



ZICO HOLDINGS INC.

**SUSTAINABILITY
REPORT 2019**





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ABOUT ZICO HOLDINGS INC.

ZICO Holdings Inc. (“ZHI”), together with its subsidiaries and associated companies (collectively referred to as “ZICO” or the “Group”), is a multidisciplinary professional services provider listed on the Catalyst Board of the Singapore Exchange (“SGX”). ZICO is incorporated under the laws of the Federal Territory of Labuan, Malaysia.

ZICO’s two principal activities are (i) advisory and transactional services; and (ii) management, support services and licensing services. Below is an overview of the Group, its lines of business, and affiliation with the ZICO Law network.



ZICO’s geographic focus is on Southeast Asia i.e. the Association of South East Asian Nation (“ASEAN”) bloc of countries. ZICO’s largest offices are in Singapore and in Kuala Lumpur, Malaysia. It is affiliated with ZICO Law network, the first pan-ASEAN network of independent law firms. Together with ZICO Law, ZICO operates in all 10 ASEAN countries i.e. Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.







In this region, ZICO works with a wide range of clients. Its existing clientele consists of public sector entities, government-linked companies, global multinational corporations, multi-ASEAN companies, public listed companies, private companies, small and medium entities, family offices, and high-net-worth individuals. ZICO also works with business intermediaries such as law firms, banks and funds.

ZICO aspires to be the “go-to” professional services provider in ASEAN. As such, its solution suite is highly client centric revolving around the client’s business lifecycle needs. Its C.L.I.E.N.T. corporate values provide the framework that the group is organised and operates on.



*To be the
Go-To Professional
Services Provider
in the ASEAN region*



-  **C**ONNECT
We connect the dots. We build long-term relationships with our stakeholders. We are client-centric and provide pragmatic holistic solutions.
-  **L**EAD
We aim to be leaders. We aim to be the best-in-class. ZICO is the first listed ASEAN multi-disciplinary services firm with presence in all 10 ASEAN countries.
-  **I**NNOVATE
We believe in innovation. We continuously push boundaries and look for white spaces and blue oceans.
-  **E**NTERPRISING
We are entrepreneurs at heart. We are passionate and determined to bring value to our stakeholders.
-  **N**IMBLE
We are built to be nimble and agile. We embrace changes and respond to market demands swiftly and effectively.
-  **T**RUST
We strive to be the trusted advisors of our clients. We continuously act in a manner that builds trust with our stakeholders.

For more information on ZICO, please refer to the Annual Report on the Singapore Exchange (SGX) website at www2.sgx.com and at the ZICO Holdings Inc. website at www.zicoholdings.com.

BOARD STATEMENT

ZICO remains committed towards demonstrating and practising responsible corporate conduct in its daily business activities across all aspects of its operations. The Board considers sustainability issues as part of its strategic formulation and works closely with senior management representatives to identify material sustainability aspects that affect the Group's operations, to set meaningful sustainability goals, and to develop methods of monitoring.

MANAGING DIRECTOR'S MESSAGE

Dear Stakeholders,

We are happy to present to you here, ZICO's 2019 Sustainability Report ("SR 2019" or the "Report").

As innovators and disruptors, we at ZICO believe in the strength of our multidisciplinary professional services platform to create value for our shareholders, clients, partners, employees, and the wider community in ASEAN. Yet even as we strive towards ever greater growth, we recognize that the *long-term* value for our stakeholders can only be defended with a holistic, far-sighted view towards protecting the drivers of ZICO's success. Value creation and conservation is an effort in sustainability. In today's volatile, uncertain, complex, and ambiguous ("VUCA") environment, organisations ignore at their peril, the various economic, environmental, and social risks that loom on the horizon.

Our 2019 focus has been on refining ZICO as an organisation to better meet the challenges of this VUCA environment. The ZICO team has put great effort into de-risking, consolidating, and optimizing governance and business processes in the midst of growing anxiety and urgency around systemic risks like climate change, endemic corruption, and the continued economic headwinds caused by global trade tensions. With these changes, we believe that we will re-position ZICO for greater, more sustainable growth.



2019 key highlights

ZICO continues to be recognized for its excellence in governance. In 2019, we retained the *SGX Fast Track* status for our stellar performance and record in corporate governance. Regulators have once again expressed confidence and trust in ZICO's compliance standards and practices, with the Monetary Authority of Singapore ("MAS") granting ZICO Trust Singapore a Capital Markets Services ("CSM") license to provide custodial services, on top of its existing suite of services. Finally, with the amendments to Malaysia's anti-corruption law coming into force by mid-2020, ZICO has wasted no time in engaging regulators, reviewing internal policies, and updating employee training programmes. We look to implement and complete these changes by Q2 2020.

As part of our commitments last year to maximize value for our stakeholders, we have taken a hard look at our internal processes to improve service delivery, reduce inefficiencies, and streamline costs. This has largely been achieved with a reorganisation of various service units under our Integrated Regional Business Services ("iRBS"), and a consolidation and adjustment of Group policies and practices around employee training and internal communications amongst others. Moving forward, we will continue to examine how best we can extract value from the ZICO platform to better meet the expectations of our stakeholders even amidst the prolonged economic downturn.

Supporting gender diversity and inclusivity is a key ZICO value. With 63% female employment and almost double the number of women in managerial positions as compared to men, we are proud to be at the forefront of the global effort to practice gender equality and female empowerment. In March 2019, we commemorated International Women's Day ("IWD") with a month-long campaign which included expert talks on mental wellbeing and workplace empowerment, a visit to a local charity in support of teenage girls and single parents, and an internal initiative to show appreciation to fellow ZICO colleagues. Beyond this, we remain focused on ensuring ZICO retains a family-friendly, flexible work culture that enables our female employees to pursue both their work and familial aspirations. In line with the IWD 2019 theme of "*#BalanceforBetter*", ZICO will maintain its commitment to balancing the gender gap both inside and outside the workplace.

Here at ZICO, we believe that inclusivity goes beyond gender. This year, as part of our efforts towards supporting the wider community here in ASEAN, we worked with the United Nations High Commissioner for Refugees ("UNHCR") to provide aid to refugees, who are one of the most disadvantaged and overlooked groups in our midst. These efforts include raising funds to provide support for the Afghan Learning Centre in Kuala Lumpur – a school

for refugee children from Afghanistan – with their daily running costs.

Finally, with regards to our sustainability efforts concerning the environment, I am happy to report that ZICO's Green Office Initiative has borne its first fruits. After the implementation of energy-saving policies and technologies in some of the Group's offices e.g. video conferencing, motion-activated lighting etc., we have achieved a 5.37% reduction in energy consumption and a 4.75% reduction in emissions. Come 2020, we will look to rollout more of these policies and technologies across all of the Group's remaining offices to further reduce our impact on the environment and to play our part in combating climate change. We have also managed to restrict our usage of single-use plastics to specific purposes in our offices, something which we will look to further tweak as we try and improve on our usage of resources.

Our commitment to a sustainable future

At the time of preparation of this Report, ASEAN and indeed the world-at-large, has been thrown into disarray by the COVID-19 pandemic, which first started in China in end-2019. With over 1 million reported cases globally as of 2 April 2020¹, and implementation of the Movement Control order in Malaysia and COVID-10 "*circuit breaker*" measures in Singapore, the global and regional outlook has never looked more uncertain.

More so than ever in these difficult and trying times, we at ZICO wish to reiterate our commitment to a responsible and ethical approach towards business. We will continue to engage, work with, and support our clients, employees, governments, business partners, shareholders, and the communities around us even as we face the massive health and economic threats posed by the pandemic. ZICO has adopted and activated a Business Continuity Plan spearheaded by an internal COVID-19 Risk Management Committee, to maintain business operations as far as possible while ensuring the safety of our employees, clients, and the people around them.

Despite these challenges, we remain confident in ASEAN and in the continued ability of ZICO in creating sustainable value for its stakeholders. This sustainability journey that we are on is more akin to a marathon than a sprint, and here at ZICO, we are cognizant of the need to, and are indeed prepared to, be forward-looking in seizing opportunities and avoiding pitfalls wherever they may present themselves. We thank our stakeholders for their continued support and belief in the ZICO story and in our journey ahead.

