



Sim Leisure Group Ltd

(Company Registration Number : 201808096D)

Sustainability Report 2021

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About This Report

This is the second Sustainability Report ("Report") of Sim Leisure Group Limited ("SLG", "Sim Leisure Group" or the "Company, and collectively with its subsidiaries, the "Group") and it covers sustainability performance for the reporting period from 1 January 2021 to 31 December 2021 ("FY2021").

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option. The report addresses the factors deemed material to SLG based on the Economic, Environmental, Social and Governance aspects. It presents the progress in the Group's sustainability journey. SLG is committed to continuously improve its sustainability efforts and corresponding reporting processes.

We welcome feedback from our stakeholders as this will enable us to improve upon our sustainability efforts. Please send your feedback to info@simleisuregroup.com. To conserve the environment, no hard copies of this Report are printed. We have uploaded a digital copy on our website at www.simleisuregroup.com

Sponsor Statement

"This Sustainability Report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document."

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and sponsorship@ppcf.com.sg.

About Us

Sim Leisure Group Ltd. is a developer and operator of theme parks based in Malaysia. The Group is a developer and operator of its own retro-eco brand of theme parks that provides affordable quality fun where everyone can play the games of yesteryear recreated for today. Recently the group has also ventured into owning and operating third-party brand licensed attractions. The Group presently owns and operates the ESCAPE brand of theme parks, showcasing ESCAPE outdoor theme park in Penang, Malaysia since 2012 and the ESCAPE Challenge indoor park at Paradigm Mall, Petaling Jaya which launched in 2020 – catering to both local and foreign visitors and tourists. With the successful acquisition of KidZania Kuala Lumpur in December 2020, the Group is looking to further expand its offering to include indoor themed attractions in addition to the existing outdoor theme parks. The Group intends to expand the ESCAPE brand locally, regionally and internationally in Sri Lanka, China and the Middle East. These theme parks aim to provide a memorable entertaining and educational experience for all visitors. Sim Leisure Group sets out to generate the most smiles per hour through the theme park and leisure industry. SLG's international success in the theme park industry over the decades is attributed to SLG's values of creativity, integrity and fun. At Sim Leisure Group, fun is serious business.

Board's Message

Dear Stakeholders,

The Board of Directors (the "Board") has the pleasure of presenting Sim Leisure Group's second Sustainability Report for FY2021. This report has been prepared in accordance with the GRI Standards – Core Option. The GRI framework was chosen as it is the most established international sustainability reporting standard. Sim Leisure Group's sustainability approach is premised on the recognition that the environmental, social and governance ("ESG") aspects of our business are increasingly important to our stakeholders. The Board, together with the Management, is committed to managing relevant ESG risks and opportunities across our different assets, while contributing positively to the environment and society. Material ESG topics were identified from our first materiality assessment conducted in the financial year ended 31 December 2020 ("FY2020"), and will be reviewed regularly to ensure they are relevant and address our stakeholders' concerns. The Board has considered the material ESG topics as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors identified.

Sim Leisure Group's sustainability report has identified key material factors with the following commitments:

Building the business responsibly to develop economically and socially for society

- Generating economic value
- Championing ethical business conduct
- Engaging positively with the local community
- Promoting equal opportunity in employment and talent development

Lead the industry in environmental sustainability through initiatives

- Reducing energy consumption through creative solutions
- Rehabilitating & preserving the natural habitat
- Advocating eco-literacy among the masses

Our Business

Sim Leisure Group has several key business segments comprising:

1. Our Theme Parks

We are the sole owners of our theme parks/leisure brands and intellectual property:

- ESCAPE Theme Parks
- ESCAPE Challenge Parks
- ESCAPE Base Camp

2. Licensee Operator

We are the licensee of KidZania Kuala Lumpur, operating the indoor theme park which combines entertainment and education through realistic role-play.

