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Message from the Board

Dear Stakeholders,

2020 marks the fourth year of Avarga Limited ("**Avarga**" and together with its subsidiaries, the "**Group**") sustainability journey and we hereby present our fourth Sustainability Report ("**SR**"), covering the Financial Year ended 31 December 2020 ("**FY2020**"). This report outlines our growth and effort in managing the Group's Environment, Social and Governance ("**ESG**") performance.

We recognise the importance of sustainability and believe that it is vital to our continuous growth and success. We must be fully accountable for our impact on the environment and our stakeholders and thus we ensure that sustainable practices are incorporated into our business operations.

We review the material ESG factors annually such that we identify significant issues or concerns that our stakeholders might have. Our sustainability efforts are led by our senior management and monitored by our Board of Directors (the "**Board**").

2020 had been a challenging year for many due to the pandemic, COVID-19. The Group has business operations that span across Malaysia, Myanmar, Canada and the USA. Our three core businesses are paper manufacturing, power generation and building materials distribution. We prioritise the health and safety of our employees by encouraging them to continue working from home, where possible.

For our paper manufacturing business in Malaysia, there were disruptions to the supply chain during the Movement Control Order ("**MCO**") period. Cost of raw materials also increased due to the high demand from international and local markets.

For our power generation business in Myanmar, due to the nature of the business, we are glad that the impact of COVID-19 is not strong on our business operations. Meanwhile, we will continue to closely monitor the evolving political developments in Myanmar. At the time of reporting, operations at our power plant have continued as normal and have not been affected by these political developments.

For our building materials business in Canada, the government authorities have implemented emergency measures to mitigate the spread of the coronavirus. This had impacted Taiga's operations where sales decline over 30% for the month of April 2020. However, Taiga's revenue recovered from this subsequently when the demand in housing and building materials increased as the citizens shifted to working from home.

Message from the Board (Cont'd)

The extent to which COVID-19 may impact our business activities remains uncertain. It is highly dependent on the geographic spread of the disease, the duration of the outbreak, travel restrictions, subsequent outbreaks, business disruptions, and the effectiveness of actions taken to contain and treat the disease.

The Group remains positive and will continue to focus on improving operational efficiency for our portfolio of businesses and evaluate opportunities for growth. We are confident that we have the capability to recover from this adversity and we will grow from the challenges COVID-19 brought about.

Lastly, we would like to extend our deepest gratitude and appreciation towards our stakeholders who have participated and worked hard in our sustainability journey. We look forward to your continuous support and partnership in our journey towards building a sustainable future.

Report Background

This report has been prepared by applying the industry recognised international reporting framework, Global Reporting Initiative (“GRI”) Standards: Core option and the requirements of SGX-ST Listing Rules 711A and 711B. We have chosen to adopt the GRI Standards for its vigorous principles, detailed guidance and representation of international best practices.

Reporting Boundaries and Standards

Materiality

Focusing on issues that impact business growth and are of utmost importance to stakeholders

Stakeholders Inclusiveness

Responding to the expectations and interests of stakeholders

Sustainability Context

Presenting performance in the wider context of sustainability

Completeness

Including all information that is of significant economic, environmental, social and governance impact to enable stakeholders to assess the Group’s performance

Reporting Period and Scope

This report covers data and information from 1 January 2020 to 31 December 2020 and outlines the Group’s achievements and performance towards ESG issues. We have not sought external assurance for this report.

Accessibility & Feedback

The Group continues to print only limited copies of this sustainability report as part of our environmental conservation efforts. Current electronic editions of the report are available at: <http://www.avarga.com.sg/investor-relations/sustainability-reports/>.

We are committed to listening to our stakeholders and we look forward to your feedback. Please send your feedback and enquires to: <http://www.avarga.com.sg/contact-us/>.

Organisation Profile

Avarga Limited is an established investment holding company listed on the Main Board of Singapore Exchange Limited. We specialise in the optimisation of return of equities through building sustainable value to our shareholders. We build business models that are long-term, focusing on competitive advantages, good management and innovation.

Headquartered in Singapore, we have three core businesses in paper manufacturing, power generation and building materials distribution. We operate in five countries and employ more than 700 people with a total revenue of approximately \$1.7 billion in FY 2020. These businesses generate sustainable cash flows, progressively diverting into other investments. Our three main businesses are as follow:



Paper Manufacturing (Malaysia)

UPP Pulp & Paper (M) Sdn Bhd is an upstream paper mill. We produce industrial grade papers such as testliner, corrugating medium and coreboard, which are used in the manufacture of corrugated carton boxes. Located in Ijok, Selangor, our paper mill is capable of producing up to 90,000 tonnes of paper per year. Our paper mill was awarded the ISO 90012015 Certification by ISOQAR Ltd in 2015.



Power Generation (Myanmar)

UPP Power (Myanmar) Limited is one of Myanmar's first fully foreign-owned independent power producers and accounts for almost 2% of the country's local total power generation. Located in Insein township, Yangon, our 50MW gas-fired power plant is contracted to sell a minimum of 350 million kilowatt hours (kWh) per year for a duration of 30 years, until Feb 2044, to the Myanmar Government.