Chew Seng Kok
Managing Director

REPORT OVERVIEW

SR2019 only covers business operations in Malaysia and Singapore, these being the current core markets of the Group. Singapore and Malaysia collectively contribute 57%² of the Group's 2019 turnover and houses 79% of the Group staff. Unless otherwise stated, all data and information reported are in relation to the financial year 2019 i.e. from 1 January to 31 December 2019.

SR2019 has been prepared in accordance with:

- Rule 711B of Section B: Rules of Catalist of the Listing Manual of the SGX-ST;
- the Sustainability Reporting Guide of the SGX-ST (Practice Note 7F of the Catalist Rules); and
- the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"): Core Option.

The GRI Standards were used as the reporting framework for this Report due to its reach, usage, and comparability as the first and most widely adopted global standards for sustainability reporting.

There has been no change to the Group's sustainability approach and its processes for stakeholder identification and engagement (see Appendix 1) from 2018. As such, the disclosed material factors for 2019 remain the same as in 2018. Similarly, the management approach for the disclosed material factors remains the same as in 2018. This continuity in approach provides both comparability and consistency across time in the Group's reporting and tracking of its sustainability performance, which is in line with the SGX Guidelines on Sustainability Reporting and with the GRI 101 Reporting Principle on Comparability.³ Despite the repetition, the above-mentioned information continues to be included in this Report for ease-of-reference for the reader, especially since 2018 marks the beginning of the Group's adoption of a new sustainability strategy.

Each required disclosure under the *GRI Standards: Core Option* can be found in the GRI Content Index on page 26 of this Report.

No external assurance was sought for this Report.

The Sustainability Report 2019 can be accessed and downloaded via our website at www.zicoholdings.com and SGXNet. The Group welcomes feedback from its stakeholders regarding the Sustainability Report 2019. Any queries, feedback, and comments may be forwarded to joyce.yong@zicoholdings.com.

OUR SUSTAINABILITY APPROACH




Current focus

ZICO is aligned with the purposes in the ASEAN Charter “to promote sustainable development so as to ensure the protection of the region’s environment, the sustainability of its natural resources, the preservation of its cultural heritage and the high quality of life of its peoples.” Accordingly, ZICO’s current principles on sustainability are premised on being a responsible, ethical, and inclusive service provider as we work with clients and local communities in ASEAN.



Stakeholder engagement and materiality review

Key stakeholders are those who affect ZICO’s ability to achieve its business goals while also being themselves affected by ZICO’s aspirations to become the go-to professional services provider in ASEAN. Further details of the stakeholder identification process can be found in Appendix 1. Having engaged the various stakeholders regularly and meaningfully in consideration of their relationship with ZICO, the Group has identified several key stakeholder requirements.

 Regulators	 Employees	 Shareholders	 Partners	 Clients	 Community
<ul style="list-style-type: none"> • Corporate governance • Anti-corruption 	<ul style="list-style-type: none"> • Safe working environment • Non-discrimination • Training & development 	<ul style="list-style-type: none"> • Corporate governance 	<ul style="list-style-type: none"> • Business ethics and controls 	<ul style="list-style-type: none"> • High service standards • Data protection & privacy 	<ul style="list-style-type: none"> • Environmentally responsible policies • Community initiatives

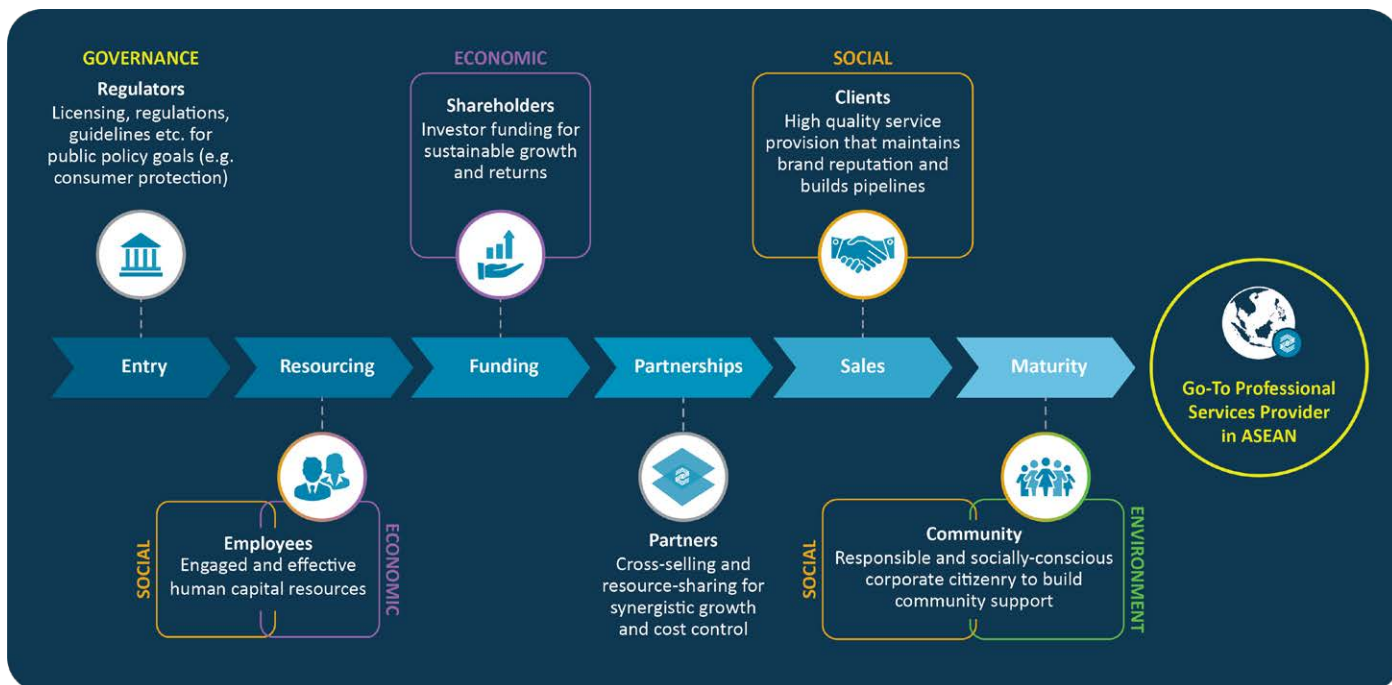


“From innovative entrepreneurs & Trusted Business Advisors to the Go-To Professional Services firm in ASEAN”



Identification of material factors

A material sustainability factor is that which reflects a reporting organization’s significant impacts; or that substantively influences the assessments and decisions of stakeholders.⁴ Based on a thorough review of ZICO’s business model and its roadmap towards becoming the “Go-To Professional Services Provider in ASEAN”, the Group was able to distil its risks, opportunities, and value drivers. Together with the key issues identified during stakeholder engagements, these form a set of material sustainability factors for consideration. The material factors were then prioritized according to the degree of influence ZICO has on each sustainability area (i.e. governance, social, economic, and environmental) and on its stakeholders.



Governance

As a leading professional services provider that is also highly regulated, governance is a key and therefore high priority sustainability area for ZICO throughout its business lifecycle. Regulatory compliance, internal corporate governance and codified business ethics is critical for licensing continuity and service quality. In this sense, governance is both risk and opportunity. In turn, this means that governance is an important value driver for the Group as it strives towards its business goals, whether in terms of maximizing brand equity or even just business continuity through regulatory compliance. With our geographic reach, ZICO also has the responsibility for the dissemination of good governance practices and standards beyond our immediate clients. This impact on governance touches on all stakeholders – regulators, employees, shareholders, partners, clients, and community – who rely on ZICO to perform its actions with the highest standards of integrity and professionalism. Hence, it can be established that material factors like corporate governance, anti-corruption and bribery, and adequate whistleblowing policies are of top and immediate priority for ZICO.

Social

As a multidisciplinary practice (“MDP”) services firm, ZICO is in the business of people. Having access to a pool of diverse and qualified human capital is crucial for business success. The same applies to building firm and fast community relations, and ensuring that the Group’s clients retain their trust in its commitment to service quality and controls (e.g. data protection and privacy). In turn, these value drivers for ZICO are also areas in which the Group is able to create high social impact across multiple stakeholders. For example, employee training and welfare has great impact for its employees’ individual and organisational human capital development. For community, ZICO’s social impact is driven by initiatives disconnected from its value chain unlike that of an organisation which procures raw inputs and materials from third parties. For clients, their satisfaction with ZICO’s services is a major dimension with which ZICO can measure its social impact. Having robust data protection and privacy policies is also crucial in a digitally connected society and ZICO’s efforts to this regard are especially important given the sensitive and confidential client information it handles as a consequence of its

business. This consideration is especially salient given the global developments in regulations such as the EU’s General Data Protection Regulation (“GDPR”). Hence, given the broad and significant impact on employees, clients, and the wider community, material factors like employment; diversity and equal opportunity; training and education; customer satisfaction; and customer privacy are of high priority.

