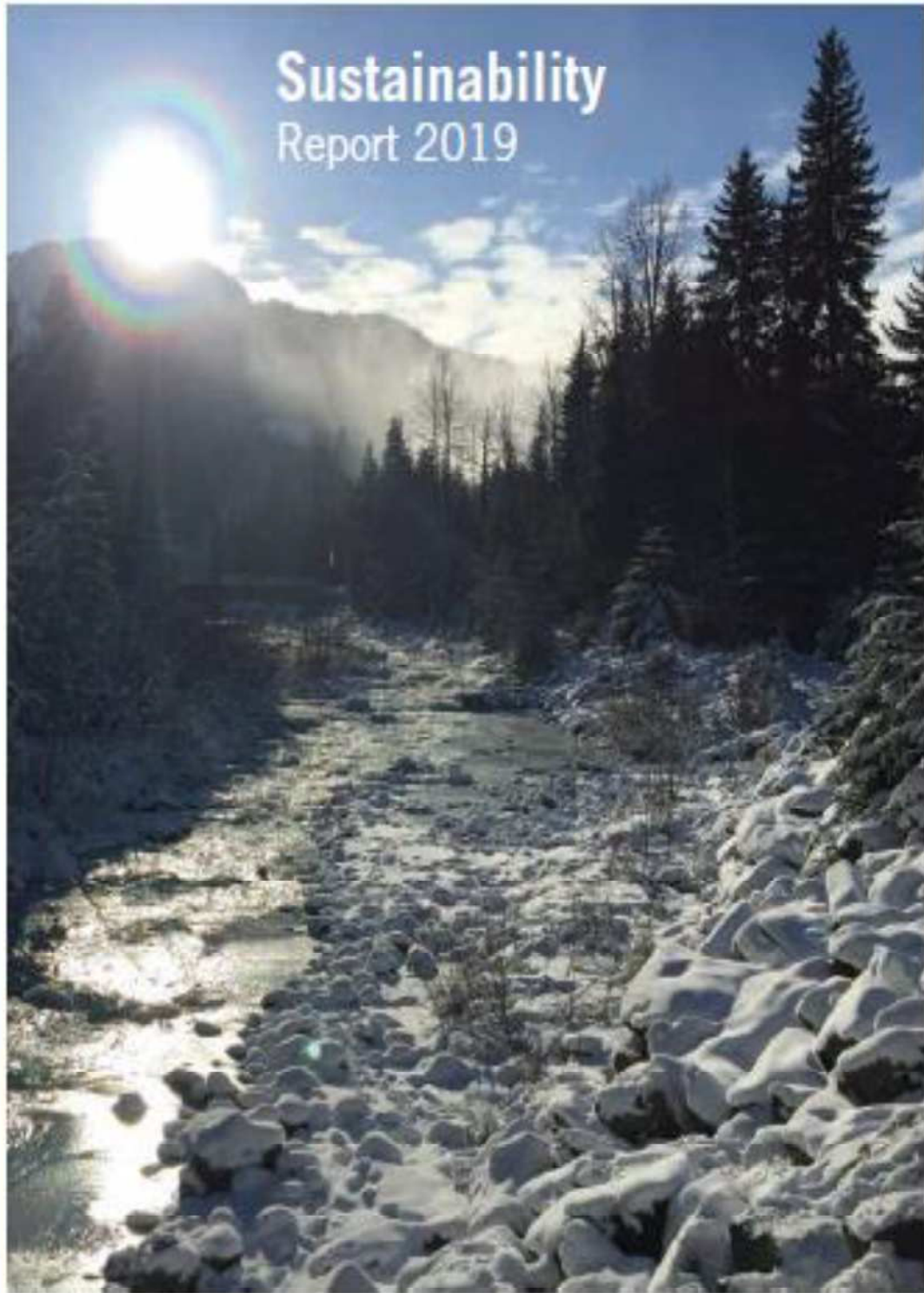


# Sustainability Report 2019



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## Message from the Board

Dear Stakeholders,

On behalf of the Board, I am proud to present our third Sustainability Report (“**SR**”) of Avarga Limited (“**Avarga**” and together with its subsidiaries, the “**Group**”), covering the Financial Year ended 31 December 2019 (“**FY 2019**”). This report highlights our growth and our effort in managing the Group’s Environmental, Social and Governance (“**ESG**”) performance for FY 2019.