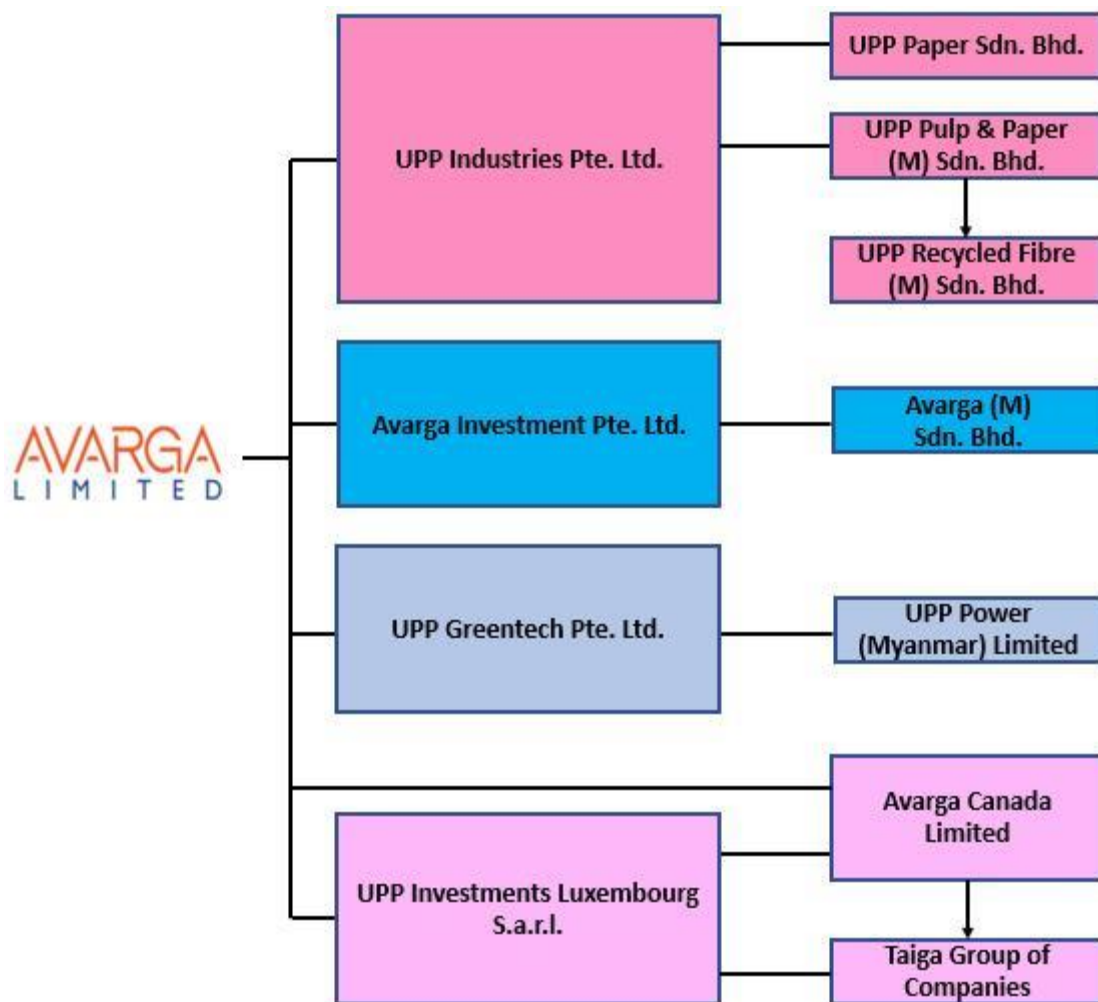
Building Materials Distribution (Taiga, Canada)

Taiga Building Products Ltd ("Taiga") is Canada's largest wholesale distributor of building materials, such as lumber, panels, moulding, sidings, engineering wood flooring and many others. Taiga has wood preservation plants and distribution centres across Canada, as well as distribution centres and reload stations in the USA. In 2018, Taiga acquired Exterior Wood Inc, based in Washington, USA, which enabled it to further extend its reach into the USA. Taiga also undertakes exports.

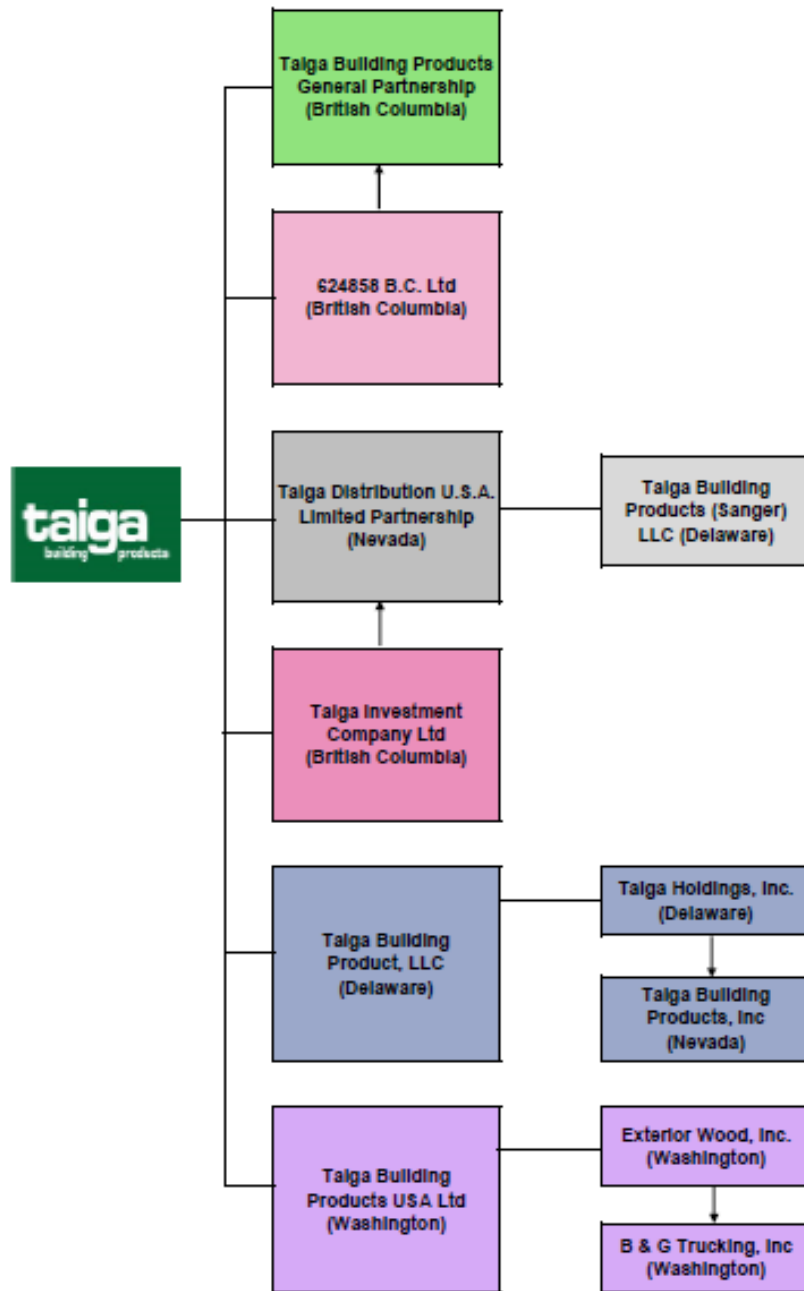
Board of Directors

Tong Kooi Ong	Executive Chairman and Executive Director
Tong Ian	Chief Executive Officer and Executive Director
Gary Ho Kuat Foong	Independent Director
Ng Shin Ein	Independent Director
Chan Lay Hoon	Non-Executive, Non-Independent Director
Loh Chen Peng	Independent Director
Moey Weng Foong	Independent Director

Group Structure



Group Structure (cont'd)



Membership of Associations

UPP Pulp & Paper (M) Sdn Bhd	<ul style="list-style-type: none"> Malaysia Pulp and Paper Manufacturers Association Federation of Malaysia Manufacturers
Taiga Building Products Ltd	<ul style="list-style-type: none"> Western Retail Lumber Association (WRLA) American Wood Protection Association (AWPA) Canadian Wood Council (CWC)

Supply Chain Management

Our suppliers are extensively sourced and stringently evaluated to ensure that they meet the relevant specific guidelines that are in place. We are fully committed to deliver products and services that are of the highest quality to our customers. The Group follows strict procedures in identifying, selecting and monitoring suppliers. We aim to source only from ethical, responsible and cost-effective suppliers and minimise the potential disruptions, such as the provisions of raw materials in the supply chain.