Economic

ZICO is a relatively new player in the market and is still in its expansion phase. Shareholder value and employee benefits from the growth and maturation of the business have not been fully realised as new capabilities are still being explored and added to its suite of services. As the Group integrates and realises synergies or expand into new services and markets, the impact of economic value generated and distributed to its stakeholders is likely to increase in the medium term.

Environmental

ZICO’s environmental impact is relatively low as a professional services player. ZICO’s deliverables typically require standard office resources e.g. paper, energy, etc., and these present the immediate material factors to focus on as an improvement of its indirect impact on environmental sustainability. However, reducing the usage of materials and energy will improve value as it reduces costs. It is also part of a broader reputational strategy to reinforce ZICO as a responsible corporate citizen. Environmental factors have room for improvement but are of lower priority.

Summary

Impact	Area	Material sustainability factors	GRI Standard
High	Governance	<ul style="list-style-type: none"> • Corporate governance • Business ethics / anti-bribery • Whistleblowing 	Non-GRI Non-GRI Non-GRI
High	Social	<ul style="list-style-type: none"> • Employment • Training and education • Diversity and equal opportunity • Customer satisfaction • Customer privacy 	GRI 401 GRI 404 GRI 405 Non-GRI GRI 418
Medium	Economic	<ul style="list-style-type: none"> • Economic performance 	GRI 201
Low	Social	<ul style="list-style-type: none"> • Contribution to community • Occupational health and safety • Sustainable procurement 	Non-GRI Non-GRI Non-GRI
Low	Environmental	<ul style="list-style-type: none"> • Materials • Energy • Emissions 	GRI 301 GRI 302 GRI 305

2019 SUSTAINABILITY SCORECARD

Overview of key material factors

	2018	2019	2020 targets
Governance	Group review and update of compliance policies for all regulated entities was completed under the supervision of Group Risk Management and Compliance	Group review and update of internal controls and operating processes for the Integrated Regional Business Services to improve fee earner productivity	Complete review and implementation of anti-corruption and bribery policies and frameworks, along with relevant staff training
	Achieved <i>SGX Fast Track</i> status	Retained <i>SGX Fast Track</i> status	Retain <i>SGX Fast Track</i> status
Social	62% female employment	63% female employment	Maintain support for workplace gender diversity
	IWD campaign in March incl commemorative expert commentary, mandatory anti-discrimination & anti-sexual harassment workshop for all staff; benefit reading, etc	IWD campaign in March incl expert talks on female empowerment and managing mental stresses, charity visits, and an internal initiative on appreciating fellow colleagues	Continue to celebrate IWD in a meaningful way with a focus on celebrating women's achievements, challenging gender stereotypes, and supporting our ZICO women in the endeavours
	3.45 hours of training per staff	9.06 hours of training per staff (163% increase)	Continue investing in employee upskilling and education
	"Rumah Hope" in support of disadvantaged children	Supporting UNHCR's efforts to provide for the refugee community in ASEAN	Continue to support charitable organisations and under-privileged communities in ASEAN
	Annual health and eyesight screening for employees	Group health and safety audit of offices; and launch of "Total Wellness Initiative" for employee health and wellness	Annual self-review of Group offices to ensure compliance for a healthy, low-risk workplace environment
Environmental	Launch of Green Office Initiative ("GOI")	Restricted usage of single-use plastics i.e. bottled water to client hospitality purposes	Maintain support for recycling of input materials i.e. paper and eliminating unnecessary consumption of single-use plastics
	239,323.83 kWh in energy used	226,471.77 kWh in energy used (5% decrease)	Reduction of energy consumption and carbon emissions via smart lighting and better eco-friendly practices e.g. Microsoft Teams usage in place of in-person meetings
	143 tonnes of CO2 produced	136 tonnes of CO2 produced (5% decrease)	

Performance and targets across specific material factors

CORPORATE GOVERNANCE

As a publicly listed professional services company, ZICO is committed to upholding high standards of corporate governance which are integral to ensuring the sustainability of the Group's business, safeguarding shareholder interests, and maximising long-term shareholder value. For detailed disclosures on corporate governance practices, Board composition, Board independence, and Board performance amongst others, please refer to the Corporate Governance Report in the Annual Report 2019, pages 18-48.

In 2018, the Group committed to a transformation of the iRBS in order to improve service delivery, reduce inefficiencies, and streamline costs. As part of this transformation, the following has been achieved in 2019:

- **Merging service units.** Knowledge Management and Training Unit of the iRBS were merged in view of the overlapping and synergistic services they provide to both the Group and the ZICO Law network.
- **Reviewing training needs.** A joint review by the Human Resources, Knowledge Management, Training, and Compliance Unit was undertaken to better align training resources and curriculums with the Group's and the ZICO Law network's needs.
- **Digitizing and streamlining communications.** Consolidation of the Group's different modes of virtual communications under the Microsoft Team platform was implemented to both reduce unnecessary costs e.g. usage of conference call facilities and to boost workplace productivity.
- **Reorganizing for better governance.** The Group Risk and Compliance Unit was disbanded to better allow for greater focus on each of the Unit's components i.e. risk and compliance. Under the new governance structure, the Chief Risk Officer is directly responsible for the risk portfolio, including compliance risk. A Head of Compliance is now responsible for compliance services, which ensures regulatory compliance for licensed subsidiaries of ZICO which either do not have sufficient resources for an internal compliance function, or which do not have compliance officers of their own. For non-licensed subsidiaries, input from Group Legal on compliance risk is provided to the Chief Risk Officer.
- **Improving and simplifying risk management.** To provide better focus on specific aspects of risk, the Enterprise Risk Management System has been split into 3 components – financial risk, compliance risk, and other risks. Financial risk will be addressed by the Chief Financial Officer, while all other risk aspects being overseen by the Chief Risk Officer. The Chief Risk Officer and the Chief Financial Officer both report directly to the Audit and Risk Committee on risk issues, providing the necessary input on enterprise risk. Finally, planning commenced in October 2019 for the adoption of a simplified risk reporting system based on the ISO31000:2018 model to be introduced in Q3 2020.

Company	Regulating body
ZICO Trust (s) Ltd.	Monetary Authority of Singapore
ZICO Trust Limited	Labuan Financial Services Authority (Malaysia)
ZICO Shariah Advisory Sdn. Bhd.	Securities Commission of Malaysia
ZICO Asset Management Pte. Ltd.	Monetary Authority of Singapore
ZICO Capital Pte. Ltd.	Monetary Authority of Singapore
ZICO Capital Sdn. Bhd.	Securities Commission of Malaysia

On 26 November 2019, the Singapore Exchange Regulation (SGX RegCo) retained ZICO under the SGX *Fast Track* programme in recognition of ZICO's continued efforts and achievements in upholding high standards of corporate governance. The programme will allow ZICO prioritised clearance for selected corporate action submissions to the SGX RegCo (e.g. circulars, requests for waiver and applications for share placement).

2020 targets

Maintain ZICO's continued excellence in corporate governance and retain *SGX Fast Track* status

BUSINESS ETHICS / ANTI-BRIBERY

According to the World Bank Bribery Index, 30% of business transactions in relation to public services require informal payments and gifts, and more than 40% of companies are expected to give gifts to secure public contracts in the ASEAN region.⁵ As professional advisors to ASEAN's business community and the region's policymakers, adopting a zero tolerance approach towards corruption is critical to the Group's business continuity, branding, and reputation as trusted advisors.

ZICO's policy is to conduct all of its business in an honest and ethical manner. It adopts a zero tolerance approach to dishonesty, bribery and corruption and is committed to acting professionally, fairly, and with integrity in all its business dealings and relationships, wherever it operates. The Group continually reviews controls to ensure business is conducted in an ethical manner and in compliance with anti-corruption regulations with a view to attaining zero non-compliance incidents. The Group does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing in its business operations.