We believe that our business and action have an impact on our stakeholders and that building a sustainable business is vital to our continuous growth and success. As we recognise the importance of sustainability, we thrive to achieve long-term benefits and sustainability in every aspect of our business operations. At the same time, we continue to contribute to our community, protect our environment and ensure that sustainable practices are incorporated into our business operations.

We have business operations that span across Malaysia, Myanmar, Canada and the USA. Our three core businesses are paper manufacturing, power generation and building materials distribution. With an employment of more than 700 staff and strong revenue streams from our core businesses, we believe that Avarga is well-positioned to build a sustainable business together with the support of our stakeholders.

Our sustainability efforts are led by our senior management and monitored by our Board. As we grow our business, we will continue to enhance our sustainability efforts and work towards aligning our policies and practices with established economic, environmental and social standards and initiatives.

We would like to take the opportunity to thank all stakeholders who have contributed to our sustainability effort and we will continue to strive for our success while staying socially and environmentally responsible.

## **Report Background**

Avarga has adopted a formalised reporting approach 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 in preparing our third sustainability report.

### **Reporting Boundaries and Standards**



#### **Materiality**

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



#### **Stakeholders Inclusiveness**

Responding to stakeholder expectations and interest



#### **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 2019 to 31 December 2019 and discusses 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/>

## Organization Profile

Avarga Limited (“**Avarga**” and together with its subsidiaries, the “**Group**”) is an established investment holding company that specialises 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 and listed on the mainboard of the Singapore Exchange (“**SGX**”) since 1980, we have three core businesses and operate in five countries. 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, producing almost 10% of Malaysia's domestic output of brown packaging paper. 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 9001:2015 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.



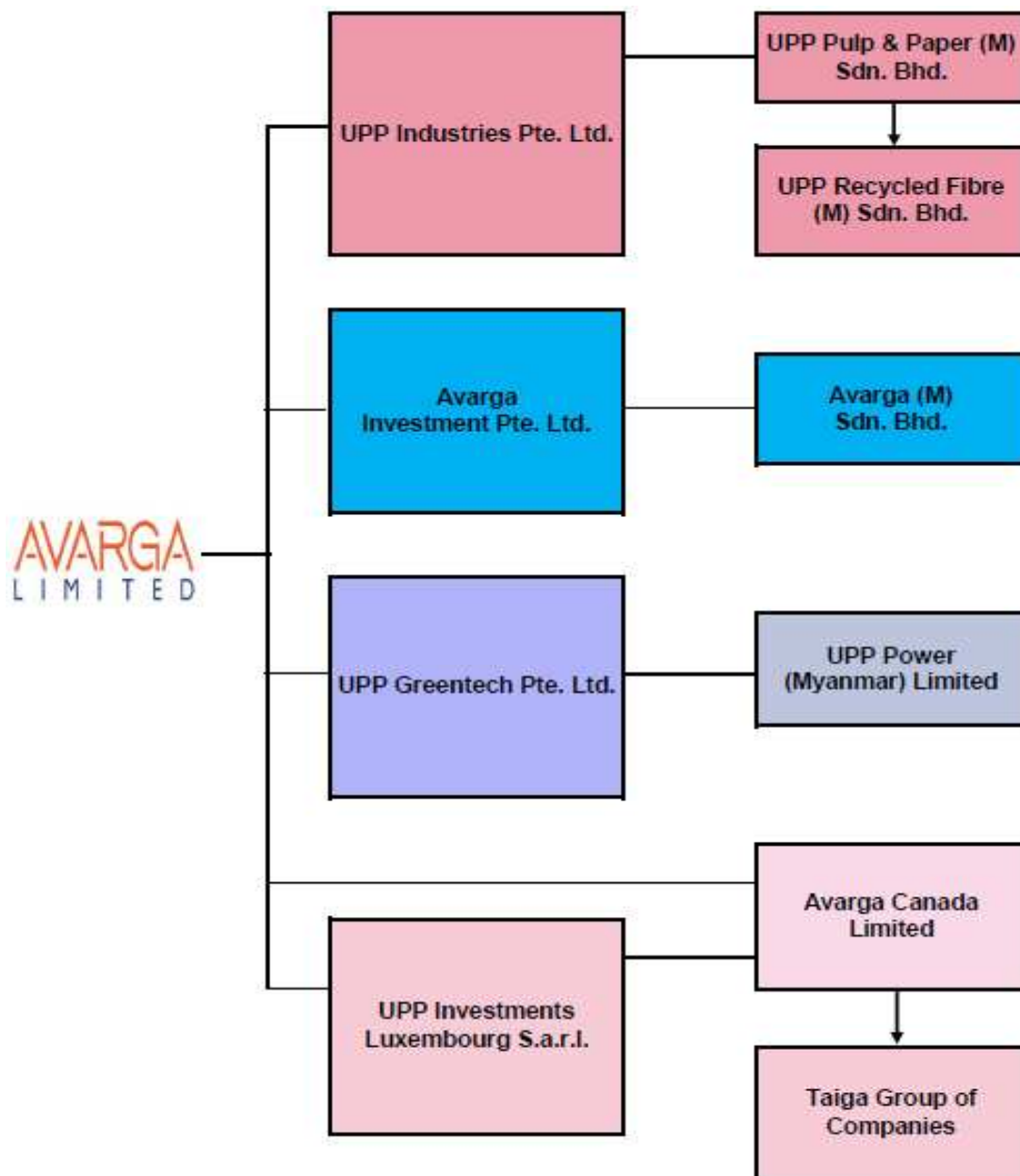
### Building Materials Distribution (Taiga, Canada)