Machinery parts and scrap materials used for our paper mill in Malaysia are sourced extensively to ensure they help to boost efficiency in brown paper production. We also evaluate and monitor our raw material suppliers, to ensure they provide us quality scrap paper with lower levels of impurities. Due to COVID-19, our supply chain management for our paper mill was slightly disrupted as the supply of waste paper was curtailed by the closure of factories and retail stores, as well as some of our suppliers.

New and more highly energy efficient generators are used in our power plant in Myanmar, to ensure efficient gas utilisation and that energy generated does not go to waste.

Taiga, our building materials distribution business in Canada and USA, has an extensive network of suppliers, given the wide range of products we carry and the scale of our operations. Taiga is relatively resilient in growth and revenue due to our strategic management planning, which includes growing market share, addition of more products into our distribution channel, more proactive trading and expansion of exports.

Looking ahead, we will continue to strengthen our network of suppliers and procurement processes. We will continue source for new and more suitable suppliers in line with our sustainability efforts. We will continue to build strong and lasting relationships with our key suppliers, and evaluate ways to better manage our suppliers, supply chain, logistics and resources.



External Initiatives

We have been consistently and actively taking part in Corporate Social Responsibility (“CSR”) activities over the years. This is because the Group believes in contributing towards driving positive and sustainable changes for the benefit of the local communities where we operate, and society as a whole.

Our CSR efforts are mainly focused in Myanmar, where we see room for improvement in living and education standards. Some of the CSR activities that we had took part in over the past few years are stated below.

In Myanmar, we have identified a government primary school near our power plant in Yangon, No. 16 Basic Education Primary School, Ywama, Insein township, where we have been continuously helping to improve the school’s condition and providing a more conducive learning environment for the students.

- ❖ 2015: Replaced two-thirds of the school’s old furniture with new desks and chairs.
- ❖ 2016: Construct a new 900 sq. ft. air-conditioned multi-media hall, and equipped it with 31 sets of new computers, accessories, desks and chairs.
- ❖ 2018: Built a school hall and meal area for the students. Donated a set of uniform, books and a school bag to each of the 830 students of the school.
- ❖ 2019: Constructed a new 605 ft. length concrete school perimeter wall, contributed towards the establishment and furnishing of the school library and donated a set of school uniforms and books for each of the school’s 887 students.

Another government school that we identified was No. 149 Basic Education Primary School in Kanuatgyi Village, Kanma Township, Magway Region.

- ❖ 2018: We constructed a new 2,700 sq ft school building and donated a set of uniform, books and a school bag to each of the school’s 203 students.

We have also made CSR contributions in Malaysia and Singapore.

- ❖ We have pledged to donate a total of S\$250,000 to the Singapore National Gallery to support and promote Singapore’s arts and cultural heritage. This comprises a donation of S\$50,000 per year, over five years from 2018 to 2022.
- ❖ In Malaysia, we donated RM30,000 in 2019 to Persatuan Kebajikan Amal Da Ai Malaysia, a non-profit charitable childcare centre looking after mentally and physically handicapped children on a full-time, lived in basis.

In 2020, despite the challenges the Group faced in this COVID-19 period, we have not forgotten to play our part in CSR activities. We shifted our efforts to focus on combating the spread of virus, supporting our dedicated frontline healthcare workers and helping the affected communities in areas where we operate in.

External Initiatives (cont'd)

- ❖ In Myanmar, we repaired an overhead water tank that was supplying water to the housing area near our power plant. We contributed 48 million kyat (or US\$37,200) to repair the tank with capacity of over 50,000 gallons and weighing over 200 tonnes.
- ❖ In Malaysia, we donated to The Edge COVID-19 Equipment Fund. These funds are used to purchase medical equipment such as protective suits, mask and ventilators, and also to provide financial assistance to healthcare workers who are infected while taking care of COVID-19 patients.
- ❖ In Canada, Taiga Building Products created the Taiga Community Fund to support customers and organisations in need through difficult times, recipients of the donations from the fund include Abbotsford Food Bank, Kelowna's Women's Shelter and Coast Mental Health in British Columbia, the Arthouse for Children and Youth and Children's Aid Foundation of Halton in Ontario; and the Big Brothers Big Sisters Foundations in both Nova Scotia and Prince Edward Island.

Corporate Governance and Sustainability Approach

We are committed to acting lawfully and with integrity in every aspect of our business. We have zero tolerance towards corruption and malpractice in the Group. Avarga has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the Code of Corporate Governance 2018.

We continuously finetune our Code of Conduct Policy and Whistleblowing Policy to maintain sound corporate governance to enhance and safeguard the interest of our stakeholders. To effectively implement our sustainability approach and demonstrate accountability to our stakeholders, employees of Avarga follow strictly to the Code of Conduct Policy and the Whistleblowing Policy.

We educate our employees through the Code of Conduct Policy to shape an organisational culture of honesty and integrity which integrate trust in our networking relationships. The Code of Conduct Policy sets out the principles and standards of behaviour to guide employees in carrying out their duties and responsibilities. It also reminds employees to comply with reporting and disclosure requirements of potential or actual conflicts of interest.

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit and Risk Management Committee and that such transactions are reviewed and approved by senior executives, the Audit and Risk Management Committee and/or the Board, as the case may be, based on the transaction amount and whether they had been conducted on an arm's length basis in accordance with prescribed procedures. When a potential conflict of interest arises, the Director concerned will not participate in discussions and will abstain from voting on such transaction.

Corporate Governance and Sustainability Approach (cont'd)

The Group continues to educate our employees on our Whistleblowing Policy where employees understand the importance of highlighting any inappropriate behavior to maintain integrity and honesty for our stakeholders. Employees and external parties could raise concerns on possible corruption with regard to accounting, financial reporting, internal controls, auditing, or other matters, and be offered reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.



Stakeholder's Engagement

Stakeholders are fundamental to the sustainability of our business. Understanding the various expectations of our many stakeholders is critical to managing our company, employees, suppliers, interaction and compliance with regulators, providing superior products and services and delivering a decent return to shareholders.