In April 2018, new amendments to Malaysia's anti-corruption law i.e. the Malaysian Anti-Corruption Commission Act (MACCA) expanded liability for corruption to commercial organisations⁶, with the legislative changes slated to be enforced in June 2020. Given these developments and their impact on ZICO and its Malaysian subsidiaries, the Group's commitment in last year's Report to the full rollout of the Group Anti-Corruption and Bribery Policy and relevant employee training programmes was held back until after the Malaysian government released further guidance for private sector compliance with the new legislative changes. With the government's publication of anti-corruption guidelines and frameworks⁷ towards the end of Q2 2019, the Group has since conducted the following:

- **Anti-corruption task force for policy change and implementation.** A task force was formed to update the Group's policies, and specific personnel have been selected and have attended briefings and training sessions by the National Integrity Commission, the Companies Commission, and the Malaysian Anti-Corruption Commission on the setting up of a Corruption Risk Framework, and to design additional training to be given to employees.
- **Revision of Group Anti-Corruption and Bribery Policy.** The Group Policy has been reviewed and amended in Q4 2019 to take into account the new processes and this revised policy will be presented at the first ZHI Board meeting in 2020 for approval and adoption. Training programmes for designated personnel from the subsidiaries with respect to the setting up of bribery risk registers and the institution of bribery risk frameworks in their organisations is targeted for Q2 2020.

2020 targets

Complete review of individual anti-corruption and bribery risk frameworks in the various subsidiaries and staff training

WHISTLEBLOWING

ZICO believes in maintaining a high level of integrity and propriety in all dealings by itself and its subsidiaries. Given the confidential nature of its business(es), the need for integrity and propriety extends throughout its entire operations beyond compliance with regulations and governance standards in its external matters with clients. Issues like corruption, conflicts of interest, breaches in internal controls, collusion with competitors, insider trading, and disciplinary misconduct amongst others have a real impact on the Group's continued success and its stakeholders' interests. For example, insider trading (whether of ZICO's shares or of other third parties) hurts the wider community and their interest in fair capital markets.

Pursuant to ZICO's commitment to an annual review of the Group Whistleblowing Policy (see Sustainability Report 2018), and taking into account the incoming legal requirements under the Malaysian Anti-Bribery and Corruption Commission Act 2009, the Group Whistleblowing Policy was amended in December 2019, and the updated version will come into operation upon approval by the ZHI Board of Directors at ZHI's first Board meeting in 2020. With these amendments to the Group Whistleblowing Policy, the Group will seek to raise awareness amongst employees and train them in any new procedures adopted.

2020 targets

Annual review, and update if necessary, of the Whistleblowing policy by Group Risk and Compliance to ensure adequacy

EMPLOYMENT

As a provider of professional services, the Group's employees are the cornerstone of its business as they determine the quality and efficiency of service delivery.

Total	Age group			Gender		Region	
	<30	30-50	>50	Male	Female	Singapore	Malaysia
New employee hires							
51	26	22	3	14	37	27	24
Employee turnover							
69	27	33	9	24	45	31	38

The terms of employment and benefits are documented in various Group HR policies that apply to the relevant type of personnel and staff level. ZICO is committed to and has put in place fair, progressive, and non-discriminatory employment policies which cover hiring practices and remuneration amongst others, to attract and retain talent. The Group also tailors working arrangements where possible, to accommodate the various personal and family commitments of our employees. Such arrangements include a reduced work week e.g. 3-day work weeks, reduced working hours e.g. fixed number of hours per month, and remote working i.e. telecommuting.

In addition to the above-mentioned policies, the Group also believes in the importance of inculcating a sense of belonging amongst its employees. Employees are given the opportunity to interact with each other to build a ZICO family that is diverse but also inclusive. Some of these initiatives include staff gatherings during festive occasions like Eid Al-Fitr, Chinese New Year, and Christmas. The ZICO sports club in Malaysia also hosts competitions such as futsal, table tennis, bowling amongst others to allow employees to foster better relationships and understanding with one another through sports. In November 2019, the Group's employees in Malaysia participated in the inaugural Run for Fun 2019 in Kuala Lumpur, a marathon organised to encourage healthy living, and for corporations to be mindful of employees' health and their working environment.



2020 targets

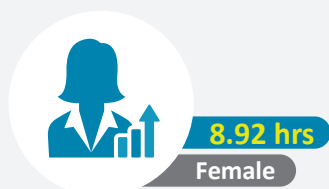
Continue to encourage, support, and invest in more employee-led initiatives e.g. sports and wellness club to maintain employee engagement and teamwork

TRAINING AND EDUCATION

In order to continuously attract, retain, and nurture the best talent possible, ZICO is committed to promoting a culture of learning and development in the workplace. The Group's training department conducts training needs analyses to evaluate employee skill gaps and to design training programmes as required. These training programmes serve to further develop and enhance employees' skills – both technical and soft skills. Such programmes are conducted periodically in combination with external training sessions which are utilised as and when required. Access to training is also provided to employees who are unable to attend training sessions in-person via the Group's e-learning platform.

Managing performance on an ongoing basis is critical to maintaining service quality and employee development, and the Group has in place a comprehensive and transparent performance management system. Performance evaluations are conducted annually and employees are rewarded and promoted based on their performance. Internal and external training undertaken by Group employees is tracked to ensure upskilling and personal development. An additional control is the requirement for each member of the Group to achieve a certain number of training points, commensurate with their level of performance. This is taken into account in the annual performance assessment.

In 2019, the average number of training hours per employee is 9.06 hours, a 163% increase from 2018 (3.45 hours per employee). Moving forward, the Group remains focused on increasing the depth and breadth of its training programmes to meet the changing needs and aspirations of its employees.





In March 2019, the Group launched the Total Wellness Initiative (“TWI”) as part of its efforts to better educate its employees on physical and mental wellness. Through a combination of knowledge sharing, in-house events, and educational activities, TWI aims to address the mental and physical health issues related to the high-stress environment of the professional services industry, while also boosting workplace moral. There are four pillars of the TWI – Stress Reduction, Health & Wellness, Mindfulness, and Work-Life Integration – and each of these pillars are highlighted upon on a rotating basis to ensure a holistic approach to improving health and wellbeing. For example, on the pillar of Mindfulness, employees were provided helpful tips on practicing mindfulness at the workplace and even during their commutes for stress reduction. For the Health & Wellness pillar, a compilation of 10 healthy recipes – one from each ASEAN member country – was shared with the Group’s employees for them to enjoy simple, nutritious, and delicious meals which reflect the diversity of the region.



2020 targets
Continue investing in employee upskilling and education, especially in areas in which employees have demonstrated interest

DIVERSITY AND EQUAL OPPORTUNITY

ZICO firmly believes in workplace diversity as a key success factor for its business. As a business in and from ASEAN – one of the most diverse regions of the world – the Group recognizes the value that diversity brings. The Group does not discriminate against any employee based on race, religion, gender or political belief. Career progression is solely merit-based. As highlighted earlier, working hours are flexible and family-friendly to encourage staff to strike the right balance between work and life.

As of 31 December 2019, 63% of the Group's workforce is female, compared to 62% in 2018. Additionally, in 2019, almost twice the number of the Group's management staff were female compared to male. No persons under 18 years of age were employed during the reporting period.

Employee category*	Gender		Age group		
	Male	Female	<30	30-50	>50
Management	28	49	2	50	25
Executives	36	62	46	46	6
Non-executives	5	7	5	4	3

In March 2019, ZICO commemorated IWD by holding an internal month-long awareness campaign in line with the theme of *#BalanceforBetter*, which was aimed at improving gender equality, improving awareness of gender discrimination, and celebrating women's achievements. The campaign included:

- **Mental wellness talk.** Clinical psychologist Ms Thang Mee Yuen of SOLS Health gave an on-site talk at the Group's office in Malaysia on mental toughness, building resilience, and overcoming professional and personal challenges. Employees based outside Malaysia were also able to participate via live-stream.
- **Charity visit to HCSA Dayspring.** ZICO partnered with SheAdvocates to visit HCSA Dayspring, an initiative by HCSA Community Services in Singapore that aims to improve the quality of life of single parents and lone caregivers who have limited emotional, physical, or practical support. It also provides single parents with a social support network through a team of volunteers to empower them to make informed decisions in their lives.
- **Power image lunch talk.** Ms Irene Yeoh from John Robert Powers gave an on-site talk at the Group's office in Malaysia on how women can dress to establish their image and authority in a professional setting traditionally dominated by men. Employees based outside Malaysia were also able to participate via live-stream.
- **ZICO Appreciation Initiative.** We at ZICO believe that all genders can be agents of change and combat negative stereotypes about women as part of the #HeForShe campaign. To wrap up the IWD 2019 campaign, the Group's employees took the time to thank and appreciate their colleagues who helped them succeed or who made their day at the office a pleasant one. A Microsoft Teams ZICO group was also set up where everyone could post special messages to the co-workers they wished to show their appreciation to. These messages were then collected and posted on ZICO's Instagram for all to cherish and remember.