3. Design & Contracting Through Granting IP Rights

We have developed the expertise and experience in designing and building theme parks worldwide over the decades. We provide these services through Sim Leisure Creative Pte. Ltd. by granting our IP rights to:

- **Sim Leisure Far East Co. Ltd**
(100% owned subsidiary of Guangzhou Daxin Water Park Equipment Co. Ltd.)
Design & Contract, China and East Asia region
- **Sim Leisure Gulf Contracting LLC**
Middle East and rest of the world

4. Attractions and Safety Audit

As safety experts in the industry, our subsidiary Sim Leisure Milan Sdn Bhd provides the following services: designing and building rides, safety audits, safety equipment agent.

Business Excellence and Governance

Our Awards



Malaysian Tourism Awards 2016/2017
Best Tourist Attraction - Man-made Attraction



Guinness World Records
Longest Tube Water Slide - 1,111m

Stakeholder Engagement

Sim Leisure Group engages our stakeholders through a range of communication channels for timeliness and effectiveness. SLG highly values stakeholder engagement and feedback, particularly from customers and employees, and we consider and respond promptly while taking the appropriate course of action. SLG identifies stakeholders as individuals and groups that would have a material impact on and/or be impacted by the Group's business, as listed below:

Stakeholder Group	Engagement Frequency	Mode of Engagement
Customers	Continuous	<ul style="list-style-type: none"> • Face-to-face interactions • Phone and Messaging Apps (email, WhatsApp) • Online Platforms (social media, review sites) • Website
Employees	Continuous	<ul style="list-style-type: none"> • Face-to-face interactions • Letters and Memorandums
	Monthly	<ul style="list-style-type: none"> • Phone and Messaging Apps (email, WhatsApp)
Suppliers & Partners	Continuous	<ul style="list-style-type: none"> • Face-to-face interactions • Phone and Messaging Apps (email, WhatsApp)
Investors & Shareholders	Continuous	<ul style="list-style-type: none"> • Announcements on SGXNet • Annual Reports • Corporate Website • Annual General Meetings
Regulators	Continuous	<ul style="list-style-type: none"> • Reporting Platforms • Regular Reports • Statutory Reporting

Material Topics

By applying the relevant GRI Standards, Sim Leisure Group was able to identify and prioritise sustainability topics to report. The materiality assessment was conducted through a series of engagement sessions with internal stakeholders and studying existing feedback of external stakeholders.

Our material topics have been based on peer benchmarking, relevance within the industry, as well as the Group's values and priorities. There have been no variations to the material factors in the focus topics for FY2021 compared to FY2020 as the business environment of Sim Leisure Group remains similar in nature and our business operations have not changed.

Focus Area	Material Topics
Corporate Governance & Ethics	Anti-corruption Policy
	Upholding Safety and Quality
Protecting the Environment	Energy Conservation (low-tech, high-fun rides, wave ball wave pool design, zero cooling costs, centrifugal pumps)
	Habitat Restoration (tree planting, low-impact development, biomimicry landscaping, rainwater harvesting)
	Promoting Eco-literacy
Employability and Local Development	Diversity and Equal Opportunity
	Communal Living and Shared Responsibility

Direct Economic Value Generated and Distributed

Direct Economic Value Generated	FY2021
Revenue	RM17,768,262
Economic Value Distributed	FY2021
Material and services cost	RM8,630,314
Employees (wages, salaries, benefits)	RM3,251,221
Government (wage subsidy and income tax)	RM4,917,337
Capital Providers (dividends and interest expenses on borrowings, other finance costs)	RM2,546,490
Economic Value Retained	FY2021
Direct Revenue Generated less Economic Value Distributed	(RM1,577,100)

Corporate Governance & Ethics

Anti-Corruption Policy

Sim Leisure Group's zero-tolerance policy towards any form of corruption encompasses (but is not limited to), kickbacks, gifts, entertainment, favours, hospitality, and donations. There is evidence of rampant corruption in the tourism sector which impedes honest industry players and ultimately deprives customers of their value and quality of leisure.

