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SUSTAINABILITY REPORT



## INTRODUCTION

Duty Free International Limited (“DFI” and together with its subsidiaries, the “Group”), a duty free retail specialist in Peninsular Malaysia with over 40 years of experience, has established a premium travel retail brand “The Zon” that is strategically and extensively located across all leading entry and exit points in Peninsular Malaysia. DFI has created and defined its own unique and exclusive travel retail concept that offers travellers an extensive premium selection of international brands - imported duty free beverages, tobacco products, chocolates and confectionary products, perfumery, cosmetics and souvenirs.

**DFI’s core value is to provide travellers with an exclusive duty free shopping experience beyond expectations by having the highest standards of customer service, retail execution and exquisite product offering.**

This Sustainability Report 2019 (“Sustainability Report”) is DFI’s second annual sustainability report which highlights the progress and achievements of the Group on our commitment to working alongside our valued stakeholders to build a sustainable business. The Group strives to achieve sustainable growth with our business model through operational excellence by capitalising on the strength of our human capital and strategic alliance with our business partners as well as being committed to highest standards of customer service while minimising the environmental impact from our operations.

**There has been heightened focus amongst stakeholders for the use of the natural resources in a manner that is extensive yet sustainable. The use of clean, renewable energy is one of the most important actions companies can take to directly reduce their carbon footprint upon the environment and to move towards a more energy efficient future. The Group completed its installation of Photovoltaic (PV) panels in May 2018 at one of its major outlets to reduce its dependency on fossil fuels and increase its exposure to solar power. Our initiatives on energy saving via adoption of technology have contributed to lower energy consumption and in turn, smaller carbon footprint. We will continue our commitment towards implementing strategy to build a sustainable business.**

This Sustainability Report aims to provide our stakeholders, namely, our customers, partners, investors, employees, local communities, non-governmental organisations, and governments, with a transparent account of how we address the sustainability topics in relation to DFI during the current financial year.

**Ong Bok Siong**  
Managing Director

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## ABOUT THIS REPORT

**This is Duty Free International’s (“DFI”) second Sustainability Report which includes our latest sustainability disclosures and initiatives for FY2019. It provides insights into our sustainability efforts and journey since embarking on sustainability last year, with the aim of integrating economic, environmental and social (“EES”) efforts into our business operations.**

### Reporting scope and boundaries

Our sustainability-related disclosures cover DFI and its subsidiaries (the “Group”), for which the Group has managerial control. This coverage corresponds to our Corporate Structure on page 4 to 5 of the Annual Report.

Our sustainability performance reported also includes our newly acquired subsidiary, Brand Connect Holding Pte Ltd and its subsidiaries (“BCH Group”) on 8<sup>th</sup> August 2018. This acquisition has not resulted in any significant change to our business operations.

Going forward, we will continue to enhance our sustainability reporting in efforts to provide meaningful information to our stakeholders. No restatements were made from the previous report.

### Reporting period and methodology

Our sustainability report is published annually and covers the same period as the financial year of the Group, from 01 March 2018 to 28 February 2019. Our last sustainability report was published on 15<sup>th</sup> August 2018.

We have prepared this report in accordance with the Global Reporting Initiative (“GRI”) Standards – Core option and the Singapore Exchange’s Practice Note 7.6 Sustainability Reporting Guide.

We have not sought external assurance for this report.

### Feedback

We appreciate and welcome your feedback on our sustainability report and performance as it enables continual improvement of our sustainability journey. Please send your comments and suggestions to [dfi@listedcompany.com](mailto:dfi@listedcompany.com).

## KEY SUSTAINABILITY HIGHLIGHTS IN FY2019

**32%** of women in senior management positions

**398 MWh** of electricity generated through solar installations

**RM251,460** approximate annual cost savings through solar installations

**5% decrease** in electricity consumption in FY2019



*Retail Outlet at Johor Bahru*

## SUSTAINABILITY AT DUTY FREE INTERNATIONAL LIMITED

### Our Sustainability Governance

Our sustainability governance, with clearly defined roles and responsibilities, ensures adequate resources, systems and processes are in place for managing our sustainability initiatives and performances.

Our Board of Directors is the ultimate governing body and has oversight on the integration of our sustainability agenda and initiatives across the Group. Our sustainability efforts are steered by our Managing Director, Executive Director and the Sustainability Working Group.

Our Sustainability Working Group manages the day-to-day sustainability initiatives. They also ensure Core Business Functions are able to complete their plans, meet their timelines, and provide accurate information for sustainability disclosure purposes.

Board of Directors`	<ul style="list-style-type: none"> <li>• Ultimately responsible for managing sustainability of the Group</li> <li>• Ensures the integration of sustainability consideration in strategic business decisions</li> <li>• Approves the overall sustainability-related business strategies</li> </ul>
Managing Director & Executive Director	<ul style="list-style-type: none"> <li>• Steers and oversees the implementation of sustainability-related business strategies</li> <li>• Approves sustainability targets, key indicators and disclosures</li> <li>• Evaluate and assess sustainability risks and opportunities</li> </ul>
Sustainability Working Group	<ul style="list-style-type: none"> <li>• Monitors and manages the sustainability-related business strategies of the Group</li> <li>• Facilitates and assists in sustainability processes among the key business functions</li> <li>• Report on performance and targets of sustainability processes and controls</li> </ul>
Core Business Functions	<ul style="list-style-type: none"> <li>• Supports the implementation of sustainability-related business strategies</li> <li>• Develop plans and timeline for sustainability related disclosures</li> </ul>

Table 1: Sustainability governance structure at DFI

Our commitment towards maintaining integrity and strong business ethics is demonstrated through the various governance policies and procedures that has been established within the Group. These include our Code of Conduct, Anti-Corruption procedures and Whistle-blowing Policy.

## Code of Conduct

DFI's Code of Conduct (the "Code") instils a sense of good business practice and responsibility, which drives a culture of integrity and honesty across the Group. The Group strives to uphold the highest standards of professionalism and cultivate exemplary corporate conduct.

The Code sets out expectations for all employees of the Group. It emphasises the need for employees to conduct themselves in a manner beyond that required by mere compliance with the law. Similarly, the need to comply with the Code extends to our business partners to ensure professionalism and compliance with applicable laws.

In addition to highlighting the principles of honesty, trustworthiness and conscientiousness, the Code covers the following matters:



Diagram 1: Matters addressed in DFI's Code of Conduct

All employees are given a personal copy of the Code and are required to sign off their acknowledgment of responsibility to comply with the policies and procedures set out in the Code via the Employee Acknowledgment Form. Failure to comply with the Code may result in necessary disciplinary action taken to maintain compliance towards fostering an environment where individuals act responsibly and are held accountable for their actions.