2020 targets

Maintain support for gender diversity and female empowerment at the workplace

CUSTOMER SATISFACTION

Customer satisfaction is a main driver of the Group’s business continuity and success. Moreover, client centricity is the core of the ZICO business model. The key differentiating factor and competitive advantage of the ZICO multidisciplinary platform is the convergence of a comprehensive suite of professional services across the entire business lifecycle and across the whole ASEAN region. This provides a more effective and cost-efficient solution for the Group’s clients and is at the heart of the Group’s strategy.

In 2018, the Group committed to consolidating, streamlining, and improving on its business model to better extract cost efficiencies and value-add for its customers. The results of the review can be found under the Corporate Governance disclosure section in page 12 of this Report. This focus on refining the multidisciplinary platform will continue in the coming years as ZICO approaches its envisioned future of being the “Go-To Professional Services Provider in ASEAN”.

Beyond that, the Group continues to explore how it can best serve its clientele by expanding its offerings. In October 2019, ZICO’s Singapore trust services outfit, ZICO Trust (S) Ltd, was awarded a Capital Markets Services (“CMS”) licence by the Monetary Authority of Singapore (“MAS”) to conduct the regulated activity of providing custodial services, on top of its existing suite of services. Always a first-mover in innovative offerings, the Group’s licensed asset management arm, ZICO Asset Management Pte Ltd, launched the world’s first Alternative Asset Fund for Whisky Investments in November 2019. The Fund is also registered with MAS.

2020 targets

Progressive rollout of client satisfaction measures across the Group to track performance

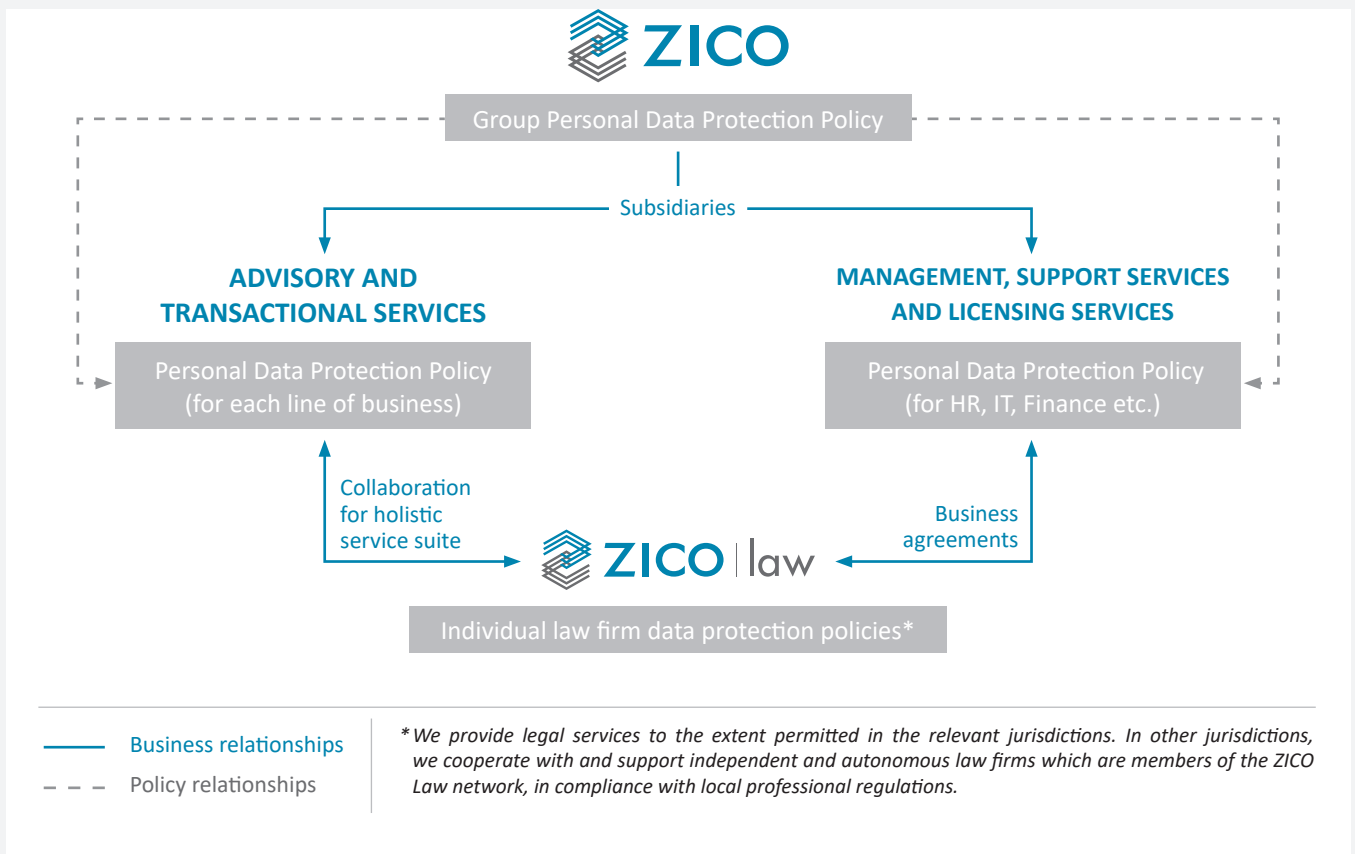
CUSTOMER PRIVACY

Data privacy is an especially relevant issue in today’s digitally-connected world. With information easily stored, transmitted, and shared digitally, the security and privacy of data – especially sensitive data (e.g. personal data, confidential market data etc.) – demands adequate governance and regulatory frameworks to protect the rights of data owners. Governments worldwide have responded to this need with many ASEAN countries following suit. In particular, on 25 May 2018, the European Union’s (EU) GDPR came into force. The GDPR applies to the processing of personal data of any individual in the EU, regardless of whether the organisation involved is in the EU or otherwise.

Given the Group’s business as a professional services provider inclusive of regulated services, client confidentiality and data protection is of utmost importance in order to ensure the continued success of the Group while also protecting the rights and interests of clients who have entrusted private and sensitive information to the former. High standards in customer privacy provides good brand reputation, provides assurance and confidence to clients and partners for continued business relationships and new ventures, and avoids legal and compliance risks with respect to data protection regulations.

As of 31 December 2019, the Group has not received any complaints concerning breaches of customer privacy and/or complaints from regulatory bodies. There have been no identified leaks, thefts, or losses of customer data.

ZICO has put in place a Group Personal Data Protection Policy which is owned by the Group Risk and Compliance Unit. All subsidiaries (including those providing shared support services to the Group and the ZICO Law network) must adopt this Group Policy. As part of compliance with the Policy, each subsidiary must create and implement their own Personal Data Protection Policy which is aligned with the general requirements of the Group Policy⁸ and is customized to suit their individual businesses and jurisdictions of operation. Should a subsidiary handle the personal data of EU residents, it must also consider and apply the GDPR. The Group Risk and Compliance Unit provides guidance to the subsidiaries in formulating a suitable Personal Data Protection Policy. Once a subsidiary has obtained Board approval of their individual Policies, they are submitted to the Group Risk and Compliance Unit, which reviews the Policies on an annual basis. No changes were made in 2019 to these Policies.



Besides these data protection policies, the Group also has in place a variety of resources to safeguard confidential and proprietary information. Resources available include cybersecurity measures (e.g. firewalls) and secured locations with controlled access to sensitive data (e.g. separate data servers).

2020 targets

Annual review of Personal Data Protection policies, privacy safeguards, resources, and employee trainings

ECONOMIC PERFORMANCE

The Group remains focused on adding breadth and depth to its suite of professional services which will enhance the Group’s competitive edge and provide new synergistic revenue streams in line with its client centricity strategy.