We believe we should always respond to changing stakeholders' interest and we are committed to actively engage and foster relationships with our stakeholders to better understand their needs. By actively interacting with them through various channels and encouraging feedback from them, it helps us align our sustainability approach with their needs and expectations.

Our key stakeholder groups and engagement platforms are summarised below:

Customers	<ul style="list-style-type: none"> • We engage our customers through customer helpdesk and hosting of customer feedback sessions. We aim to provide them with a pleasant and efficient customer support experience.
Suppliers	<ul style="list-style-type: none"> • We maintain and develop current and new business dealings with our suppliers. We aim to establish consistent and reliable communication with our suppliers, with ethical sourcing of raw materials.
Employees	<ul style="list-style-type: none"> • We engage our employees through orientation programmes, employee surveys and staff appraisals. We aim to constantly improve staff welfare and create a positive working environment.
Investors	<ul style="list-style-type: none"> • We engage our investors through our annual general meetings, annual reports and financial statements, where we provide insights into our performance and prospects. We aim to provide transparency from the Board and Management.
Government and Regulators	<ul style="list-style-type: none"> • We maintain a good working relationship with the authorities and regulators. We expect compliance with all laws and regulation guidelines, with timely reporting of issues.

Material Topics

The material topics are identified based on the GRI framework and through gathering feedback from our major internal and external stakeholders. The Group has a regular review, assessment, and feedback process in relation to the ESG topics. We have evaluated and agreed that the previously identified topics continue to be deemed material to our core businesses and will be focused on for the disclosure in FY2020. The topics are shown below.

Topic	Relevance and Impacts	Reference	Commitments and Targets
Economic Performance	The economic performance of the Group has direct impact to our stakeholders as they all look to the economic performance and value generated to the local communities where our business operates. Our economic success ensures our long-term viability and enables the execution of our sustainability practices.	Annual Report 2020; Sustainability Report 2020 page 15	<ul style="list-style-type: none"> • Increase revenue growth and continue to generate net profit • Continue to achieve long-term capital growth through identifying investments opportunities and innovative practices
Anti-Corruption	To protect the interests of our stakeholders and prevent reputational damage to the Group, we have zero tolerance to bribery, unethical and corrupted practices. We seek to foster an environment where honesty, integrity and ethical practices are maintained.	Sustainability Report 2020 page 17	<ul style="list-style-type: none"> • Maintain zero incidents of corruption and continue to enhance our whistleblowing policy and avenue for whistleblowing to prevent corruption
Employment	We believe in investing in our employees as they are our most valued asset. We also believe that a diversified workforce with long-term service staff brings up the quality of service provided and contributes to the growth of the Group. Attracting and retaining the right talent is important as we believe that a company is as strong as the people who contribute to it. Therefore, we highly value healthy employment practices such as fair labour practice, annual appraisals and healthy organisational culture.	Sustainability Report 2020 page 18	<ul style="list-style-type: none"> • Continue to ensure stringent hiring process and commit to fair employment practices and offer equal opportunities to all potential candidates • Improve or at the least, maintain the employee turnover rate in FY2020. A healthy organisational culture remains the top priority in the Group.

Material Topics (Cont'd)

Topic	Relevance and Impacts	Reference	Commitments and Targets
Occupational Health and Safety	Occupational health and safety (“OHS”) is a common concern but an important aspect in our industry. Our employees work in an environment that possesses work hazards and we see their protection and well-being as our duty. We recognise that our employees are our most important assets and they are vital to our businesses function and thus we believe that creating a safe and conducive working environment is essential for our employees. We want our employees to know that workplace safety is of our utmost priority and they could be at ease working in an environment that has stringent safety checks in place.	Sustainability Report 2020 page 20	<ul style="list-style-type: none"> • Conduct refresher courses to remind employees to adopt safety practices at work • Reduce workplace injuries and ensure a safe working environmental for all employees
Training and Education	We believe that it is in our best interest to invest in the careers of our employees through continuous learning. Training and education enhance productivity of all employees by equipping them with the necessary skillset to perform their duties in an ever-changing work environment. It also helps to improve employees’ performance which brings a greater positive impact to the Group.	Sustainability Report 2020 page 24	<ul style="list-style-type: none"> • Ensure that training programmes are available and accessible for our employees • Continuously improve the quality of our training courses to provide our employees with the necessary competence to perform their duties effectively
Environmental Compliance	We recognise that climate change poses both risk and opportunities, with strategic and financial implications to the Group. Properly managing and regulating resources consumption can help to keep operational costs low and at the same time help to reduce the impact on the environment. We believe that it is everyone’s responsibility to protect the wellbeing of the future generation by ensuring environmental sustainability.	Sustainability Report 2020 page 26	<ul style="list-style-type: none"> • Fully comply with all environmental regulations and consume resources responsibly, focusing on minimising impacts through prevention at source, and participate in the reduce, reuse and recycle initiatives
Socioeconomic Compliance	Regulatory compliance is the baseline to meet stakeholders’ expectations and maintain the license to operate. Compliance with the applicable laws and regulations is also important for sustainable growth and is an essential component of corporate governance.	Sustainability Report 2020 page 27	<ul style="list-style-type: none"> • Continue to monitor if there are new areas of law or regulation, and conduct training for employees to raise awareness and target to maintain zero incident of non-compliance with laws and regulations

Economic Performance

Despite the challenges that COVID-19 brought about in FY2020, the Group's revenue increased by 21% from S\$1.4 billion in FY2019 to S\$1.7 billion in FY2020, net profit after non-controlling interests ("NCI") increased by 68% from S\$32.5 million in FY2019 to S\$54.8 million in FY2020.

FY2019

Revenue: S\$1,403.9 million
Gross Profit: S\$150.4 million
Net Profit after NCI: S\$32.5 million

FY2020

Revenue: S\$1,693.2 million
Gross Profit: S\$247.7 million
Net Profit after NCI: S\$54.8 million

Group Financial Performance by Business Segments				
	FY2020		FY2019	
Revenue				
Paper Manufacturing	S\$ 44.8 million	3%	S\$ 48.1 million	4%
Building Products	S\$ 1,632.0 million	96%	S\$ 1,337.1 million	95%
Power Plant	S\$ 16.4 million	1%	S\$ 18.7 million	1%
Total	S\$ 1,693.2 million		S\$ 1,403.9 million	
Gross Profit				
Paper Manufacturing	S\$ 9.3 million	4%	S\$ 10.7 million	7%
Building Products	S\$ 231.4 million	93%	S\$ 133.3 million	89%
Power Plant	S\$ 7.0 million	3%	S\$ 6.4 million	4%
Total	S\$ 247.7 million		S\$ 150.4 million	

Please refer to CEO's Statement and Consolidated Statement of Comprehensive Income in our Annual Report 2020 for a more detailed reporting and analysis of the Group's economic performance.