This is why we take a strong, vocal stance against corruption. Sim Leisure Group promotes our ESCAPE theme parks as scam-free tourist attractions to instil confidence among visitors on our ethical business conduct, as well as to raise awareness to the public on the ongoing endemic of corruption. ESCAPE's website has a dedicated page to inform the public on corruption in this industry, as well as the park's stance against such practices. We are committed to conducting business ethically in compliance with all applicable laws (including the Malaysian Anti-Corruption Commission Act 2009), and undertake measures to prevent any acts of corruption within the Group or entities acting on our behalf. In FY2021, Sim Leisure Group had zero public cases or incidence of corruption and we will continue to strive to maintain zero incidents of corruption in the subsequent years.

Upholding Safety and Quality

Safety is at the heart of Sim Leisure Group. To uphold benchmark international standards in its workplace safety, SLG's occupational health and safety management operations at ESCAPE Penang and ESCAPE Petaling Jaya parks adhere to the ISO 45001 : 2018 management system.

We take a proactive approach in preventing workplace accidents by implementing the following measures in accordance to the ISO 45001 system:

- Establish a Health and Safety Committee comprising management, representatives of workers and representatives of employer, and define the Committee's roles, responsibilities and authorities
- Conduct Hazards Identification, Risk Assessment and Risk Control (HIRARC) study to identify potential risks, identify current safety controls, and take necessary action factoring in likelihood and severity in judging risks
- Conduct general safety and health inspections at least every three months on general safety and health issues, potential unsafe conditions or unsafe situations
- Establish procedures for employees to immediately and efficiently report to the management workplace incidents, internal or external, that could have (potential) or had (actual) resulted in safety and health hazards including: death, bodily injury and disease
- Promote a workplace culture that prioritises health & safety by training all employees on SLG's Occupational Health and Safety Policy and communicating workplace safety procedures relevant to their job scope

SLG's ESCAPE parks comply with all legal requirements in Malaysia in respect of occupational safety and health procedures and employee's health records including:

- Occupational Safety and Health Act 1994
- Factory and Machinery Act 1967
- Fire Services Act 1988
- Penang Island Municipal Council By-laws
- Personal Data Protection Act 2010

Sim Leisure Group also adheres to the ISO 45001:2018 Quality Management System across ESCAPE theme parks to uphold benchmarked international standards and ensure consistent quality in the products and services it provides.

The attractions across ESCAPE theme parks have been built according to the Association for Challenge Course Technologies (ACCT) installation guidelines and all relevant requirements of the latest Euro Norm

Standards: EN 15567 for rope courses and EN 12572 for artificial climbing structures.

SLG implements rigorous safety audits and preventative maintenance schedules at ESCAPE parks to ensure that all attractions are inspected and serviced on a regular basis and prior to each opening day.



Protecting the Environment

Energy Conservation

The enormous amount of energy consumed by conventional theme parks results in significant carbon emissions and large overhead costs but we, at Sim Leisure Group, depart from the approach of sophisticated high-tech rides, and adopt a low-tech, high-fun approach in designing our rides and attractions, placing an emphasis on self-powered and self-directed play to re-introduce the outdoor play of yesteryear to today's generation. SLG believes that fun comes from play and all it needs is imagination and creativity, which are key in developing and operating our attractions to minimize our carbon footprint.