## Anti-Corruption and Whistle-Blowing Policy

Our anti-corruption and whistle-blowing procedures, as laid out in the Employee Handbook and Whistle-blowing Policy respectively, provide an avenue for our employees to raise genuine concerns arising from the workplace. Its objectives also include promoting standards of good corporate practices within the Group, and assuring employees that reprisals and victimisation will not be tolerated in the event of whistle-blowing in good faith. Nevertheless, the Group will not condone frivolous, mischievous or malicious allegations. Under the whistle-blowing policy, all employees may address their concerns in writing to the Audit Committee Chairman of the Group. These guidelines and procedures are readily accessible via our intranet or through physical briefing by respective Heads of Departments or Outlet Managers.

Whistle-blowing applies, but is not limited to the following types of misconduct:



Diagram 2: Matters addressed in DFI's Whistle-blowing Policy

As at the financial year ended 28 February 2019, there were no complaints received by the Audit Committee Chairman of the Group through this channel.





## STAKEHOLDER ENGAGEMENT

At DFI, engaging with our stakeholders is a priority and is done continuously to ensure timely actions are taken to address key concerns that are critical to our business. By understanding their expectations and responding to their concerns, we also strive to strengthen stakeholder confidence. Stakeholder engagement is also fundamental for us to assess and prioritise our sustainability efforts throughout our activities.

In FY2018, we conducted a materiality assessment workshop during which we identified key stakeholders who have direct influence on our business and operations. These remain the same for this reporting year, as summarized in table 2 below.

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

Table 2: DFI's Stakeholder Engagement Table

\*Singapore's Exchange (SGX)

## MATERIALITY ASSESSMENT

### Materiality Assessment Process

Material sustainability topics are economic, environment and social (EES) risks and opportunities that affect our stakeholders' decisions and impact our business. The identification of material sustainability topics enables us to focus our efforts and allocate resources to address the high priority topics of the Group.

Our material topics were identified through the following materiality assessment process:

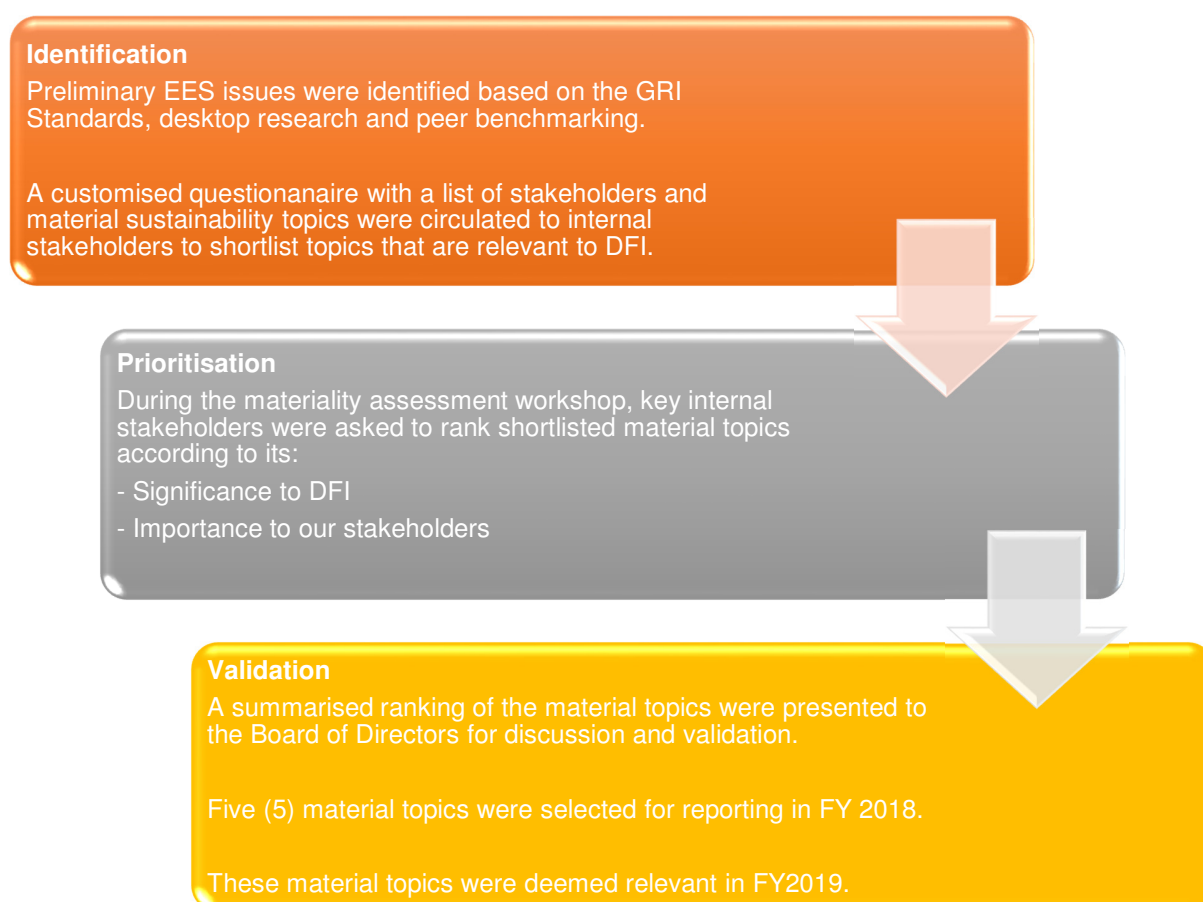


Diagram 3: Materiality assessment process

In FY2018, a materiality assessment workshop was conducted to identify and prioritise sustainability matters that are material to DFI as detailed in Diagram 3 above. This process involved our heads of key business functions and key management personnel, while taking into consideration our stakeholders' expectations. This year, we reviewed the FY2018 materiality matrix and deemed the identified material topics remained relevant as there were no significant changes in our stakeholders' concerns and business environment throughout the year.

### Materiality Assessment Process (Cont'd)

The materiality matrix below is a representation of the outcome of our materiality assessment process in FY2018:

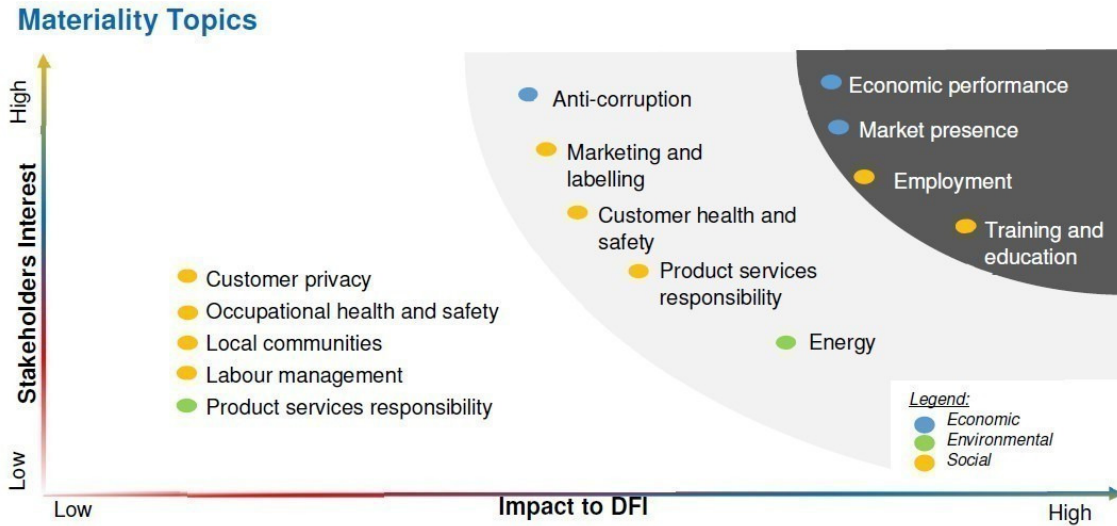


Diagram 4: DFI's Materiality Matrix

We are committed to enhancing our sustainability reporting and will review our materiality matrix on an annual basis to ensure relevance with the industry in which we operate, as well as with our stakeholders' expectations.



