17029
	Alignment with Frameworks	Alignment with frameworks and disclosure practices	GRI/ TCFD/ SASB/ SDGs/ others	SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6; SGX-ST Listing Rules (Catalist) 711A and 711B, Practice Note 7F	GRI/ TCFD/ SASB
	Assurance	Assurance of sustainability report	Internal/External/None	GRI 2-5, SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6; SGX-ST Listing Rules (Catalist) 711A and 711B, Practice Note 7F	External

This sustainability report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report including the correctness of any of the statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Mr. Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896, telephone (65) 6636 4201.





A Group Member of LMS COMPLIANCE LTD. (SGX : LMS)

MY CO2 GROUP SDN. BHD.
202201032134 (1477831-M)

MY CO2 SDN. BHD.
200601024684 (744438-M)

EMPIRIC SCIENCE SDN. BHD.
201301043397 (1073219-T)

MY CO2 (PG) SDN. BHD.
201701042071 (1256244-P)

**MY CO2 CERTIFICATION
SDN. BHD.**
201601026813 (1197752-X)

MY CO2 (KL) SDN. BHD.
201501029820 (1155142-M)

MY CO2 (JB) SDN. BHD.
201501029979 (1155302-A)

16, Lengkok Kikik 1, Taman Inderawasih,
13600 Perai, Penang, Malaysia.
+604-380 8282

40, Jalan Sepadu B25/B,
40400 Shah Alam, Selangor, Malaysia.
+603-5122 3366

15, Jalan Molek 1/8, Taman Molek,
81100 Johor Bahru, Johor, Malaysia.
+607-355 8811

enquiry@myco2.com.my
www.myco2.com.my