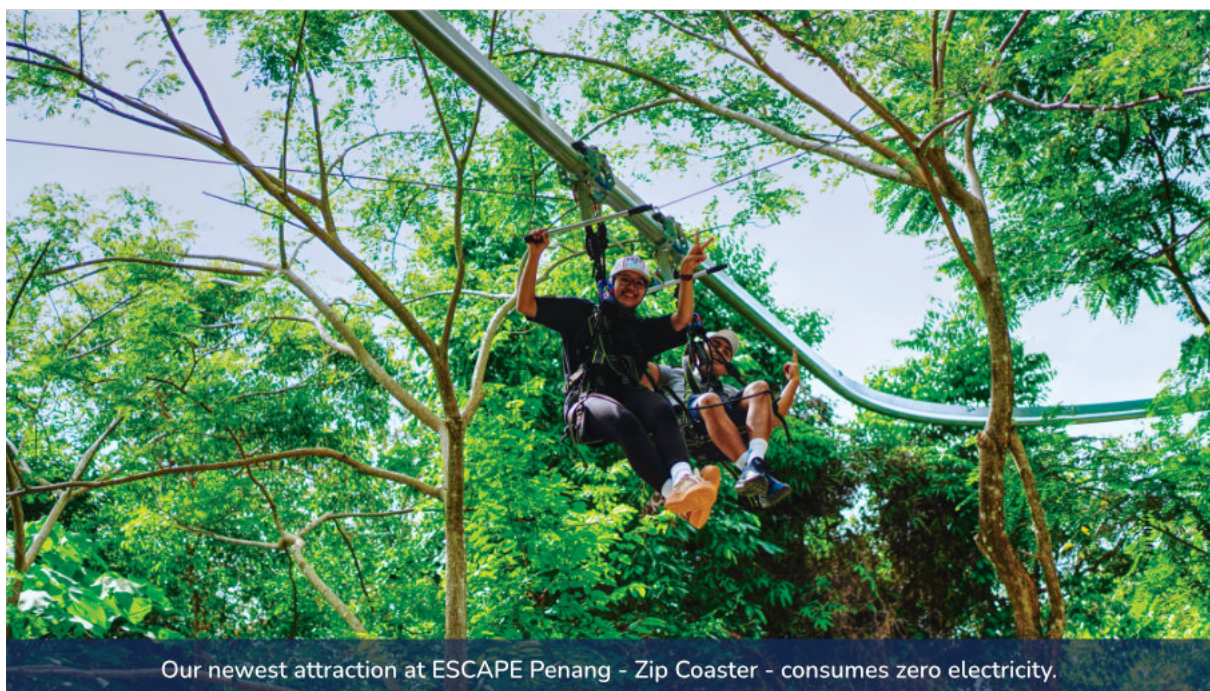
Many of ESCAPE's attractions do not require electricity at all including our rope and obstacle courses which have guests navigating through the rainforest, flying trapeze and zipline attractions, our downhill trike ride and a tubing ride that uses artificial ski tracks from our Gravityplay hill top.



Monkey Business at ESCAPE Challenge



Kite Flyer at ESCAPE Penang



Our newest attraction at ESCAPE Penang - Zip Coaster - consumes zero electricity.

The use of centrifugal pumps at our water park attractions require a large amount of energy to ensure the entire water volume is circulated, sanitized, and filtered every 2 hours to preserve water hygiene. However, the series of pumps only operate at 50% capacity as they are manually monitored and tuned to match the intensity of pool use by visitors. Conventional motors which drive the pumps are typically “brushless” hence lower air flow and oscillatory instabilities develop when they operate at low speed. This causes overheating and demands more energy to operate the pumps.

To overcome this inefficiency, ESCAPE Penang’s filtering and pumping systems are enhanced with an artificial intelligence based sensorless Vector Control Drive to reduce electromagnetic interference, provide superior regulation at low speed, and better dynamic response.

Promoting Eco-Literacy

With sustainability at the core of our ESCAPE brand, it is imperative for us at Sim Leisure Group to promote eco-literacy to our visitors and educate them. We truly believe that people absorb most in moments of enjoyment.

To communicate ESCAPE’s environmental initiatives and thought-provoking ideas, these messages are printed on signage placed throughout the park for visitors to see as they play. These messages surround the visitors sending a subtle message all over our parks.

Eco-literacy should start from a young age, where children learn best through play and immersive experience. Sim Leisure Group encourages primary school field trips to ESCAPE Penang by selling school group tickets at significantly lowered rates for better access, especially among students of lower-income households, who might not otherwise have such opportunities.