## OUR SUSTAINABILITY PILLARS

DFI's commitment towards sustainability is demonstrated through balancing our financial goals with our social and environmental initiatives to create shared value for our organisation and stakeholders. The defined three focus areas of our sustainability agenda are Our Economic, Our People and Our Environment. The five material topics disclosed in FY2019 are categorised in Diagram 5 below:



Diagram 5: Our sustainability pillars

## Material topics and its boundaries

Our material topics			Impact boundary		Involvement
Topic	GRI	Topic-specific Disclosure	Within	Outside	Direct / Indirect
Economic performance	GRI 201-1	Direct economic value generated and distributed	✓	✓	Direct
Anti-corruption	GRI 205-2	Communication and training about anti-corruption policies and procedures	✓	✓	Direct
	GRI 205-3	Confirmed incidents of corruption and actions taken			
Employment	GRI 401-1	New employee hires and employee turnover	✓		Direct
	GRI 401-2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees			
	GRI 401-3	Parental leave			
Training and education	GRI 404-1	Average hours of training per year per employee	✓		Direct
	GRI 404-2	Programmes for upgrading employee skills and transition assistance programs			
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews			
Energy	GRI 302-1	Energy consumption within an organisation	✓		Direct

Table 3: Our material topics and its boundaries

## OUR ECONOMIC

DFI's presence as a travel industry retailer provides it with a strategic position in the global travel market. The rapid increase of tourist arrivals (25.8 million of tourist arrivals in Malaysia and MYR84.1 billion receipts in 2018 alone, according to Tourism Malaysia) into the country provides a prime opportunity for the Group as shopping is a key element of the travel experience for many passengers. Throughout the years, we have established an extensive market presence with branches at all major entry and exit points in Peninsular Malaysia as illustrated on page 2 of our Annual Report FY2019. These branches are centrally managed in Kuala Lumpur and Penang, Malaysia.

On 8<sup>th</sup> August 2018, we acquired a new subsidiary, Brand Connect Holding Pte Ltd ("Brand Connect"). Brand Connect group of companies is engaged in the business of marketing and trading, wholesale and retail distribution of beverage products across countries in the Asia Pacific region. The acquisition of Brand Connect group of companies by DFI is intended to develop and grow the Group's distribution business as well as to expand the Group's market operations beyond the current sales channels in the duty free market of Malaysia to include the duty paid market across Southeast Asia.

In pursuit of sustainable profits through revenue generation, DFI has contributed to its stakeholders through various activities, including generating employment opportunities and servicing taxes. Diagram 6 below illustrates the Group's value distribution to its different stakeholders. Further insights into the Group's economic performance for FY2019 can be found on page 42 to 122 of our Annual Report.

### Value Distribution

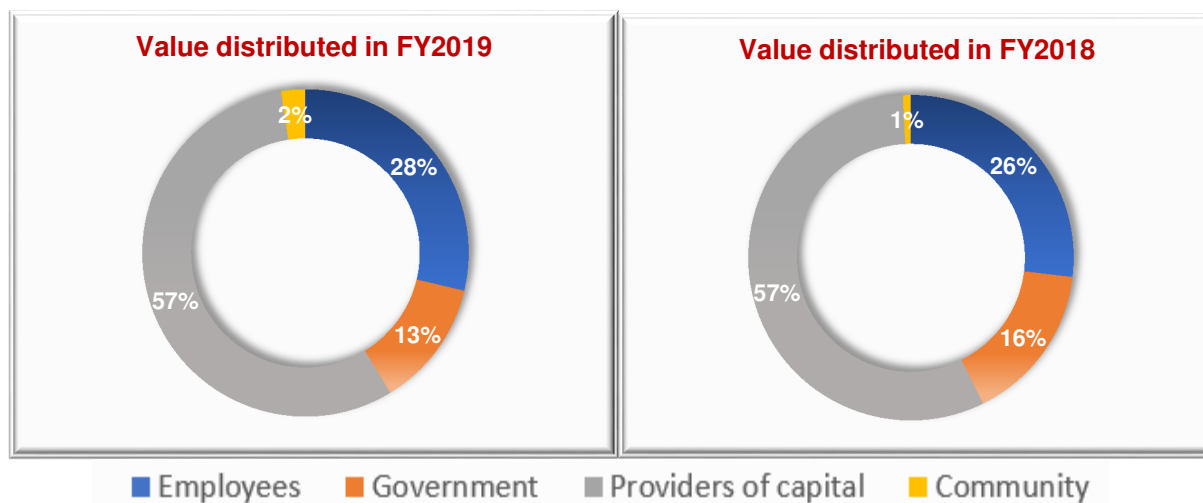


Diagram 6: Direct economic value distributed in FY2019 and FY2018

## Value Distribution (Cont'd)

RM ('000)	FY2019	FY2018	FY2017
<b>Economic Value Generated*</b>	113,866	111,851	144,296
<b>Economic Value Distributed</b>			
- Employees (Salary and other benefits)	36,720	36,020	37,581
- Government (Income tax)	16,097	21,160	21,041
- Providers of capital (Dividends and finance costs)	75,067	77,339	95,250
- Community (Donations)	3,072	1,071	2,133
<b>Total Economic Value Distributed</b>	130,956	135,590	156,005

Table 4: DFI's Economic Value Generated and Distributed

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

## Customer Service

A positive customer experience is crucial in driving sustained growth in the travel retail industry. This year, we implemented the Mystery Shopper programme across all our retail outlets to assess and elevate our customers' shopping experience. The criteria measured include customer service, cleanliness of store, product display, product knowledge, shop outlook and selling skills. We gained insights into areas of improvement as we strive to continually serve our customers better. We will continue to implement operational strategies in our commitment to improve the quality of our service to our customers.



Duty Free Outlet at Langkawi, Pantai Cenang

## Management Approach

### Policies, principles and commitments

#### **Accounting policies**

The Group has prepared its consolidated financial statements in accordance with Singapore Financial Reporting Standards (“FRSs”).