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

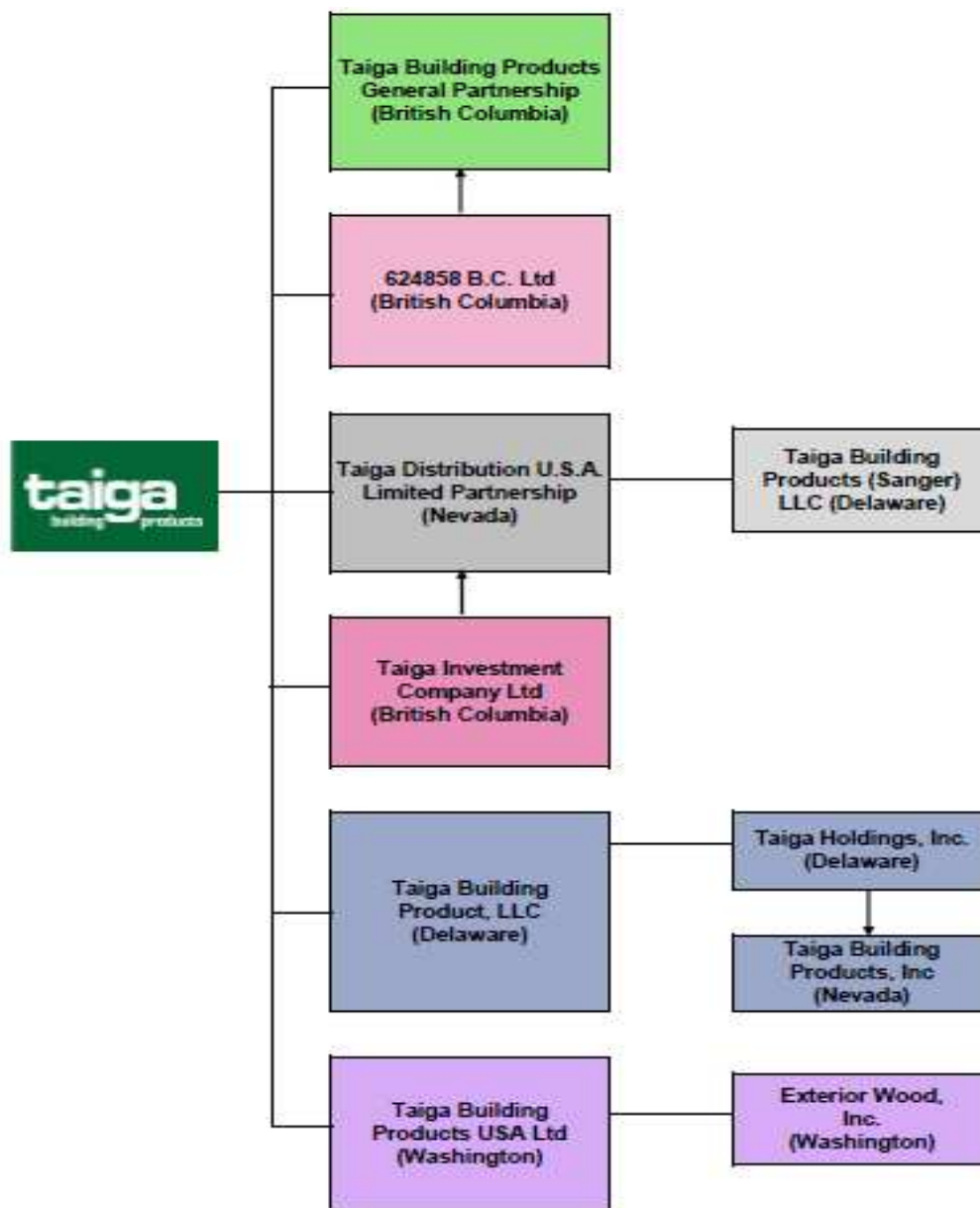
<b>Tong Kooi Ong</b>	Executive Chairman, CEO
<b>Tong Ian</b>	Executive Director
<b>Gary Ho Kuat Foong</b>	Independent Director
<b>Ng Shin Ein</b>	Independent Director
<b>Kalimullah Bin Masheerul Hassan</b>	Independent Director
<b>Chan Lay Hoon</b>	Non-Executive, Non-Independent Director
<b>Loh Chen Peng</b>	Independent Director