An important aspect of promoting eco-literacy is instilling the desire among people to cherish the natural environment. This is where the immersive experience of playing in nature is vital to our visitors. At ESCAPE, the visitor absorbs these messages and draw their own conclusions through due thought and self-determination. We won’t pressure visitors to become more environmentally aware and sensitive but by introducing nature to children, we hope that they will be inspired to protect the environment.





ESCAPE Waterplay - prior to construction



ESCAPE Waterplay - after completion



The Zip Coaster was constructed with minimal impact to the environment

Habitat Restoration

We pioneered the ESCAPE brand of theme parks based on outdoor play in a natural environment while taking a green, low-impact approach to our development because it is the most natural approach - regardless of the prom and pageantry of green certification.

Our stance in developing ESCAPE theme parks revolves around our choice of selecting leftover brownfield sites rather than primary forest sites allowing us to rejuvenate the land with ESCAPE theme parks. This clearly happened with ESCAPE Penang, which was previously a leftover brownfield site comprising abandoned office buildings, workers' quarters and warehouses from the Teluk Bahang Dam construction in 1998. We then adopted a low-impact, green approach to building ESCAPE Penang to revitalise the neglected site.

Tree Planting

ESCAPE Penang has planted more than 3,000 trees in the park, including 300 coconut trees, Angsana (*Pterocarpus indicus*), Ketapang (*Terminalia catappa*), and Acacia. So far, our Penang theme park has transplanted 104 trees in the playpark at a cost of some RM6,800 per tree. These trees were originally from construction sites and would have been cut down.

Weighing between 15 and 42 tonnes each, they are on average 50 years old.

We are in the midst of launching our "tree adoption" programme in ESCAPE Penang which will encourage land owners to contact ESCAPE Penang for transplanting unwanted trees from their lands to sites operated by ESCAPE.

Low-impact Development

We were purposeful in utilizing leftover buildings during the development of ESCAPE Penang Phase 1 (Adventureplay). What were previously workshops, pump houses, worker quarters, and storage warehouses during the Teluk Bahang Dam construction period were restored and repurposed into staff offices, function halls, bathrooms, cafeterias, and other facilities.

Sim Leisure Group used shipping containers as substitutes for conventional building structures which assemble much quicker and easier while emitting less pollution. Their standardised sizes provide endless possibilities of configurations and interventions to suit different uses. Moreover, containers can relocate easily with minimal labour and energy, playing into ESCAPE's low-impact development mantra.