#### **Corporate Governance principles**

- Companies Act, Chapter 50 (the “Act”)  
The Group ensures that all relevant requirements of the Act concerning a public company, has been complied with.
- Singapore Code of Corporate Governance  
The Group complies with the Singapore Code of Corporate Governance.

#### **Code of Conduct**

Our Code of Conduct advocates the highest standards of conduct and ethical behaviour at the workplace for both our employees and the people we work with.

### Monitoring and Control Systems

#### **Financial reporting and planning**

The Group’s financial development and achievement of financial objectives are monitored through financial reporting, budgeting and planning of the entire Group.

#### **Compliance**

DFI holds legal and regulatory compliance trainings for relevant personnel to ensure that our employees are familiar with the relevant laws relating to the Group.

#### **Internal audit**

Internal auditors conduct regular reviews on the effectiveness of the Group’s material internal controls, including financial, operational, compliance and information technology controls.

#### **Risk management**

Our risk management team plays a key role to strengthen the Group’s risk management processes and policy framework. The team provides executive oversight and coordination of risk management efforts across the Group. Regular reviews on the risk management framework and processes are conducted to ensure adequacy and effectiveness.

#### **Whistle-blowing**

We provide an avenue for employees to raise genuine concerns in writing to the Audit Committee Chairman of the Group. All information provided will be fairly investigated with due consideration given to the severity, reliability and credibility of the information.



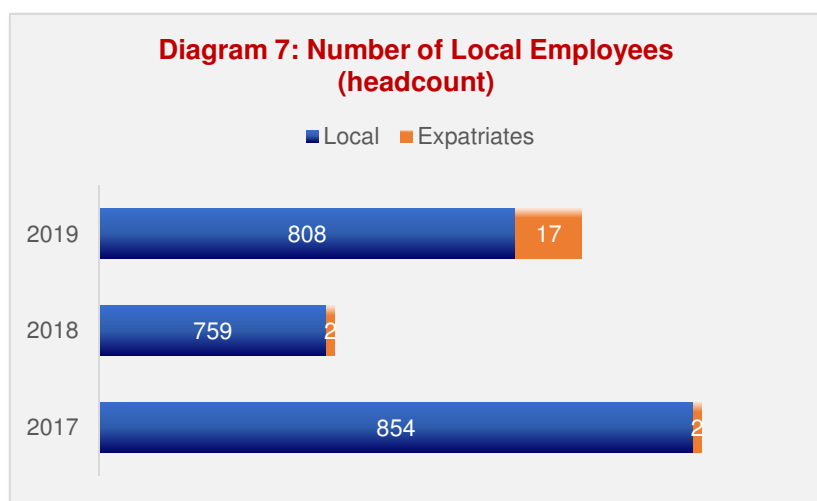
## OUR PEOPLE

### Employment

DFI's continuous growth is built on the strength and talent of our workforce. We strive to provide an inclusive and conducive working environment for our employees. Echoing this commitment, we strive to conduct our business and operations in a manner that promotes diversity, employee well-being, and development of our people. The Employee Handbook, which is provided to every employee upon onboarding, sets out behavioural standards expected of all employees as reflected in our day-to-day operations.

### Our Diverse Workforce

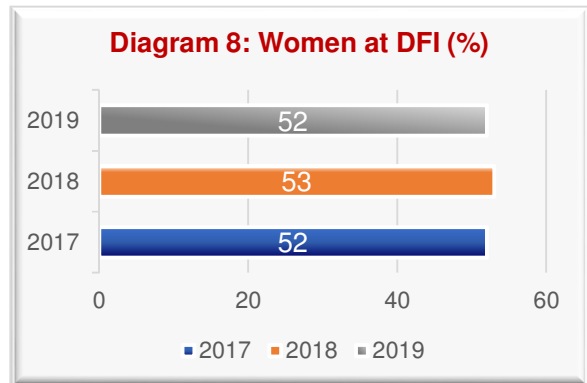
We treat all our employees equitably and without prejudice in providing training, career progression and retention, regardless of gender, age or religious backgrounds. Diversity in our team enables us to harness diverse knowledge, skills sets and experience to better engage and understand the unique needs of our stakeholders and strive towards providing better customer experience.



We consistently emphasise merit-based evaluation in our recruitment and employment practices. As such, we now count 825 employees of varied ethnicities, gender and age whose demographics reflect the customers we aspire to serve. In FY2019, upon acquisition of BCH group, 40 employees were added to DFI Group's total employees, of which 15 were expatriate and 25 were local. Out of the total 825 employees, 38% comprised the below 30 age category, highlighting our endeavours to recruit young, local talent for succession planning and to deliver new and exciting in-store experiences for our travelling customers.

### Women at DFI

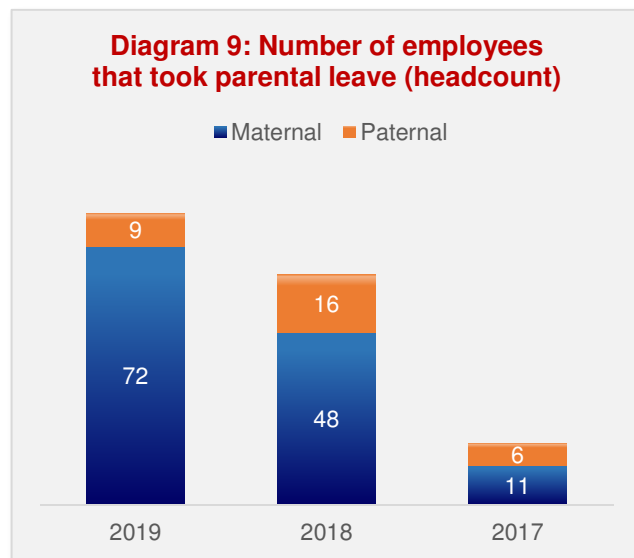
We recognise the importance of encouraging women inclusion at the workplace and having fair female representation in the Group. Women account for 52% of our workforce in FY2019, as compared to 53% in FY2018. Despite the marginal decrease, this statistic highlights the balance in gender representation across the Group as it is above the 50% threshold. Additionally, female representation in senior management positions has grown as we now have a total of 32% of women in senior management positions, as compared to 27% in FY2018.



### Employee Benefits

We strive to compensate our employees fairly and competitively, in line with the relevant labour laws in efforts to attract and retain our employees. This is further demonstrated by the improved retention rates during the year in review.

We also extend ample consideration towards our employees' personal commitments, such as their parental responsibilities. We offer both maternal and paternal leave to eligible employees and encourage them to utilise this benefit to promote bonding time with their family, while improving their overall well-being.