## Group Structure





## Group Structure (cont'd)



## Membership of Associations

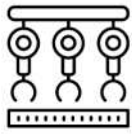
UPP Pulp & Paper (M) Sdn Bhd

- Malaysia Pulp and Paper Manufacturers Association
- Federation of Malaysia Manufacturers

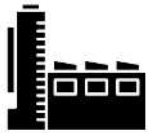
Taiga Building Products Ltd

- Western Retail Lumber Association (WRLA)
- American Wood Preservers Association (AWPA)
- Canadian Wood Council (CWC)

## Supply Chain Management



We are fully committed to deliver products and services that are of the highest quality. The Group follows strict procedures in identifying, selecting and monitoring suppliers. We aim to only source from ethical, responsible and cost-effective suppliers and minimise potential disruptions 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.

Highly energy efficient generators are used in our power plant in Myanmar, to ensure efficient gas utilisation.

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.



Moving forward, we will continue to strengthen our network of suppliers and procurement processes. We will build strong and lasting relationships with our key suppliers, and evaluate ways to better manage our suppliers, supply chain, logistics and resources.





## External Initiatives

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. This is the underlying vision behind our Corporate Social Responsibility (“CSR”) activities.

Our CSR efforts are mainly focused in Myanmar, where we see room for improvement in living and education standards. We have also made CSR contributions in Malaysia and Singapore.

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 continuously helped to improve the school’s condition and provide a more conducive learning environment for the students.

We started our initiatives in 2015 by replacing two-thirds of the school’s old furniture with new desks and chairs. This had helped the school to accommodate more students. In 2016, we continued our initiative by spending US\$50,000 to construct a new 900 sq. ft. air-conditioned multi-media hall, and equipped it with 31 sets of new computers, accessories, desks and chairs. This had helped to equip the pupils with better computer and literacy skills.



In 2018, we built a school hall and meal area for the students. We also donated a set of uniform, books and a school bag to each of the 830 students of the school. We are pleased to report that in 2019, we 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. In 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.