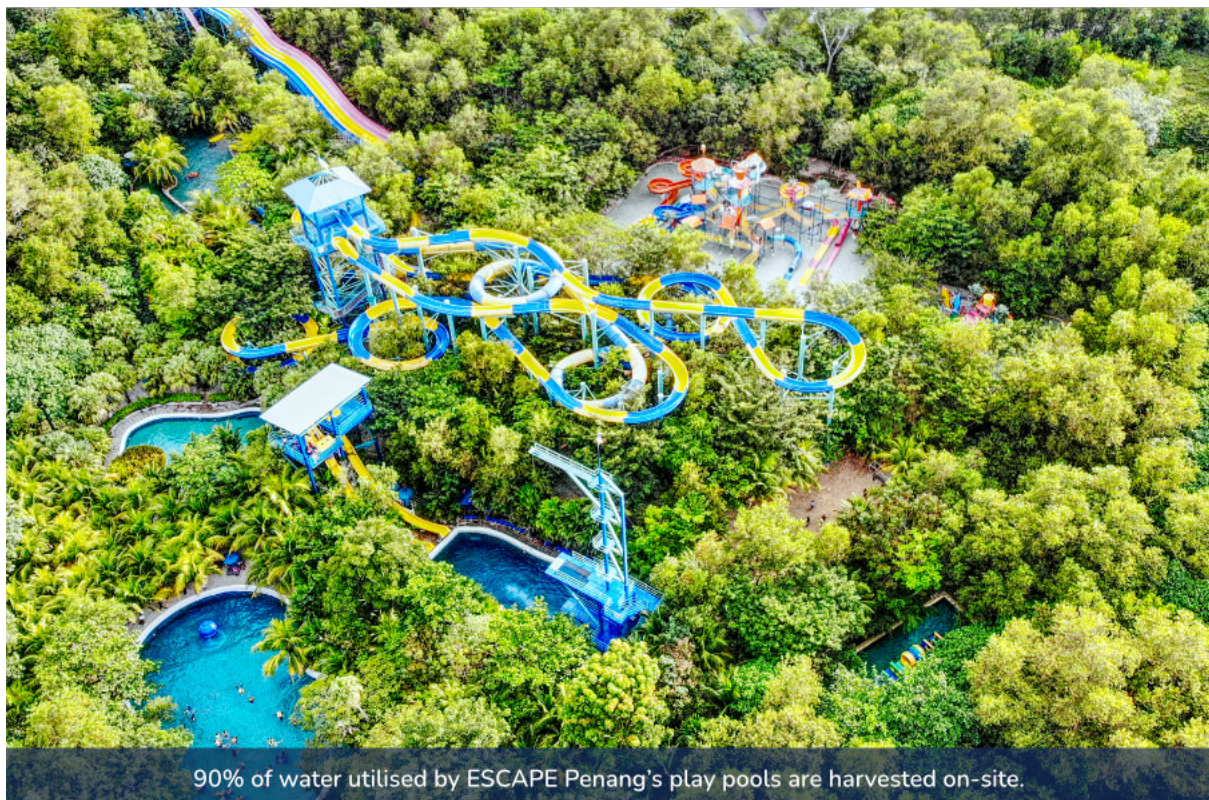
Biomimicry Landscaping

ESCAPE Penang vegetates its roofing with native grass and shrub species, serving multiple benefits: its substrate retains rain water, its drained water is cleaner from substrate filtration, cools roofs, its roofing materials have longer lifespans due to insulation against tropical heat and sunlight, sound reduction, and reduced costs to cool down buildings. Rainwater is also harvested from the grass roofs for uses such as watering plants and flushing toilets.

Rainwater Harvesting

Most land development projects have concrete, asphalt, building roofs, and compacted vegetated sites which increase rainwater runoff and decrease surface water quality and groundwater infiltration. ESCAPE Penang's biomimicry approach allows rainwater to seep into the ground to support groundwater recharge.

ESCAPE Penang does not construct its pathways and bare surfaces with cement or asphalt but instead uses layers of natural sand, pebbles, and small rocks at least 20cm deep instead. This slows rainwater runoff, enabling microorganisms in the substrates to digest any water-borne pollutants, purifying the water on its path back into the aquifer. Thanks to the biomimicry interventions, 90% of raw water utilised by ESCAPE Penang's play pools are harvested on-site.



90% of water utilised by ESCAPE Penang's play pools are harvested on-site.

Employability and Local Development

Diversity and Equal Opportunity

Sim Leisure Group is an equal opportunity employer, and it strongly advocates for non-discrimination to employees and applicants without regard to discriminatory factors such as gender, age, race or religion in order to create a diverse, healthy and productive organisation. As such, it is SLG's policy to provide equal opportunity in recruitment of employees, career development, training, promotion and rewards for all employees. This is essential in upholding a meritocratic environment and developing talent for the long-term success of the organisation. For FY2021, the average remuneration men to women ratio for Sim Leisure Group's employees is at 1.3 to 1.