## Employee Benefits (Cont'd)

Aside from that, the key benefits offered to our employees are detailed below:

### Types of benefits

- Group personal accident insurance
- Group hospitalization and surgical scheme
- Hospitalisation and sick leave
- Annual leave
- Statutory contributions to Employment Provident Fund (“EPF”), Social Security Organisation (“SOCSO”) and Employment Insurance System (“EIS”), etc in Malaysia, where applicable
- Statutory contributions to Central Provident Fund (“CPF”) in Singapore, where applicable
- Parental leave

## Employee Engagement

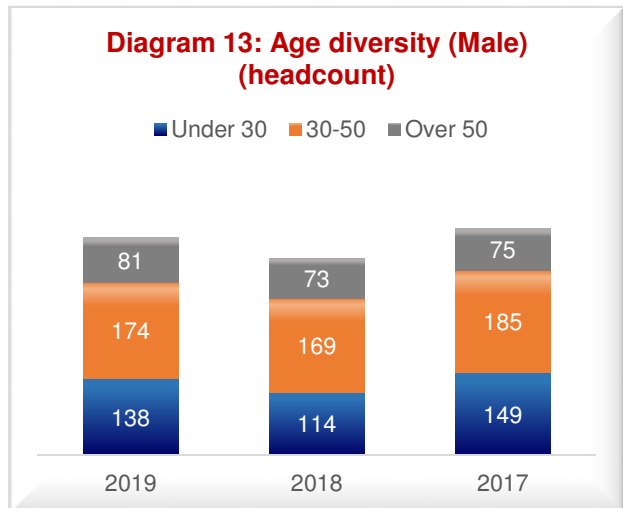
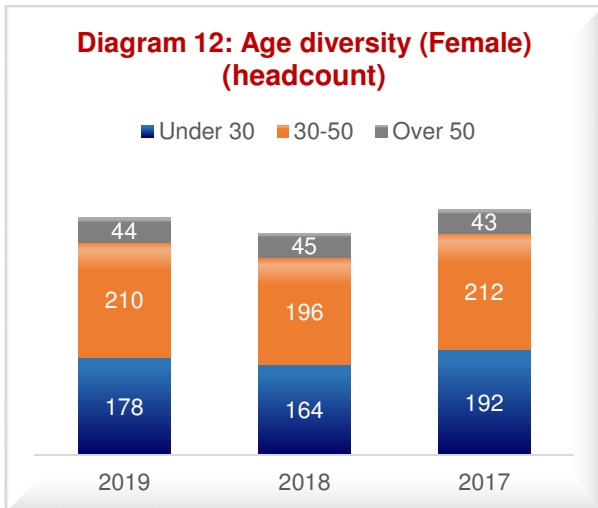
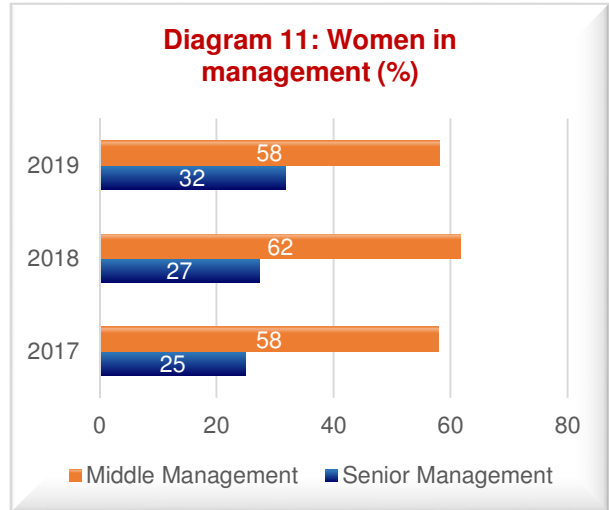
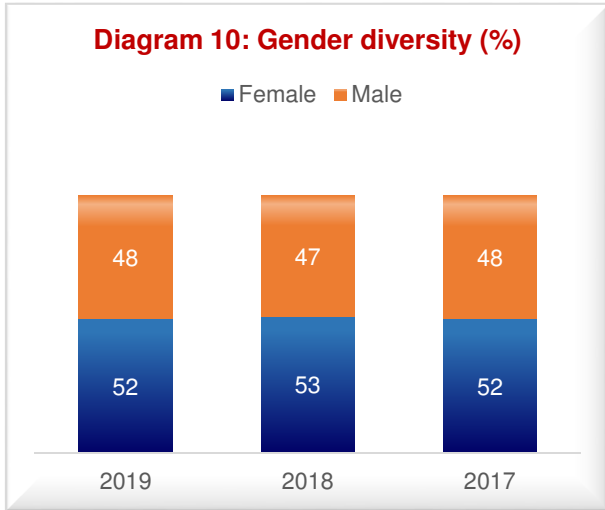
We strive to create a positive company culture to keep our employees motivated to contribute to the overall Group’s vision. As part of our agenda to promote the overall well-being of our employees, the Group organises several events and activities annually. These engagement platforms foster collaboration and encourage creativity amongst employees.



*Team Gathering at Johor Bahru Branch*

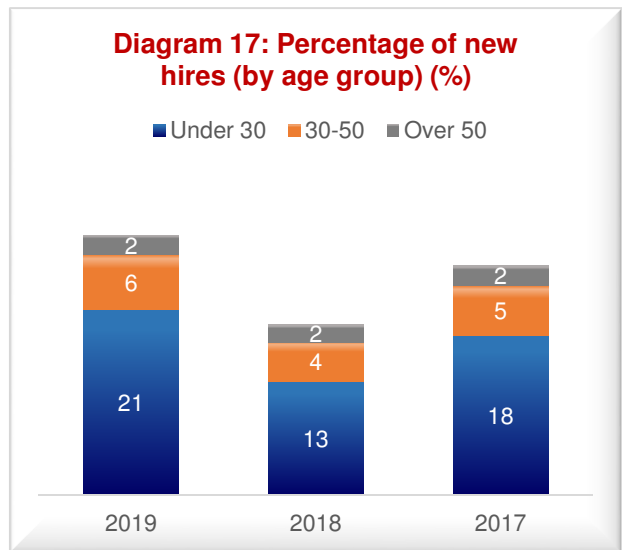
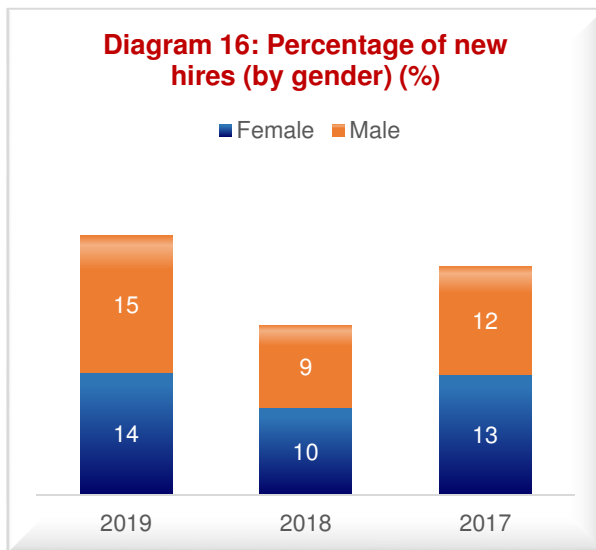
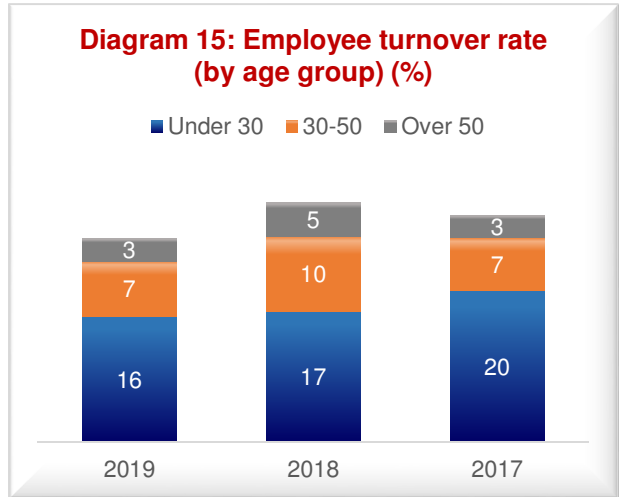
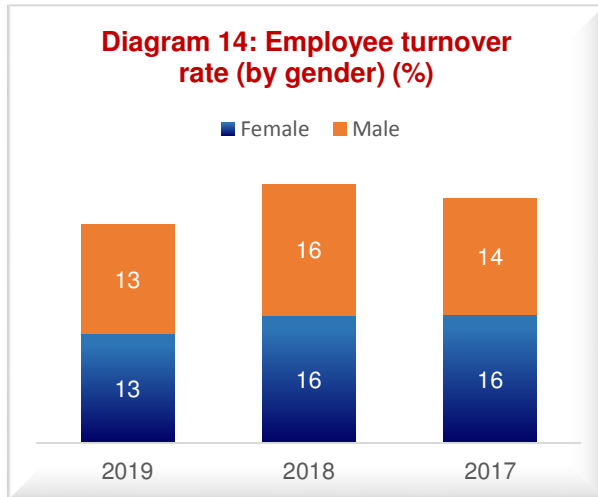
**Employee Breakdown**