In 2019, continued economic weakness and limited capital markets activity in the Group’s core markets of Singapore and Malaysia weighed down on its performance. 2019 Group revenue decreased by 13.6% to RM77.8 million from 2018’s revenue of RM90.1 million. 2019 employee benefits expense increased by 6.6% to RM54.9 million from 2018’s expense of RM51.5 million. For more information on the Group’s economic performance, please refer to pages 60-145 of the Annual Report 2019.



*Figures are for the entire Group’s economic performance across ASEAN – not just for its operations in Singapore and Malaysia.

CONTRIBUTION TO COMMUNITY

Investing in the wider community is a crucial part of the Group’s efforts in responsible corporate citizenry. ZICO believes that succeeding in ASEAN means succeeding with ASEAN. As an ASEAN business, the Group is dependent on the region’s communities who make up 642 million consumers, entrepreneurs, and workers – more than half of which are under 30.⁹ ASEAN’s potential lies in its people and similarly, the Group’s potential can only be realised if the region’s communities are provided with the opportunities and conditions to grow.

With its years of experience in ASEAN, the Group believes that its expertise and insights will go a long way in contributing towards the development of the region. The Group’s leaders and advisors are regular and sought-after commentators in the media and at various policy forums. The Group also publishes freely accessible articles on a regular basis to educate the wider public.





ASEAN’s communities do not just include its citizenry. In particular, there is a large population of refugees, asylum-seekers, internally-displaced persons (IDPs), and stateless persons throughout the region. In 2018, Southeast Asian states hosted over 55% (2,130,853) of the total number of reported stateless persons (3,851,983) globally.¹⁰ There are more than 170,000 United Nations High Commissioner for Refugees (“UNHCR”) -registered asylum-seekers and refugees, and about 10,000 stateless persons in Malaysia alone.¹¹ With only two countries in ASEAN that are signatories to the 1951 Convention relating to the Status of Refugees – Cambodia and the Philippines – and most other countries lacking national legal frameworks which formalize policy arrangements for those fleeing persecution and deprivation, it is up to the wider civil society to provide and care for the most disadvantaged in our midst.

In 2019, both the Group’s Malaysia and Singapore offices worked with the UNHCR to support refugees based in Malaysia. ZICO’s Singapore office raised funds from employees to purchase a replacement wheelchair for a teenage Somali refugee with Cerebral Palsy, who was waiting in Malaysia for resettlement in a third country and was without a useable, working wheelchair. ZICO’s Malaysia office on the other hand, conducted a fundraiser for the Afghan Learning Centre in Kuala Lumpur, a school founded in 2016 to provide education to refugee children from Afghanistan, ages ranging from 7 to 14 years old. The funds raised went towards the running costs of the Centre which includes rent, utilities (electric and water), maintenance, stationery, and a small stipend for the teachers.



2020 targets

Continued support for ASEAN-focused community initiatives (e.g. panel discussions, thought leadership, charity initiatives etc.)

OCCUPATIONAL HEALTH AND SAFETY

While the Group's business operations and activities do not involve the same risks to occupational health and safety as compared to those in the manufacturing sector, the Group is equally committed to the health and safety of its employees.

Following the first health and safety audit in 2019 for all its offices, the Group is now committed to an annual self-review to ensure continued compliance for a healthy, low-risk workplace environment. Safety hazards identified and rectified during the audit include availability of evacuation plans and unclear exit signage. The Group's employees are reminded to observe and practice safety measures such as ensuring the floors are clean and dry, and refraining from cluttering the walkways with items (which impede quick exits during emergencies).

In addition to the measures highlighted above, the Group also seeks to bolster the health of its employees by offering free onsite health and eyesight screenings on an annual basis.

2020 targets

- Annual health and safety review of all offices
- Development and implementation of Group occupational health and safety policy

SUSTAINABLE PROCUREMENT

Given that the Group is a professional services provider, its procurement impact is mainly limited to office supplies and essentials, and ancillary support services required for its operations (e.g. cleaning).

Nonetheless, the Group has in place a procurement policy which sets out the processes for a fair and transparent selection of suppliers including the criteria and basis for selection. Where possible, the Group will purchase locally and domestically made products.

MATERIALS

Although the Group does not manufacture or package its products with non-renewable materials like metals, minerals, or oils, the usage of paper – a wood product from timber forests – for its client deliverables (and internal work and documentation) means that there is a material environmental impact of the Group's consumption of the natural resource, which is conditionally renewable i.e. dependent on usage levels.¹²

In Q4 2018, ZICO launched its Green Office Initiative ("GOI"). In addition to the pre-existing "paperless" policy, there was a conscious call to action to limit paper usage as much as possible and to rely on digital media for internal uses and client deliverables. The Group puts this policy into practice by setting all printers in its offices to a default setting of double-sided (or in some cases multiple pages on double-sided) printing. Beyond the reduction in paper usage and in expenses from purchasing paper, the "paperless" policy also ensures that the Group minimizes its environmental impact from the usage of printer ink (and its cartridges). Default printer settings are also set to black-and-white as opposed to full colour printing to limit printer ink wastage and therefore, the environmental impact from its disposal. Finally, in combination with the "paperless" policy, the Group has also been encouraging the usage of recycled paper for internal usage to further reduce its environmental impact.

In 2019, the Group purchased 162.5 kg of paper, compared to 122.5kg in 2018.¹³ This increase in paper usage was mostly driven by the rise in corporate actions and activity of the Group which necessitated the one-off printing of a large number of confidential documents. Due to default double-sided printing, reasons of confidentiality, and record-keeping requirements, based on management estimates, the amount of paper that is available for recycling is only 30% of the purchased amount out of which, almost 85% is recycled. The Group will continue to endeavor to increase the usage of recycled papers as part of the GOI.

Besides the usage of input materials for its deliverables, the Group continuously seeks to reduce its usage of non-renewables in other aspects of its operations. In 2018, the Group reported an initiative to reduce the consumption of plastic water bottles in its offices. The complete elimination of plastic water bottles remains difficult however, due to the demands of client hospitality. Hence, in 2019, the Group has confined all usage of plastic water bottles to such purposes and has limited their availability to meeting rooms which host external parties.

2020 targets

Continue to encourage recycling of paper where possible, and eliminating unnecessary consumption of single-use plastics (i.e. plastic water bottles)

ENERGY



Energy usage is necessary for economic development. Demand for cheap and readily available energy however, burdens the environment greatly. The extraction and processing of non-renewable carbon-based fuels – and its usage for energy generation – pollutes the environment and releases GHG emissions.

Roughly 80 per cent of global carbon dioxide emissions today are caused by the burning of carbon-based fuels for energy.¹⁴ In ASEAN, carbon-based fuels are the dominant energy source despite climate change being a major challenge for the region.¹⁵ Six out of the twenty countries most vulnerable to climate change are found in ASEAN – Indonesia, Thailand, Myanmar, Malaysia, Vietnam, and the Philippines.¹⁶ The impact on ASEAN is both wide-ranging and severe. Besides temperature increases, climate change will also affect the frequency, intensity, timing and spatial coverage of natural disasters. ASEAN's low-lying cities face the risk of flooding, its agriculture-dependent communities risk hunger and poverty from more unpredictable and volatile weather conditions, and its people dwell in increasingly polluted environments. In recognition of the risk to ASEAN from climate change, all ASEAN member states ratified the Paris Agreement in 2015.

As a business in and from ASEAN, the Group is intent on minimizing the impact of its operations on the environment even as it seeks to expand its business presence. In view of the threat posed by climate change, responsible corporate citizenry demands that businesses – regardless of sector and industry – play their part in steering a course towards sustainable development by adopting environmentally friendly practices wherever possible. The Group takes this responsibility seriously and is committed to doing its utmost to reduce its carbon footprint.

While the Group does not trade in or produce energy, it does however, consume energy as a result of its operations (i.e. offices) and hence has an indirect impact on the environment through its energy demands on the electricity grid. In order to limit its energy consumption, the Group has always encouraged employees to conserve energy by switching off the lights when leaving their work place and switching off office equipment or computers when not in use.

Energy consumption & intensity

		2018	2019
Total electricity consumption (kWh)	 For Singapore:	86,801.00	78,773.50
	 For Malaysia:	152,522.83	147,698.27
Total	Total electricity consumption (kWh)	239,323.83	226,471.77
	Energy intensity (kWh per RM)*	0.00266	0.00291

*Energy intensity is calculated by taking the total energy consumption divided by each dollar (ringgit) of sales.