Economic Performance (Cont'd)

The strong performance in FY2020 was mainly attributed to Taiga Building Products Ltd. The COVID-19 pandemic brought about opportunities to Taiga as citizens in Canada and United States shifted to work from home, resulting in strong housing markets and a surge in commodity prices such as lumber. As a result, out of the three main business segments, the gross profit generated from Taiga increased from 89% in FY2019 to 93% of the Group's total in FY2020.

On the other hand, our paper mill business was affected by the COVID-19. Non-essential businesses were ordered to close during the MCO in Malaysia. Our paper mill was allowed to operate during the MCO, on a reduced scale with restrictions and this resulted in lower production output. There was a shortage and increased costs of raw materials due to supply chain disruptions and increasing demands for raw materials.

Financial performance for our power plant business remained consistent as the production of electricity was not affected by the COVID-19, given the need for electricity supply in Myanmar, where electrification rates are low. Our earnings for the power plant are also largely backed by the 30-year power purchase agreement, expiring in February 2044, with the Electric Power Generation Enterprise, under Myanmar's Ministry of Electricity and Energy.

As an investment holding company, we also look for investment opportunities where we can add and create value. We have invested heavily in our entities in Malaysia, Myanmar, Canada and USA. We make continuous investments to increase efficiency, product quality, customer experiences and market reach. This is to ensure we firmly plant ourselves as significant players in our respective businesses.

Taiga acquired US-based Exterior Wood Inc for US\$42 million in 2018, which has significantly expanded our market presence in the USA. Exterior Wood has a wood treatment plant and distribution centre in Washougal, Washington. With the acquisition of Exterior Wood, Taiga now has a larger presence in the United States and a more diversified exposure to the North American housing market.

For our paper manufacturing business, we are looking to take advantage of the increase in demand for e-commerce packaging during this period and also in the future as we see a growing shift towards e-commerce. We will also make continuous investments in machinery parts to upgrade our paper manufacturing plant in Malaysia.

Our power plant in Myanmar underwent scheduled major overhaul throughout 2019-2020, with overhaul of the last of the 13 machines completed in July 2020, which improved the plant's efficiency.

Going forward, we will continue to focus on improving our three core businesses, as well as seek new opportunities on businesses with good potential and long-term sustainability. We aim to generate sustainable earnings and create value for our shareholders and stakeholders.

Anti-Corruption

The Group strives to foster an environment where integrity, ethical practices are the basic values that we embed in our daily operations. To protect the interests of our stakeholders and minimise risk of reputational damage to the Group, we aim to maintain the highest standards in our business operations, and we have zero tolerance to bribery, unethical and corrupt practices. We refrain from all forms of bribery and money-laundering activities, and we abide by the rules of fair competition.

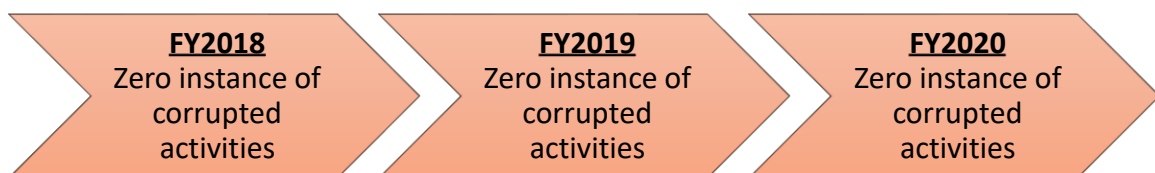
We recognise that a high standard of corporate governance and business conduct, is integral in ensuring the sustainability of our business and performance, as well as safeguarding the interests and maximising long-term value for our stakeholders.

Our whistleblowing policy was put in place to guide our employees to report incidents of fraud, irregularities, or malpractice. We encourage our employees and stakeholders to raise such concerns in confidence, through having various channels for them to do so to the heads of departments, management, the board of directors and the Audit and Risk Management Committee. The Chairman of Audit and Risk Management Committee is also directly accessible via email. Any confirmed instances of such incidents would be handled accordingly.



We are pleased to note there were no instance of corruption related activities reported in FY2020.

Performance



Employment

The Group believes that our employees are our most valued assets and we recognised that attracting, retaining and developing talents is the key to the organisation's success. We also believe that a diversified and merit-based workforce with the right skills and mindsets uplifts the quality of works, creates a positive working culture and environment, and increases productivity. Thus, we value employment welfare such as fair employment practices, competitive benefits and reward system.

Our Human Resource management policies are established based on fair employment practices as part of our efforts to attract, develop and retain a motivated workforce. Also, through the whistleblowing policy, we ensure that our employees work in a fair and just environment.

The Group recruits talents using merit-based system rather than class privilege and wealth. We provide them fair opportunities to demonstrate their knowledge, skills and experience. We promote a healthy mix of age, race and gender in the workplace, where possible.

To retain such talents, we treat them fairly with due respect and provide them with employee benefits. Competitive benefits such as insurance coverage, maternity and paternity are provided to our full-time employees. These benefits are in accordance with the recommendations given by the Ministry of Manpower and are in line with market practices.

We also foster a strong culture of collaboration and communication within the Group, to create a healthy organisational culture that promotes transparency, teamwork and team spirit. We communicate with our employees regularly through departmental meetings to gather feedback from them for the continuous improvement of our organisation. Through open and effective communications with our employees, we establish a common understanding and promote an inclusive work environment based on mutual trust and respect.

Ensuring our employees' health and well-being is also our priority. We are committed to achieve this by providing them with a secure and conducive working environment. We regularly monitor our performance in these areas so that we provide the best for them. We occasionally organise company events so that our employees can enjoy bonding time together. This helps to cultivate stronger teamwork and raise employees' mental well-being.

For our FY2020 Sustainability Report, we will be focusing on the employment statistics for UPP Pulp & Paper (M) Sdn Bhd and Taiga Building Products Ltd. The workforce of our power plant operations in Myanmar is largely outsourced through a long-term Operations & Maintenance contract with Myan Shwe Pyi Tractors Ltd, the official dealer for Caterpillar in Myanmar.

Employment (Cont'd)

The tables below show the employment details for UPP Pulp & Paper (M) Sdn Bhd in FY2020 and FY2019.