To support and promote Singapore’s arts and cultural heritage, we have pledged to donate a total of S\$250,000 to the Singapore National Gallery. This comprises a donation of S\$50,000 per year, over five years from 2018 to 2022. To date, S\$100,000 was donated in 2018 and 2019, with the balance of S\$150,000 due in 2020-2022.

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.

## Corporate Governance and Sustainability Approach



The Board of Directors (the “**Board**”) of Avarga is committed to maintaining good corporate governance to enhance and safeguard the interest of its stakeholders. 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. 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.

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 Committee and that such transactions are reviewed and approved by senior executives, the Audit 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.

Avarga is committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements. The Whistleblowing Policy was established for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.

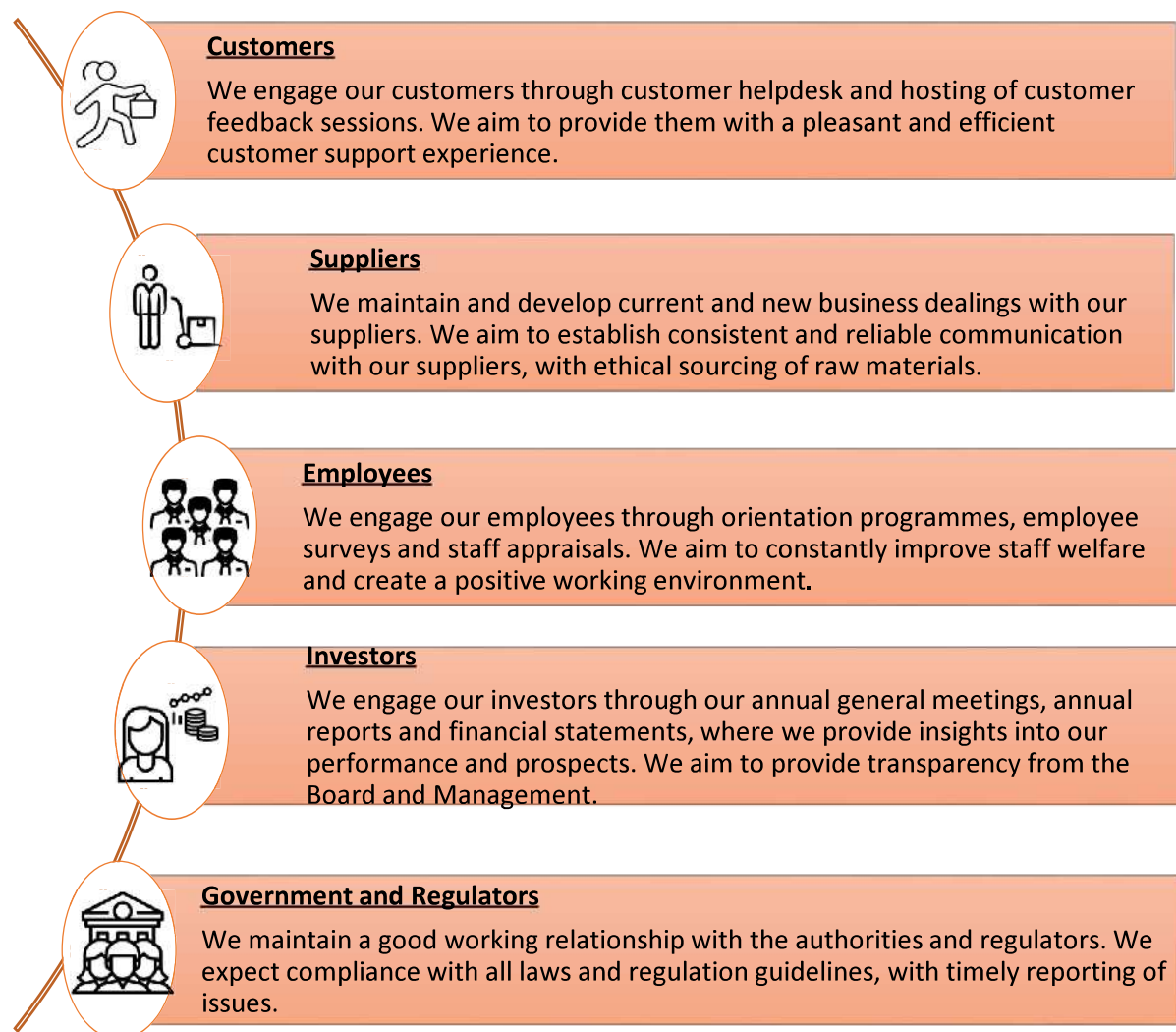


## Stakeholder's Engagement

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 feedbacks from them, it helps us align our sustainability approach with their needs and expectations.

Our key stakeholder groups and engagement platforms are summarised below:



## Material Topics

Our materiality assessment process involved the process of gathering feedback from our major internal and external stakeholders to establish the ESG issues that are deemed material to our core businesses.