In 2018, the Group began exploring the usage of automated motion-sensor lighting systems as part of its efforts for further energy conservation. The systems were installed in the Group's offices in Singapore as a trial-run before deploying the systems in its other offices across the region in the coming years as an energy-saving measure. In 2019, there were notable improvements in the energy consumption of the Group. Total energy consumption in 2019 decreased by 5.37% from 2018, with 62% of the decrease coming from the Singapore office. These results are extremely heartening and the Group will look to rollout the automated motion-sensor lighting systems to the rest of its offices to further improve its performance in this area.

2020 targets



Progressively improve energy efficiency across the Group starting from more mature markets (e.g. Malaysia and Singapore) through installation of energy-saving technologies and implementation of energy-saving policies

EMISSIONS

Although the Group does not produce emissions directly from its business operations, it does contribute to emissions indirectly from the consumption of energy produced from carbon-based fuels (see above under the disclosure for Energy). As per the requirements of the GRI Standards, the Group's GHG emissions are disclosed using the guidelines of the Greenhouse Gas Protocol ("GHG Protocol").¹⁷ Given that the Group's energy usage is confined to its offices, its GHG emissions are associated with purchased electricity. Furthermore, the Group has neither equity share, financial control, or operational control over direct sources of emissions (e.g. fuel consumption, units that produce GHG emissions etc.). As such, Scope 2 of the GHG protocol is relevant for the purposes of disclosure.¹⁸

The Group's energy indirect GHG emissions are reported on a location basis (i.e. Singapore and Malaysia offices) and in metric tons of CO₂. No other gases besides CO₂ are included in its calculation of GHG emissions since the Group's electricity consumption in each location is used to proxy for its GHG emissions, and there is a dearth of information on the exact composition of gases released during electricity generation from the variety of carbon-based fuels utilised by each location's energy grid. Since CO₂ is the only reported emission, reference to the global warming potential ("GWP") of the Group's emissions is not applicable.¹⁹

The rate of conversion of electricity consumed to CO₂ produced is derived from each location's average emission factor from their respective energy grids (i.e. how much CO₂ is produced from generating each unit of electricity). This conversion rate differs from location to location due to the processes, technology, and fuel mix used in the generation of electricity.

Energy indirect (Scope 2) GHG emissions & intensity	Total electricity consumption (kWh)		CO2 emissions (metric tons)			
		2018	2019	2018	2019	
	 For Singapore*:	86,801.00	78,773.50	37.44	33.98	
 For Malaysia#:	152,522.83	147,698.27	105.85	102.50		
Total:	CO2 emissions (metric tons)	2018 143.29	2019 136.48	Emissions intensity (CO2 in metric tons per RM)^	2018 0.00000159	2019 0.00000175

*Based on Singapore's 2015 figures for the average Operating Margin (OM) Grid Emission Factor (GEF) of 0.4313 kg CO2/kWh.

#Based on Malaysia's 2014 figures for the average emission factor for Peninsular Malaysia of 0.694 kg CO2/kWh.

^Emissions intensity is calculated by taking the total CO2 emissions divided by each dollar (ringgit) of sales.

In 2019, the Group managed to lower its total emissions by 4.75% from 2018. The Group continues to be committed to a progressive reduction of GHG emissions via a reduction in energy consumed through its operations. As mentioned in the disclosure on *Energy*, the reductions in energy consumption in 2019 have been very positive, and the Group will now seek to rollout the usage of automated motion-sensor lighting systems to all its offices. Beyond reducing the organisation's carbon footprint through energy conservation measures and policies, the Group also encourages its employees to utilise technologies like video-conferencing (e.g. Microsoft Teams) and online work platforms (e.g. Microsoft Sharepoint) to limit unnecessary travel and thereby reduce GHG emissions from transportation.

2020 targets

Progressively improve energy efficiency across the Group starting from more mature markets (e.g. Malaysia and Singapore) through installation of energy-saving technologies and implementation of energy-saving policies

¹ John Hopkins University, Coronavirus Resource Center, accessed at <https://coronavirus.jhu.edu/map.html>.

² See page 86 of Annual Report 2019.

³ See SGX Practice Note 7.6, SGX Guide to Sustainability Reporting for Listed Companies. Also see GRI 101: Foundation 2016.

⁴ Based on the GRI Standards' definition of "material topic" as in GRI 101: Foundation 2016.

⁵ United Nations Office on Drugs and Crime (UNDOC), Southeast Asia and Pacific, "ASEAN jurisdictions must hold businesses accountable for corruption offences," 28 August 2018, accessed via <https://www.unodc.org/southeastasiaandpacific/en/2018/08/asean-corruption/story.html>.

⁶ Under the amendments, "commercial organisations" include companies incorporated in Malaysia regardless of place of operations, and companies with operations in Malaysia regardless of place of incorporation. The amendments also include a statutory defence for organisations if they can show they have "adequate procedures" in place to prevent corrupt conduct. The Malaysian government has since released a set of guidelines on what constitutes "adequate procedures".

⁷ These include the Malaysian Anti-Corruption Commission's Anti-Corruption Framework Guidelines, Corruption Risk Framework, and the Guidelines on Adequate Procedures.

⁸ At minimum, a subsidiary's Personal Data Protection Policy must cover Consent, Notification and Purpose; Accuracy of Personal Data; Security Safeguards; Access and Correction; Transfers to Another Country or Territory; Retention and; Accountability.

⁹ ASEAN Statistical Yearbook 2018; Alex Gray, "ASEAN is 50, and it's come a long way. Here's why you should care," World Economic Forum, January 16, 2017, accessed at <https://www.weforum.org/agenda/2017/01/asean-is-50-and-it-s-come-a-long-way-here-s-why-you-should-care/>.

¹⁰ UNHCR, South East Asia Operations, accessed at <http://reporting.unhcr.org/node/39>.

¹¹ Ibid.

¹² Organisation for Economic Co-operation and Development (OECD), Resource Productivity in the G8 and the OECD – A report in the Framework of the Kobe 3R Action Plan, accessed at <http://www.oecd.org/env/waste/47944428.pdf>.

¹³ The previous figures reported in the 2018 Sustainability Report are inaccurate. Please refer to the 2019 Sustainability Report for the restatement of the updated figures.

¹⁴ David Fogarty, "Global carbon dioxide emissions from fossil fuels to hit record this year, says study," The Straits Times, December 6, 2018, accessed at <https://www.straitstimes.com/world/global-carbon-dioxide-emissions-from-fossil-fuels-to-hit-record-this-year-says-study>.

¹⁵ Angaindrankumar Gnanasagaran, "Will fossil fuels die in Southeast Asia?," The ASEAN Post, March 3, 2018, accessed at <https://theaseanpost.com/article/will-fossil-fuels-die-southeast-asia>.

¹⁶ ASEAN Working Group on Climate Change (AWGCC). See <https://environment.asean.org/awgcc/>.

¹⁷ The reporting requirements for GHG emissions are based on the requirements of the 'GHG Protocol Corporate Accounting and Reporting Standard' ('GHG Protocol Corporate Standard') and the 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard' ('GHG Protocol Corporate Value Chain Standard'). These two standards are part of the GHG Protocol developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD).

¹⁸ The GHG Protocol has established a classification of GHG emissions called 'Scope': Scope 1, Scope 2 and Scope 3. Direct GHG emissions (i.e. emissions from sources directly owned or controlled) are classified under "Scope 1"; energy indirect GHG emissions (i.e. emissions from the generation of purchased energy) are classified as "Scope 2" and; other indirect GHG emissions (i.e. emissions outside the organisation) are classified as "Scope 3".

¹⁹ This is the value describing the radiative forcing impact of one unit of a given GHG relative to one unit of CO2 over a given period of time.