Description (by age group)	FY2020	FY2019
New Hires (Below 20 years old)	0	0
New Hires (Between 20-55 years old)	7	8
New Hires (Above 55 years old)	0	0
Resigned/Terminated (Below 20 years old)	0	0
Resigned/Terminated (Between 20-55 years old)	7	13
Resigned/Terminated (Above 55 years old)	1	0
Turnover Rate (%)	5.7	7.5
Total Staff Strength	159	160

Description (by gender)	FY2020	FY2019
New Hires (Male)	6	8
New Hires (Female)	1	0
Resigned/Terminated (Male)	8	13
Resigned/Terminated (Female)	0	0

The table below shows the employment details for Taiga Building Products Ltd. in FY2020 and FY2019. (Note: Employers in Canada are subjected to relevant legislation which prohibits disclosure of employment details based on gender. Hence gender-based information is excluded from the table below.)

Description (by age group)	FY2020	FY2019
New Hires (Below 20 years old)	12	11
New Hires (Between 20-55 years old)	67	81
New Hires (Above 55 years old)	5	8
Resigned/Terminated (Below 20 years old)	12	10
Resigned/Terminated (Between 20-55 years old)	65	73
Resigned/Terminated (Above 55 years old)	13	23
Turnover Rate (%)	16	18
Total Staff Strength	563	587

We are pleased to share that in both UPP Pulp & Paper and Taiga, employee turnover rate had decreased in FY2020. For UPP Pulp & Paper, turnover rate decreased from 7.5% in FY2019 to 5.7% in FY2020, while for Taiga, turnover rate decreased from 18% in FY2019 to 16% in FY2020.

Occupational Health and Safety

Our people are our greatest assets and their health and safety are of utmost importance to us. Their health and well-being ultimately affect the Group's goals and objectives. We recognise that many of our employees work in environments that possess work hazards and we are committed to protect their safety and well-being. Creating a safe and conducive working environment is essential for our employees and we hope to uphold stringent and rigorous Occupational Health and Safety ("OHS") standards.

Safety starts with our established set of OHS-related policies for our business divisions, to create a safe environment for employees. Our approach is to ensure full adherence to the legislative requirement and adoption of recommended industry standards and guidelines. Educating our employees on the importance of OHS and ensuring that they are aware of the guidelines in the OHS policy is also the key in minimising the number of accidents.

In the Group, employees enjoy insurance and medical benefits paid for by the Group. Our policies and benefits are reviewed periodically to ensure they are adequate and fair. The Group also ensures compliance with all applicable local and national laws relating to health and safety.

Manufacturing companies could have higher risk of workplace accidents as compared to other industries. Therefore, it is essential to implement additional measures tailored to the specific conditions of the production line. For the paper mill, there are policies on fire protection, hygiene and sanitation in handling equipment to ensure that there will be no cross contamination in the paper mill or paper processing plants.

Safety awareness begins with understanding the work procedures and the workplace hazards. Employees must understand the safety rules and mandatory Personal Protective Equipment to be worn by the employees at all times when handling heavy equipment, operating machinery or chemicals. All workers must attend compulsory, regular safety and health trainings. Safety alarms are tested, and fire drill exercises are conducted as part of emergency preparedness procedure to ensure our employee are aware of the safety evacuation procedure.

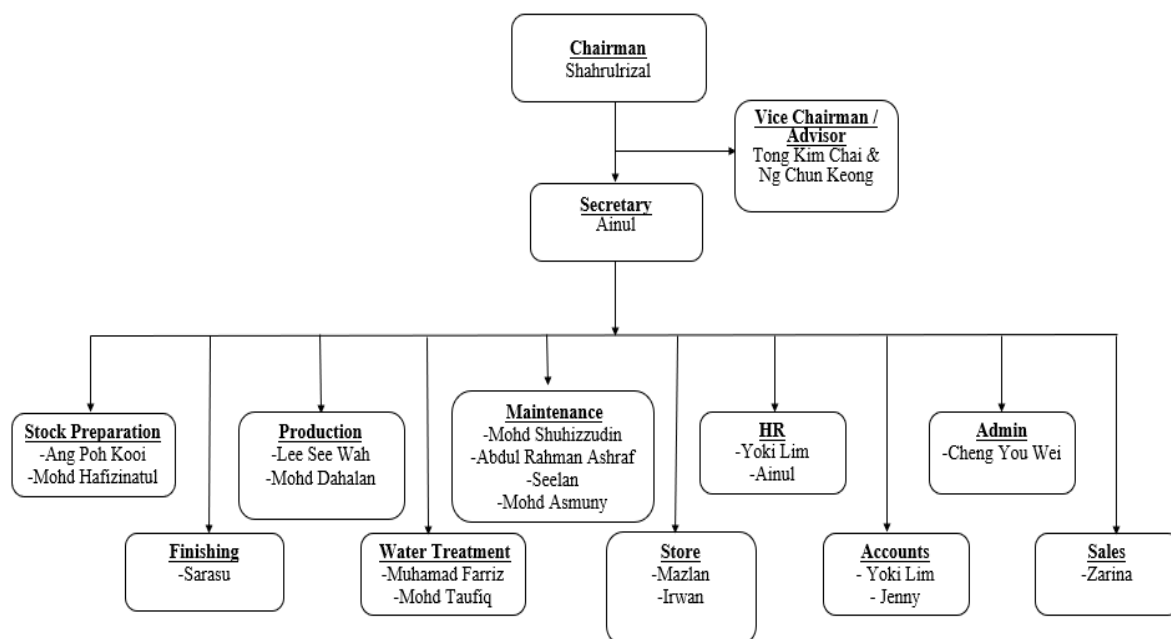
We have established standards for reporting on accidents and injuries suffered by our employees. All incidents must be reported to the manager or supervisor immediately without delay. Appropriate action will be taken by the manager or supervisor based on the severity of the incident. It is compulsory for all incidents to be documented, reported and submitted to management. Accidents reporting can also highlight learning point and provide insight on how similar accidents can be averted in the future.

Occupational Health and Safety (Cont'd)

UPP Pulp & Paper (M) Sdn Bhd

Our Safety Committee oversees and monitors the implementation and maintenance of our workplace safety and health policies and practices. They ensure that all workplace health and safety regulations are strictly adhered to. In addition, employees are encouraged to provide feedback, complaints or suggestions via the feedback channels set up by the Safety Committee.

The Safety Committee is headed by Mr. Shahrulrizal. This committee meets and discusses areas for improvement, and ensure management is made aware of incidents, and works to reduce or eliminate them. The following chart details the structure of the Safety Committee:



The tables below show the number of Occupational Accidents for UPP Pulp & Paper (M) Sdn Bhd in FY2020 as compared to FY2019.