We have selected seven material topics for continuous disclosure in FY 2019, which are as follows:

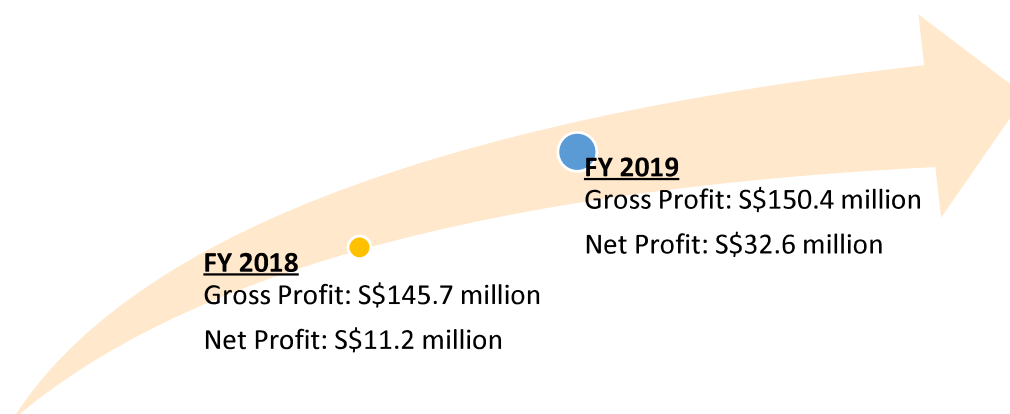
Topic	Relevance and Impacts	Reference	Commitments and Targets
<b>Economic Performance</b>	The economic performance of the Group has direct impact to our stakeholders as they all look to the economic performance and value generated to the local communities where our business operates. Our economic success ensures our long-term viability and enables the execution of our sustainability practices.	Annual Report 2019;  Sustainability Report 2019 page 13	<ul style="list-style-type: none"> <li>• Increase revenue growth and continue to generate net profit</li> <li>• Continue to achieve long-term capital growth through identifying investments opportunities and innovative practices</li> </ul>
<b>Anti-Corruption</b>	To protect the interests of our stakeholders and prevent reputational damage to our 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 2019 page 15	<ul style="list-style-type: none"> <li>• Maintain zero incidents of corruption and continue to enhance our whistleblowing policy and avenue for whistleblowing to prevent corruption</li> </ul>
<b>Employment</b>	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 2019 page 16	<ul style="list-style-type: none"> <li>• Continue to ensure stringent hiring process to commit to fair employment practices and offer equal opportunities to all potential candidates</li> <li>• Improve or at the least, maintain the employee turnover rate in FY 2020. A healthy organisational culture remains the top priority in our Group.</li> </ul>