GRI CONTENT INDEX

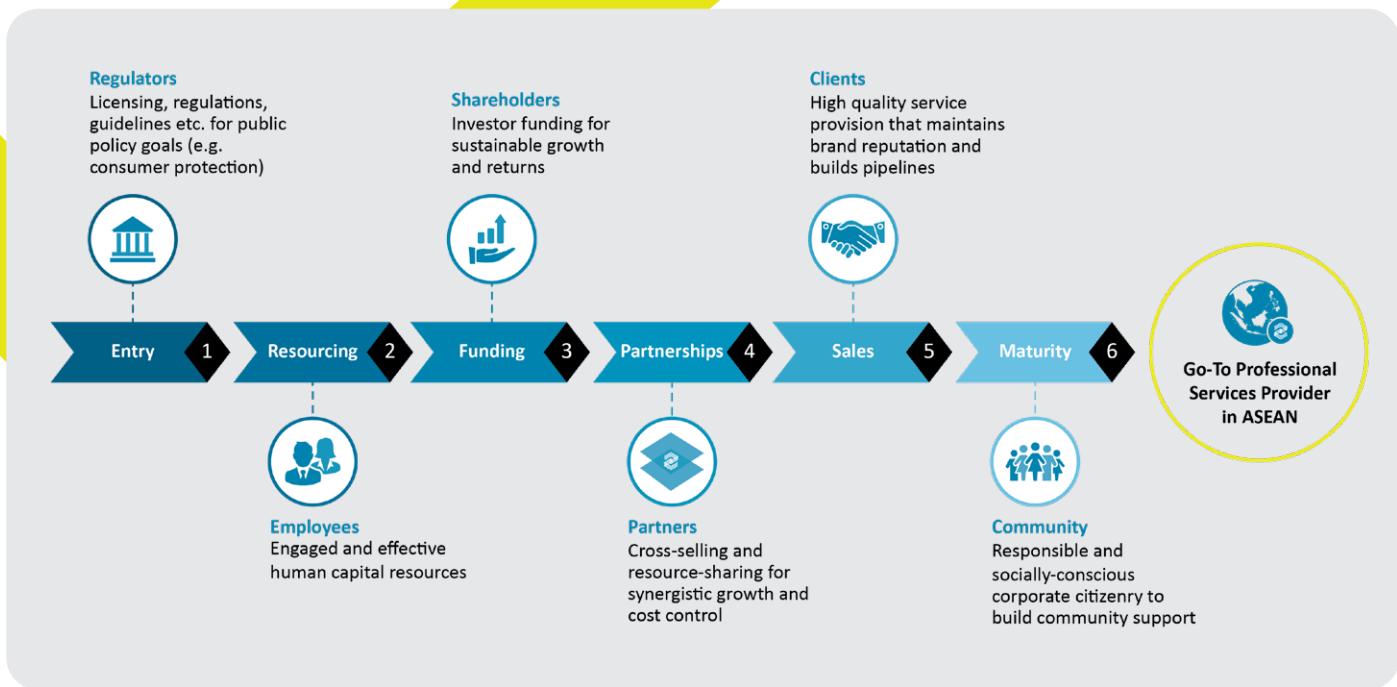
(Material sustainability factors in **bold**)

CATEGORY	GRI STANDARD	DISCLOSURE	REFERENCE
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	102-8	Information on employees and other workers	Page 14-15
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	Emissions		
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APPENDIX 1

Stakeholder identification



I. Entry

Upon the launching of business operations, regulators may need to be engaged to obtain the necessary licenses while also complying with regulations, guidelines, standards etc. in order for market entry to succeed. Four of the Group’s business lines (i.e. trust, shariah advisory, corporate finance & capital markets, and asset & wealth management) are licensed businesses with regulatory compliance requirements. In addition to these business lines, the Group also provides legal services in Lao PDR, Thailand, and Myanmar according to relevant local laws and requirements. At the same time, regulators seek – through the regulatory and policy levers mentioned above – to achieve public policy goals including service quality, consumer protection, anti-corruption etc. This impacts ZICO not only in terms of its licensed businesses but also in terms of its status as a publicly listed company.

II. Resourcing

Human capital is a crucial resource for professional services organizations. Having engaged and effective employees is critical to the Group’s success, and providing equal opportunities to all employees to succeed also helps ensure that key talent is retained. On the flipside, employees have needs which are met by employers. Beyond adequate wages, the Group’s employees depend on it to provide them with a safe, supportive, and non-discriminatory environment that is conducive to their growth as working professionals while also allowing for them to pursue other non-work related goals e.g. starting a family.

III. Funding

Business expansion requires capital and a key source of this for ZICO has been shareholder funds. Through its listing, ZICO leverages shareholder funds to invest in the Group’s expansion into different business lines and different markets as it seeks to establish itself in the professional services sector. In return, shareholders seek to enjoy returns from their investments. In order for shareholders to invest, they would need to have a level of confidence in the governance policies and practices of ZICO which ensure transparency, accountability, and sustainability of the business.

IV. Partnerships

Having strong partnerships acts as a multiplier for the ZICO multidisciplinary practice (MDP) platform. With the ZICO Law network as a partner with the Group under one ZICO brand, cross-selling between non-legal and legal services across the spectrum of professional services demanded by clients can occur. Both the Group and its partner (the ZICO Law network) gain from the increased pipeline. At the same time, sharing of support services between the ZICO Law network and the Group also allows for cost reductions and greater efficiencies in the usage of resources for both parties. With the sharing of support services, ZICO's governance policies must be robust enough to ensure sensitive client information from the ZICO Law network is not utilised in an improper manner.

V. Sales

As business advisors, the Group provides high quality professional services to meet the needs of its clients. Maintaining high standards in the delivery of its services plays an important role in ensuring repeat business, client referrals, and overall brand reputation in the industry. Of equal importance is the need for client data privacy given that the Group is privy to confidential client information that must be adequately protected in order to ensure client interests are safeguarded and their confidence in ZICO is not misplaced. With the confidence of its clients assured, a sustainable business pipeline can be maintained while also providing opportunities for expansion as more clients benefit from the Group's range of services.

VI. Maturity

As the Group's business grows, the impact of its activities on the wider community needs to be considered in order to meet societal expectations and demands for companies to go beyond the bottom line. Reputational and image risks need to be managed and indeed, turned into advantages which can bolster ZICO's branding and increase community support for its success e.g. more successful hiring and better talent retention. Communities themselves can benefit from the Group's efforts in corporate social responsibility (CSR) that can range from environmental protection programmes (e.g. cutting back on paper usage) to charitable engagements with the under-privileged.

Stakeholder engagement

In order to ensure the sustainability of the Group’s business and better understand the concerns of its stakeholders, the Group employs a range of engagement measures with each of them.



For Regulators

Since 2017, compliance policies have also been put in place for ZICO Trust Limited, ZICO Trust (S) Limited, ZICO Shariah Advisory Services Sdn Bhd, and ZICO Capital Pte Ltd. In 2018, compliance policies for ZICO Capital Sdn Bhd and ZICO Asset Management Pte Ltd were put in place.

For Employees

The Group engages its employees through internal communications initiatives like surveys while also seeking to promote employee development through regular training sessions and performance appraisals. During festive occasions like Chinese New Year and/or company social gatherings, employees are also given the opportunity to interact with management and communicate any feedback they might have.

For Shareholders

In order to ensure shareholders receive timely and comprehensive information on their investments, the Group provides them with regular updates and announcements on its website in addition to those on SGX-Net. ZICO’s annual reports and circulars also serve as another avenue of regular information on the organization. Investors are welcome to attend shareholder meetings and roadshows to interact with management and contribute to discussions on the Group’s performance, sustainability, and future plans.

For Partners

As part of a strategic convergence between ZICO Law and the Group, both sides hold joint marketing and business development events and initiatives to go-to-market together. Such events and initiatives also help both parties understand each other's needs and capabilities which then eases future joint pitches to clients. In addition to these, management and key staff from both ZICO Law and the Group meet regularly to align priorities and goals as one ZICO MDP platform.

For Clients

Beyond client engagements in relation to ongoing projects, the Group seeks to maintain relationships with its clients via email updates on industry developments, Group services, and thought leadership articles and publications. Social media is another channel used to reach past and potential clients, and the Group's website serves also to update clients on Group services, events, and publications. Regular client events and gatherings create face-to-face networking opportunities and facilitate deeper cooperation with the Group's clients. After each project, the Group also encourages clients to provide feedback via online survey to better understand their needs and concerns going forward and areas for improvement, if any.

For Community

Community outreach is conducted through a variety of channels including social media, community events, and ZICO initiatives. The wider public may reach the Group through its social media channels like Instagram and LinkedIn where outreach efforts are publicized. Community events are also held on a regular basis to support underserved and marginalised groups. The Group has also taken the effort to hold its own initiatives to facilitate conversations and raise awareness on community issues like sexual harassment and female empowerment (more details are highlighted in the discussion on specific material factors).



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