FY2020					
No	Types of injuries	Malaysian		Foreign Workers	
		Number of Employees	Lost Day Rate*	Number of Employees	Lost Day Rate*
1	Lacerations/cuts	-	-	1	2.9
2	Sprains/strains	-	-	-	-
3	Fractures	-	-	-	-
4	Burns (heat)	-	-	-	-
Total		-	-	1	2.9

Occupational Health and Safety (Cont'd)

UPP Pulp & Paper (M) Sdn Bhd (cont'd)

FY2019					
No	Types of injuries	Malaysian		Foreign Workers	
		Number of Employees	Lost Day Rate*	Number of Employees	Lost Day Rate*
1	Lacerations/cuts	1	3.99	4	18.97
2	Sprains/strains	-	-	-	-
3	Fractures	1	91.85	-	-
4	Burns (heat)	-	-	1	17.97
Total		2	95.84	5	36.94

*Loss Day Rate is calculated as number of lost working days x 200,000 hours over total hours worked.

In FY2020, we are proud to share that there was a significant decrease in the number of reported injuries for employees of the paper mill, with only 1 injury reported with a lost day rate of 2.9. We will strive to keep a low injury rate and ensure that all safety regulations are adhered to.

Taiga Building Products Ltd.

At Taiga, a policy on Health, Safety and the Environment is incorporated into our Employee Manual. The policy sets out safety measures and risk management guidelines for workplace safety and health hazards. This ensures that our businesses provide a safe workplace that is free from recognised hazards, promoting health and safety in the workplace, and bringing about a reduction in the occurrence of on the job injuries, illnesses, and fatalities. The policy also states the roles and responsibilities of the employees and the management.

Education and prevention is the core of our policy to minimise the number of accidents. We closely monitor high risk activities, share near miss accidents that could lead to an accident. Employee orientation and training such as employee Safety Procedures training, Confined Spaces training, Workplace Hazardous Materials Information System training, Lock-Out training, and Personal Protective Equipment training are provided for employees who are newly hired or assigned to a new task. We ensure the employees understand the risks and safe operating procedures and practices before they start work.

Taiga had established a health and safety committee team who is responsible for accident investigation, legislative awareness and workplace inspection, recommendations for improvements to health & safety. Frequent reminders are given to employees on workplace safety. Safety measures and occupational health precautions are constantly conveyed to employees during regular meetings.

Occupational Health and Safety (Cont'd)

Taiga Building Products Ltd. (cont'd)

In view of COVID-19, we had taken precautionary measures and implemented operational protocols in our operations in response to the growing concerns over the COVID-19 outbreak. For instance, we limit the number of staff at each location starting in March 2020. Temperature checks were made mandatory and minimizing of customer or supplier visits to sites were also introduced. Beside COVID-19 precautionary measures, we had also provided our employees of the benefit to take the flu shot which the costs were borne by the company. In addition, we had applied for the Canada Emergency Wage Subsidy where we gain support from the government to cover part of our employees' wages, to hire workers and prevent job losses.

In FY2020, we have begun to track the data on Loss Day Rate to better monitor the injuries suffered by our workers and how we can improve on their safety wellbeing. The table below show the number of Occupational Accidents for Taiga Building Products Ltd. in FY2020.

FY2020			
No	Type of injuries	Number of Employees	Loss Day Rate*
1	Open Wounds	1	2.09
2	Sprains/Strains/Tears	3	2.66
3	Fractures	1	7.23
4	Ortho Traumatic Injury	1	0.38
5	Bruises/ Contusions	1	1.90
6	Musculoskelsys and Connective Tissue Disorders	1	49.44
7	Multiple Trauma Injuries: Chest & Shoulders	1	6.66
Total		9	70.36

**Loss Day Rate is calculated as number of lost working days x 200,000 hours over total hours worked.*

We aim to reduce workplace injuries and ensure a safe working environment for all employees.

Training and Education

We believe that career development and employee training is crucial as it enhances productivity of all employees by equipping them with the necessary skillset to perform their duties in an ever-changing work environment. It is in our best interest to invest in the careers and skills of our employees through continuous learning and skills upgrading as increased performance of the employees brings a greater positive impact to the company.

New employees attend orientation programmes to familiarise themselves with their job position and embrace the company culture. On-job trainings are also provided to existing employees to ensure that they are kept relevant of any updates and advances in their specific job positions. Employees' supervisors share their experiences and knowledge, provide guidance and advices, as well as monitor the performance of the employees.

We are committed to developing our employees' skills and knowledge and we do that through performing annual appraisals for all of them. This ensures that we are able to recognise and reward them on their ability and contributions. This also allows their supervisors and managers to highlight to the employees the areas where they can improve on, and to commend on the areas they have done well.

We also further develop their skills through trainings, promotions and workshops. Equal opportunities are given to all employees for their growth through the development programmes. We have set aside a fund for our employees to attend courses and seminars to develop and improve their skills so that they can achieve their fullest potential. We have been consistently providing all employees with both internal and external training for them to perform their job duties efficiently whenever necessary.

UPP Pulp & Paper (M) Sdn Bhd

The table below shows the employee training details for UPP Pulp & Paper (M) Sdn Bhd in FY2020 and FY2019.

Description	FY2020		FY2019	
	Male	Female	Male	Female
Total number of employees	139	20	141	19
Total number of employees who attended training	42	20	49	7
Percentage of employees who attended training	30.7	100.0	34.8	36.8
Average hours of training per year	0.5	1.7	2.8	2.9

Training and Education (Cont'd)

Training hours per employee decreased in FY2020 as our employees had attended most of the required trainings held in previous years. Training courses were also limited due to COVID-19 restrictions on gathering and meetings. Nevertheless, we would continue to monitor and identify new trainings relevant and beneficial to our employees. Some of the new trainings attended by employees in FY2020 includes:

1. Customized Forestry Stewardship Council (FSC) Chain of Custody Internal Audit & Implementation Training
2. Refresher Training on Training FSC Chain of Custody - Quality Manual
3. Malaysian Customs Procedure
4. Essential Leadership Training
5. Understanding Incoterm 2020 and Impact on International and Domestic Trade
6. Training Operation New Dissolved Air Flotation & Industrial Water Engineer



Taiga Building Products Ltd.

In Taiga, new employees are engaged with orientation programmes where they learn about the Group's key policies. These programmes help them to familiarise themselves with the general working environment, corporate culture, service knowledge as well as quality requirements.