## Material Topics (Cont'd)

Topic	Relevance and Impacts	Reference	Commitments and Targets
<b>Occupational Health and Safety</b>	Occupational health and safety ("OHS") are a common concern but is an important aspect in our industry. Our employees work in an environment that possess 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 2019 page 19	<ul style="list-style-type: none"> <li>• Conduct refresher courses to remind employees to adopt safety practices at work</li> <li>• Reduce workplace injuries and ensure a safe working environment for all employees</li> </ul>
<b>Training and Education</b>	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 Company.	Sustainability Report 2019 page 22	<ul style="list-style-type: none"> <li>• Ensure that training programmes are available and accessible for our employees</li> <li>• Continuously improve the quality of our training courses to provide our employees with the necessary competence to perform their roles effectively</li> </ul>
<b>Environmental Compliance</b>	We recognise that climate change poses both risk and opportunities, with strategic and financial implications to our 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 2019 page 23	<ul style="list-style-type: none"> <li>• Fully comply with all legal regulations and consume resources responsibly, focusing on minimising impacts through prevention at source, and participate in the reduce, reuse and recycle initiatives</li> </ul>
<b>Socioeconomic Compliance</b>	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 2019 page 24	<ul style="list-style-type: none"> <li>• Continue to monitor if there are new areas of law or regulation, and conduct training for employees to ensure that we maintain zero incident of non-compliance with laws and regulations</li> </ul>

## Economic Performance

The Group's revenue for FY 2019 was S\$1.4 billion, compared to S\$1.6 billion in FY 2018, the decline was mainly due to the lower lumber prices. Overall gross profit increased by S\$4.7 million or 3%. The Group's net profit after tax and non-controlling interests increased to S\$32.6 million from S\$11.2 million in the corresponding period last year, partly due to a one-off gain of S\$10.9 million from the disposal of our property at Tuas, Singapore.



Group Financial Performance by Business Segments				
	FY 2019		FY 2018	
Revenue				
Paper Manufacturing	S\$ 48.1 million	4%	S\$ 55.9 million	3%
Building Products	S\$ 1,337.1 million	95%	S\$ 1,506.3 million	96%
Power Plant	S\$ 18.7 million	1%	S\$ 10.5 million	1%
Total	S\$ 1,403.9 million		S\$ 1,572.7 million	
Gross Profit				
Paper Manufacturing	S\$ 10.7 million	7%	S\$ 13.0 million	9%
Building Products	S\$ 133.3 million	89%	S\$ 126.6 million	87%
Power Plant	S\$ 6.4 million	4%	S\$ 6.1 million	4%
Total	S\$ 150.4 million		S\$ 145.7 million	

Please refer to our Annual Report for a more detailed reporting and analysis of the Group's economic performance.



## Economic Performance (Cont'd)

Avarga strives to deliver sustainable earnings and create long-term value for our stakeholders. We achieve this through maintaining significant positioning in our respective core markets. 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.

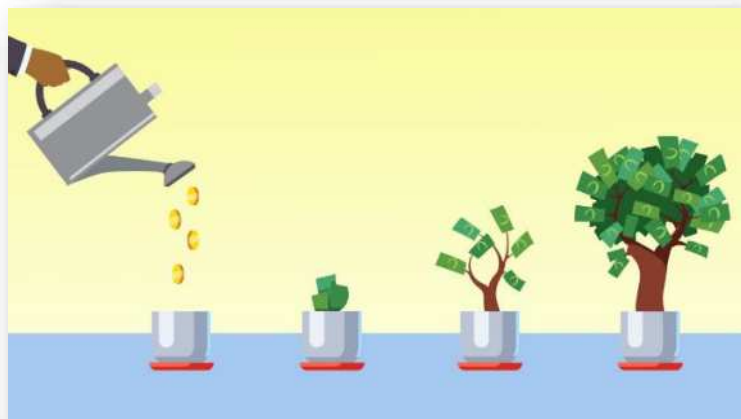
At Taiga, we are increasing the use of information technology to track our inventory and suppliers. We are also actively sourcing for new vendors and product lines for building materials, to expand our product range and revenue streams.

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. Leveraging on Taiga's existing large product and vendor base, we have since significantly expanded our sales and product offerings in the US market using Exterior Wood.

In 2019, we invested substantially in the regularly scheduled major overhauls of our Myanmar power plant. Ten of the thirteen machines were overhauled and another three were due for overhaul maintenance by mid-2020. These overhauls took up the bulk of cashflows generated from the power plant last year and will improve the plant's efficiency going forward.

We also make continuous investments in machinery parts to upgrade our paper manufacturing plant in Malaysia.