**Diversity at DFI**



Employee Breakdown (Cont'd)

Changes in workforce



## Employee Breakdown (Cont'd)

		FY2019	FY2018	FY2017
<b>Number of employees as at 28 February</b>		825	761	856
<b>Permanent</b>	Male	357	338	391
	Female	413	400	438
<b>Contract</b>	Male	36	17	17
	Female	19	5	9
<b>Part-time</b>	Male	0	1	1
	Female	0	0	0
<b>Number of employees (by age group)</b>	Below 30	316	278	341
	30-50	384	365	397
	Over 50	125	118	118
<b>Percentage of employees (by age group) (%)</b>	Below 30	38	36	40
	30-50	47	48	46
	Over 50	15	16	14
<b>Average number of employees</b>		789	787	879
<b>Number of new hires (by gender)</b>	Male	125	70	103
	Female	113	74	115
<b>Number of new hires (by age group)</b>	Under 30	170	96	152
	30-50	50	33	47
	Over 50	18	15	19
<b>Percentage of new hires (%)</b>		29	19	25
<b>Number of resignations (by gender)</b>	Male	109	122	121
	Female	110	118	134
<b>Number of resignations (by age group)</b>	Under 30	136	131	170
	30-50	58	75	60
	Over 50	25	34	25
<b>Total turnover rate (%)</b>		26	32	30

Table 5: Employee Statistics

## Notes:

1. Employee numbers are expressed as head count at the end of the reporting period.
2. Permanent and contract employees are identified as full-time employees.
3. FY2019 data includes BCH Group, as of 8<sup>th</sup> August 2018. No comparative data has been included.

## Training and Education

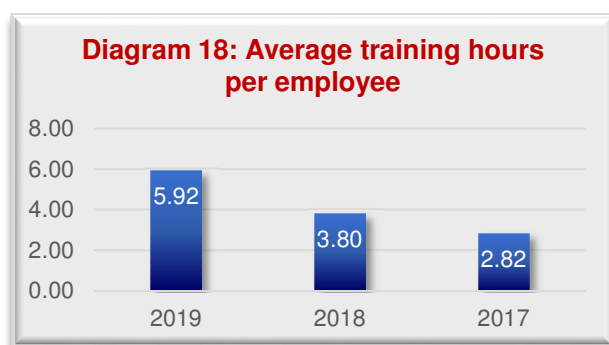
Investing in our workforce through training and education is fundamental in fostering continuous employee development while improving productivity. At DFI, we provide opportunities for our employees to grow and develop in their professional and personal capacities. These trainings support employees to gain a greater understanding of their responsibilities within their role, which in turn builds their confidence to keep up with the evolving needs of the industry.

In FY2019, the Human Resource department rolled out a series of training initiatives to equip our employees with the tools they require to enhance DFI's brand. These initiatives seek to equip our workforce with necessary capabilities and competencies required to carry out their day-to-day duties.

### Types of Training Programmes

Training Areas	Objective
<b>Retail sales and services</b>	Retail selling skills and techniques to boost outlet sales and enhance customer experience
<b>Product knowledge</b>	Refresher course on product information and brand knowledge
<b>Information Technology</b>	Enterprise Resource Planning system, basic computer skills and cyber security skills
<b>Regulatory compliance</b>	Content and importance of regulatory requirements such as Code on Corporate Governance, stock exchange rules & regulations
<b>Safety and health</b>	Safety, health and preparedness in case of a fire hazard
<b>Leadership and management</b>	Organisational management skills and team coordination

Table 6: Types of training programmes conducted in FY2019



In FY2019, we invested a total of 4,884 training hours as compared to 2,893 hours in FY2018. The increase in training hours in FY2019 is contributed mainly by an increase in our retail upskilling and Mystery Shopper training, highlighting our dedication to delivering excellent customer service to our customers.

Description	FY2019	FY2018	FY2017
<b>Number of participants</b>	814	409	362
<b>Total number of hours</b>	4,884	2,893	2,415
<b>Total number of employees</b>	825	761	856

Table 7: Statistics on training and education

## Performance Reviews

Echoing our commitment in advancing our employees' professional development, we carry out annual performance reviews to assess their current competencies and provide them with customised career direction at DFI. Through utilisation of the Balanced Scorecard, supervisors are able to objectively analyse employees' performance and development to align their performance with the Group's goals.