Existing employees go through external and internal trainings to develop work-related skills and career advancement. Regular performance feedbacks were also conducted for the employees by their supervisor such that their learning needs were frequently assessed. Their supervisors also provide guidance and advices to them, as well as monitor their performance.

Going forward, we aim to continuously improve the quality of our training courses to provide our employees with the necessary competence to perform their duties effectively. We will ensure that training programmes are available and accessible for our employees.

Environmental Compliance

We believe in building a greener future and creating a friendlier environment for our stakeholders. The Group is committed to manage and minimise the impact of our business operations on the environment by actively minimising waste produced during our operations. We are conscious of the need to fully comply with all environmental rules and regulations by the relevant authorities.

Our suppliers also play a role in helping us achieve our sustainability efforts. We involve them in sustainable practices through outlining our expectations in the vendor selection process as well as the evaluation of their performance. In addition, we constantly look for ways to improve our business processes and operations so as to reduce the negative impact on the environment.

The paper mill operations are subjected to strict local council and federal environmental laws, particularly in relation to the discharge of waste and sludge. Where possible, we procure scrap paper with lower levels of impurities from our pool of vendors, to reduce the amount of excess unusable waste destined for disposal. Wastage and impurities are closely monitored to determine the quality of supplies and our vendors.



Taiga is committed to operating its facilities in an environmentally responsible manner. Taiga's business activities are subjected to federal, state, provincial and local environmental laws and regulations, including requirements relating to air emissions, storage and handling of chemicals and hazardous substances, wastewater and storm water discharge, ownership and operation of underground storage tanks and cleanup of contaminated soil and groundwater.

All three of Taiga's "Envirofor Preservers" treating plants have achieved the highest standard in Canada by being certified by Wood Preservation Canada. "Taiga Exterior Wood" preserved wood products are now covered by the Canadian Wood Pallet and Container Association. Taiga's wood treating operations in the USA, under Exterior Wood Inc, have also complied with regulatory requirements related to environment.

In FY2020, there were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

Socioeconomic Compliance

Our reputation is what it is today as we strive to comply with relevant socioeconomic laws and regulations by having various procedures and standards in place. Any material breach to the law or regulations could create a significant impact and result in irreversible reputational damage to us. Therefore, we ensure full compliance with laws and regulations by the local authorities in every area we operates in.

We identify key laws and regulations set by the government and assign personnel in-charge to monitor compliance and adherence with the laws and regulations. We constantly keep ourselves updated with changes in the evolving regulatory landscape. We regularly review our business activities to prevent potential infringement of laws and regulations.

We have zero tolerance for any financial crime including corruption and bribery. Therefore, we ensure that our policies and code of conduct are implemented and communicated to all our employees, business partners and our Board members consistently. This is such that all our employees are aware of the consequences of non-compliance and fully adhere to the Group's values by acting with integrity and conducting business in accordance with high ethical standards.

We are committed to make regular periodic reports and updates to the relevant local and foreign government authorities in the regions that the Group operates in.

We are pleased to announce that in FY2020, we have reported zero instance of non-compliance with laws and regulations in the social and economic area.

Global Reporting Initiative (GRI) Content Index

GRI Standard/ Disclosure	Page Reference and Reasons for Omission, if applicable
GENERAL DISCLOSURE	
Organisational Profile	
102-1 Name of the organisation	Page 2
102-2 Activities, brands, products, and services	Page 5-7
102-3 Location of headquarters	Page 5-7
102-4 Location of operations	Page 5-7
102-5 Ownership and legal form	Page 5-7
102-6 Markets served	Page 5-7
102-7 Scale of the organisation	Page 5-7
102-8 Information on employees and other workers	Page 18-19
102-9 Supply chain	Page 8
102-10 Significant changes to the organisation and its supply chain	No significant changes
102-11 Precautionary principle or approach	Page 5
102-12 External initiatives	Page 9
102-13 Membership of associations	Page 7
Strategy	
102-14 Statement from senior decision maker	Page 2-3
Ethics and Integrity	
102-16 Values, principles, standards, and norms of behaviour	Page 5
Governance	
102-18 Governance structure	Page 10
Stakeholder Engagement	
102-40 List of stakeholder groups	Page 11
102-41 Collective bargaining agreements	Not applicable as all employees within the scope of this SR are not covered by collective bargaining agreements.
102-42 Identifying and selecting stakeholders	Page 11
102-43 Approach to stakeholder engagement	Page 11
102-44 Key topics and concerns raised	Page 13-27
Reporting Practice	
102-45 Entities included in the consolidated financial statements	Page 5-7
102-46 Defining report content and topic boundaries	Page 4
102-47 List of material topics	Page 13-14
102-48 Restatements of information	None
102-49 Changes in reporting	Not Applicable
102-50 Reporting period	Page 4
102-51 Date of most recent report	28 May 2020
102-52 Reporting cycle	Page 4
102-53 Contact point for questions regarding the report	Page 4
102-54 Claims of reporting in accordance with the GRI Standards	Page 4
102-55 GRI content index	Page 28-29
102-56 External assurance	No external assurance sought

GRI Standard/ Disclosure	Page Reference and Reasons for Omission, if applicable
MATERIAL TOPICS	
GRI 201: Economic Performance	
103-1 Explanation of the material topic and its boundaries	Page 15-16
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
201-1 Direct Economic value generated and distributed	
201-2 Financial implications and other risk and opportunities due to climate change	
201-3 Defined benefit plan obligations and other retirement plans	
201-4 Financial assistance received from government	
GRI 205: Anti-Corruption	
103-1 Explanation of the material topic and its boundaries	Page 17
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
205-2 Communication and training about anti-corruption policies and procedures	
205-3 Confirmed incidents of corruption and actions taken	
GRI 401: Employment	
103-1 Explanation of the material topic and its boundaries	Page 18-19
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
401-1 New employee hires and employee turnover	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
GRI 403: Occupational Health and Safety	
103-1 Explanation of the material topic and its boundaries	Page 20-23
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
403-2 Hazard identification, risk assessment, and incident investigation	
403-5 Worker training on occupational health and safety	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-9 Work-related injuries	
GRI 404: Training and Education	
103-1 Explanation of the material topic and its boundaries	Page 24-25
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
404-2 Programs for upgrading employee skills and transition assistance programs	
404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 307: Environmental Compliance	
103-1 Explanation of the material topic and its boundaries	Page 26
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
307-1 Non-compliance with environmental laws and regulations	
GRI 409: Socioeconomic Compliance	
103-1 Explanation of the material topic and its boundaries	Page 27
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
419-1 Non-compliance with laws and regulations in the social and economic area	