Diversity of Employees

Age Group	No. Of Employees	New Hires	Full-time
Below 30 years	52 (47%)	10 (45%)	42 (47%)
30 - 50 years	50 (45%)	11 (50%)	39 (44%)
Over 50 years	9 (8%)	1 (5%)	8 (9%)

Gender	No. Of Employees	New Hires	Full-time
Male	65 (59%)	15 (68%)	50 (56%)
Female	46 (41%)	7 (32%)	39 (44%)

Total	111	22	89
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Diversity of Board Members

Age Group	No. Of Individuals	Percentage
Below 30 years	0	0%
30 - 50 years	5	71%
Over 50 years	2	29%

Gender	No. Of Individuals	Percentage
Male	4	57%
Female	3	43%

Total	7	
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Communal Living and Shared Responsibility

Sim Leisure Group always strives to bring a positive impact to the local communities it operates in and engages with. An example is ESCAPE Penang, which is situated within the Teluk Bahang community.

When developing ESCAPE Penang, Sim Leisure Group factored in the consideration of ethics, social responsibility, and reducing dependency on external resources. ESCAPE Penang desires to be transparent and is committed to its local community by supporting local businesses and employing local staff. ESCAPE Penang is currently the community's largest employer, and in fact, the majority of ESCAPE Penang's workforce comprises those from the Teluk Bahang community.

Sim Leisure Group intends to replicate the communal impact in other regions of expansion domestically and internationally, as this approach can yield a greater return beyond commercial gain, making communities more economically equitable and resilient.

Economic and Social Goals

Goals	Target for FY2021	Performance for FY2021	Target for FY2022	Five-year Target for FY2025
Uphold SLG's zero-tolerance policy towards corruption	Maintain zero corruption incidents Reinforce SLG's advocacy for ESCAPE scam-free destination through awareness content on website and social media	There were no cases of incidents of corruption within the group	Maintaining the record for zero incidents Continuous reinforcement of ESCAPE as a scam-free destination through constant education and content in our website and social media to raise awareness	Ensure that SLG maintains a zero corruption record
Achieve an even gender ratio in the workforce	1.5 to 1 male-to-female employee ratio	1.4 is to 1 male-to-female employee ratio	1.35 is to 1 male-to-female employee ratio	1.3 is to 1 male-to-female employee ratio

Environmental Goals

Sim Leisure Group has identified environmental goals as stipulated in our first Sustainability Report 2020. The following are the progress and status for the FY2021 in relation to the targets of our environmental goals:

Goals	Target for FY2021	Achievement in FY2021	Target for FY2022	Five-year Target for FY2025
Achieve carbon-neutral status at ESCAPE Penang by FY2025	Collect baseline data	The data collection has commenced in 2021 which will serve as the base for future measures to ensure we achieve our carbon neutral status for 2025. We are expanding our observations to all our operations in our other theme parks in order to achieve widespread carbon neutral status group-wide	Continue collection of data for better future analysis	Achieve carbon neutral status
Develop new attractions with minimal impact to the environment	Complete installation of Zip Coaster and Zorbing without cutting a single tree	The installation of the Zip Coaster was completed without cutting a single tree.	Zorbing, which was targeted for 2021, has been pushed to 2022. We intend to install and operate this new attraction with little impact on the environment	Develop 5 new attractions for ESCAPE theme parks which require minimal environmental impact
Transplant trees at ESCAPE theme parks	Officiate Tree Adoption Programme Set up a contact channel for tree transplanting	Our 'tree adoption' programme was delayed till January 2022 (originally set for December 2021) but we have now informed property owners in the vicinity of ESCAPE Penang that SLG will be happy to transplant any unwanted trees within their land to our park should areas where the trees are located be earmarked for development There is an informal contact personnel for the tree transplanting programme but a formal channel will be set up in 2022	Earmarked tree replanting project of around 20 to 30 trees in 2022 from around the neighbourhood Set up a formal channel for tree transplanting in 2022	Transplant 200 trees overall throughout ESCAPE's theme parks
Improve eco-literacy among the youth	Introduce regular social media and website content on green initiatives	Introduced regular social media and website content on green initiatives	Publish more content on green initiatives by SLG in 2022	Maintain social media and website content on green initiatives on a regular basis

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