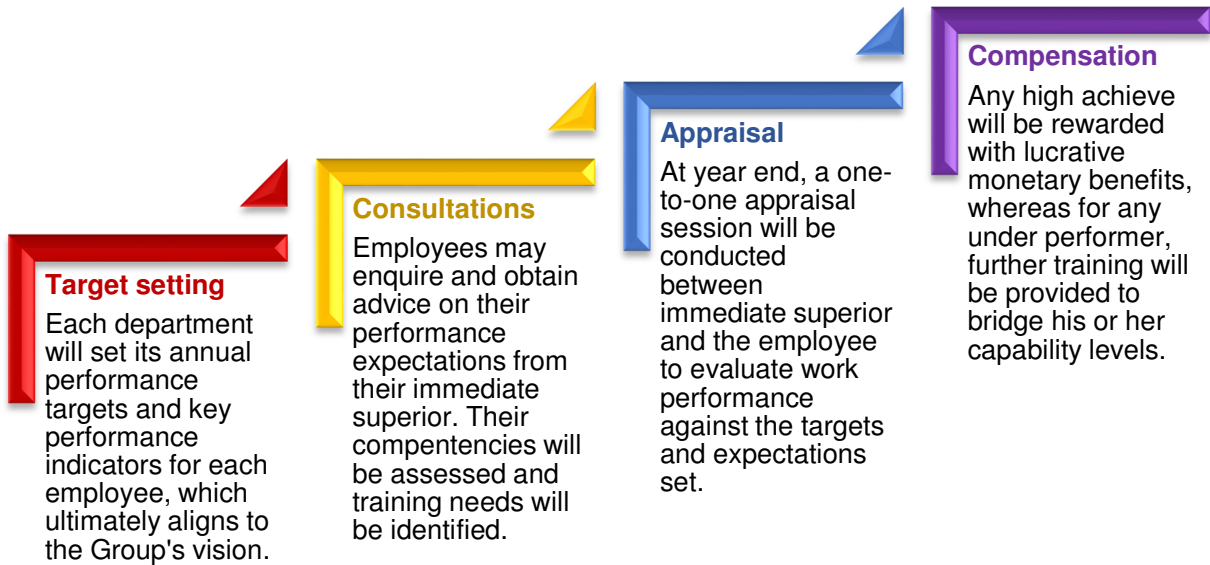


Diagram 19: Performance and career development review process

For FY2019, 100% of DFI employees have received their performance assessments for the period under review.





## Management Approach

### Policies and Principles

#### Code of Conduct

Reference is made to the management approach at page 13 of this report.

#### Employee Handbook

The Employee Handbook provides employees with details of working conditions, benefits and relevant Group policies and procedures. It acts as a basic guide for employees to understand the Group's aims and goals.

#### Training programmes

We invest in our employees by providing appropriate learning and development opportunities to build functional and technical skills to increase productivity and equip them to excel in their careers.

### Monitoring and Control Systems

#### Employee Performance Evaluation

We evaluate the performance of our employees and provide feedback for self-development through the Balance Scorecard. We have an established performance and career development review process as summarised in Diagram 19.

#### Grievance Mechanism

Reference is made to the Whistle-blowing section of the management approach on page 13.



## OUR ENVIRONMENT



Solar Panel at Bukit Kayu Hitam Outlet

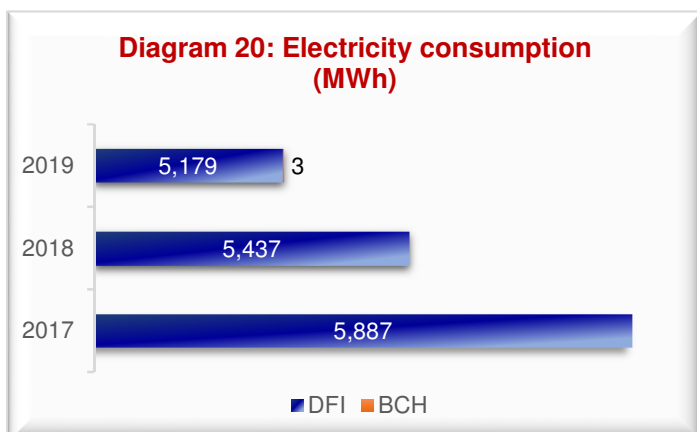
### Energy

Climate change awareness across the globe and government policies are driving a shift towards sustainable and eco-friendly power generation in combating climate change impacts. Our energy consumption across our operations contributes to the generation of carbon emission. Cognisant of this, we are committed to progressively minimising our reliance on non-renewable sources of energy and using energy efficiently.

### Electricity consumption

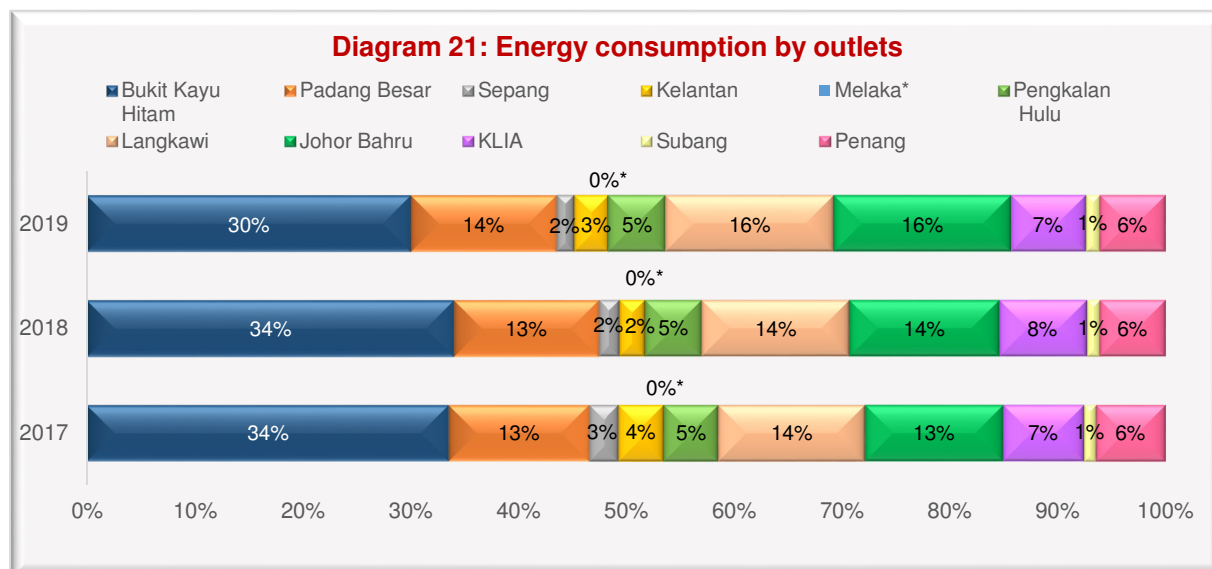
In FY2019, we continued to monitor and track our energy consumption while measuring the progress of our efforts year-on-year.

We noted an overall 5% decrease in electricity consumption in FY2019, mainly contributed by the installation of solar panels at our Bukit Kayu Hitam outlet on 2<sup>nd</sup> May 2018. Consequently, our energy intensity decreased to 6.28 MWh/employee as compared to 7.14 MWh/employee in FY2018.



Note: FY2019 data includes BCH Group, as of 8<sup>th</sup> August 2018. No comparative data has been included.

## Electricity consumption by outlets



Note: \*Consumption of the Melaka outlet was recorded at below 1%.

## Renewable energy

Managing our environmental footprint consists of making continuous improvements in energy efficiency. Malaysia has committed to achieving 20% renewable energy by 2025. In echoing this commitment, the Group is gradually shifting its focus towards renewable energy sources. Given the nature of our operations, a tangible influence DFI can have in reducing energy consumption is through energy saving adaptations at our outlets and solar panels installations.

On 2<sup>nd</sup> May 2018, we installed the Group's first solar panels at our Bukit Kayu Hitam outlet. It has contributed to a cost savings of approximately RM20,955 per month since its installation. Albeit this is 3% below our projection, our estimated cumulative savings have amounted to RM251,460 for this year.

Description	FY2019 Actual	FY2018 Projection
<b>Solar installed capacity (kWp)</b>	353	353
<b>Total electricity generated (MWh)</b>	398	510
<b>Monthly average electricity savings (MWh)</b>	41	42
<b>Monthly average cost savings (RM)</b>	20,955	21,623

Table 8: Solar panel performance

Note: Solar panel was installed on 2<sup>nd</sup> May 2018, hence the FY2018 figure is based on projection.

In the coming years, we aim to expand the installation of solar panels to our other outlets as we progressively transition to the use of renewable energy.

## Management Approach

### Principles and Commitments

DFI strives to reduce reliance on non-renewable sources of energy in light of climate change.

### Monitoring and Control Systems

#### Energy consumption monitoring

We monitor all outlets' monthly energy consumption as shown on Page 24.

#### Solar panel performance tracking system

The installed solar panels' performance is tracked using vendor's photovoltaic (PV) system, Sunny Portal. This system allows DFI to access and analyse key system data remotely and in real time. The monitoring mechanism measures both the overall assumption of internal power and external energy as well as the generation of power for self-consumption.

These data are available on a daily, monthly and yearly basis and includes historical data. The system is able to detect minor deviations and resolve it quickly. There is also a built-in community portal for DFI to benchmark our PV system data with other peer users.



Retail Outlet at Bukit Kayu Hitam

## GRI CONTENT INDEX

GRI Standard	Disclosure	Page(s) or URL(s) reference, and reasons for omissions if applicable
<b>General Disclosures</b>		
<b>GRI 102:</b> General Disclosures 2016	<b>Organisational Profile</b>	
	102-1 Name of the organisation	1
	102-2 Activities, brands, products, and services	*AR 2019 (1)
	102-3 Location of headquarters	11
	102-4 Location of operations (offices)	AR 2019 (2), please see <a href="http://www.zon.com.my/locations.asp">http://www.zon.com.my/locations.asp</a>
	102-5 Ownership and legal form	AR 2019 (52)
	102-6 Markets served (customers)	AR 2019 (1-2)
	102-7 Scale of the organisation	14, 19, AR 2019 (2,4-5,44-45, 123-124)
	102-8 Information on employees and other workers	19
	102-9 Supply chain	Please see: <a href="http://dfi.listedcompany.com/news.html/id/516752">http://dfi.listedcompany.com/news.html/id/516752</a>
	102-10 Significant changes to the organisation and its supply chain	1, Please see: <a href="http://dfi.listedcompany.com/news.html/id/672857">http://dfi.listedcompany.com/news.html/id/672857</a>
	102-11 Precautionary Principle or approach	AR 2019 (18, 26-30)
	102-12 External initiatives	Not applicable as there were no relevant initiatives during the reporting period
	102-13 Membership of associations	Member of Malaysia Retailers Associations
<b>Strategy</b>		
102-14 Statement from senior decision-maker	Please see: Introduction	

GRI Standard	Disclosure	Page(s) or URL(s) reference, and reasons for omissions if applicable
	<b>Ethics and Integrity</b>	
	102-16 Values, principles, standards, and norms of behaviour	4-5,13
	<b>Governance</b>	
	102-18 Governance structure	3
	<b>Stakeholder engagement</b>	
	102-40 List of stakeholder groups	6
	102-41 Collective bargaining agreements	Not applicable as DFI is not a unionised company
	102-42 Identifying and selecting stakeholders	6-7
	102-43 Approach to stakeholder engagement	6
	102-44 Key topics and concerns raised	6
	<b>Reporting practice</b>	
	102-45 Entities included in the consolidated financial statements	AR 2019 (4-5, 81-84)
	102-46 Defining report content and topic Boundaries	1, 7-10
	102-47 List of material topics	8-9
	102-48 Restatements of information	1
	102-49 Changes in reporting	No significant changes to the organisation and our supply chain during the reporting cycle
	102-50 Reporting period	1
	102-51 Date of most recent report	1
	102-52 Reporting cycle	1
	102-53 Contact point for questions regarding the report	1
	102-54 Claims of reporting in accordance with the GRI Standards	1
	102-55 GRI content index	26-29
	102-56 External assurance	1

GRI Standard	Disclosure	Page(s) or URL(s) reference, and reasons for omissions if applicable
<b>Material Topics</b>		
<b>Economic Performance</b>		
<b>GRI 103:</b> Management Approach 2016	103-1 Explanation of the material topic and its Boundary	10-11
	103-2 The management approach and its components	13
	103-3 Evaluation of the management approach	11-13
<b>GRI 201:</b> Economic Performance 2016	201-1 Direct economic value generated and distributed	11-12
<b>Anti-corruption</b>		
<b>GRI 103:</b> Management Approach 2016	103-1 Explanation of the material topic and its Boundary	4-5,10
	103-2 The management approach and its components	13
	103-3 Evaluation of the management approach	4-5
<b>GRI 205:</b> Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	4
	205-3 Confirmed incidents of corruption and actions taken	5
<b>Energy</b>		
<b>GRI 103:</b> Management Approach 2016	103-1 Explanation of the material topic and its Boundary	10,23
	103-2 The management approach and its components	25
	103-3 Evaluation of the management approach	23-25
<b>GRI 302:</b> Energy 2016	302-1 Energy consumption within the organisation	23-24
<b>Employment</b>		
<b>GRI 103:</b> Management Approach 2016	103-1 Explanation of the material topic and its Boundary	10,14
	103-2 The management approach and its components	22
	103-3 Evaluation of the management approach	17-19

GRI Standard	Disclosure	Page(s) or URL(s) reference, and reasons for omissions if applicable
<b>Employment (cont'd)</b>		
<b>GRI 401:</b> Employment 2016	401-1 New employee hires and employee turnover	18-19
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	15-16
	401-3 Parental leave	15
<b>Training and Education</b>		
<b>GRI 103:</b> Management Approach 2016	103-1 Explanation of the material topic and its Boundary	10,20
	103-2 The management approach and its components	22
	103-3 Evaluation of the management approach	20-22
<b>GRI 404:</b> Training and Education 2016	404-1 Average hours of training per year per employee	20
	404-2 Programmes for upgrading employee skills and transition assistance programs	20
	404-3 Percentage of employees receiving regular performance and career development reviews	21

\*DFI Annual Report 2019 ([http://dfi.listedcompany.com/newsroom/20190603\\_172208\\_5SO\\_D23YUJZN9GYCWVXO.1.pdf](http://dfi.listedcompany.com/newsroom/20190603_172208_5SO_D23YUJZN9GYCWVXO.1.pdf))