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



## Anti-Corruption



To protect the interests of our stakeholders and prevent reputational damage to our Group, we have zero tolerance to bribery, unethical and corrupt practices. We seek to foster an environment where honesty, integrity and ethical practices are maintained.

We believe that good corporate governance establishes and maintains an ethical environment within the Group. Our employees observe a strict code of conduct relating to conflict of interest, insider trading, fraud and proper accounting.

We also have a whistleblowing policy in place which encourages employees and stakeholders to raise concerns in confidence, about possible irregularities. We have various channels for both employees and external parties to raise their concerns and issues in good faith, including to the heads of departments, management, the board of directors and the Audit Committee. The Head of Audit Committee is also directly accessible via email.

We are pleased to note there were no instance of corruption related activities reported in FY 2019.

## Performance





## Employment

We believe in investing in our employees as they are our most valuable asset. 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.

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.

We recruit talents using merit-based system and providing them a fair opportunity to demonstrate their knowledge, skills and experience. We promote a healthy mix of age, race and gender in the workplace, where possible.

We also foster a strong culture of collaboration and communication within the Group, to create a healthy organizational culture that promotes transparency, teamwork and team spirit.

To recognise, retain and develop talent in the workplace, employees go through annual appraisals. This ensures that we are able to recognise and reward our employees' ability and their contributions, and we can further develop their skills through trainings, promotions and workshops.

For our 2019 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 FY 2019 and FY 2018.

Description (by age group)	FY 2019	FY 2018*
New Hires (Below 20 years old)	0	1
New Hires (Between 20-55 years old)	8	21
New Hires (Above 55 years old)	0	0
Resigned/Terminated (Below 20 years old)	0	0
Resigned/Terminated (Between 20-55 years old)	13	16
Resigned/Terminated (Above 55 years old)	0	0
Turnover Rate (%)	7.5	9.7
Total Staff Strength	160	165

Description (by gender)	FY 2019	FY 2018
New Hires (Male)	8	21
New Hires (Female)	0	1
Resigned/Terminated (Male)	13	14
Resigned/Terminated (Female)	0	2

The table below shows the employment details for Taiga Building Products Ltd. in FY 2019 and FY 2018. (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)	FY 2019	FY 2018*
New Hires (Below 20 years old)	11	3
New Hires (Between 20-55 years old)	81	56
New Hires (Above 55 years old)	8	6
Resigned/Terminated (Below 20 years old)	10	8
Resigned/Terminated (Between 20-55 years old)	73	69
Resigned/Terminated (Above 55 years old)	23	13
Turnover Rate (%)	18	27
Total Staff Strength	587	593

*\*The statistics were restated due to the variances in the 2018 statistics that were submitted to Management and included in the preparation of the 2018 Sustainability Report.*

## Employment (Cont'd)

We are pleased to note that the employee turnover rate for both UPP Pulp & Paper (M) Sdn Bhd and Taiga Building Products Ltd. decreased in FY 2019. The turnover rate declined from 9.7% in FY 2018 to 7.5% in FY 2019, while Taiga's turnover rate fell from 27% in FY 2018 to 18% in FY 2019.

We implement a non-discriminating employment practice and provide equal opportunities to talents regardless of age, gender, race or religion, where possible.

We monitor our headcount closely to ensure optimal operational and cost efficiency in our operations. We will continue to ensure a stringent hiring process and commit to fair employment practices with equal opportunities. We aim to improve or at the least, maintain the employee turnover rate in FY 2020. Creating a healthy organisational culture and working environment remains our top priority, to increase staff satisfaction, motivation and productivity.



## Occupational Health and Safety

Occupational Health and Safety (OHS) in the workplace is a major priority for the Group. 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 are committed to uphold stringent and rigorous OHS standards.

The Group has established OHS-related policies for its business divisions, to create a safe environment for employees. All employees of the Group enjoy insurance and medical benefits paid for by the Group. The 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.

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. We conduct regular fire drills and alarm tests to ensure the safety of our employees. Training and briefings are constantly provided and communicated to new and existing employees for them to understand the rules and safety regulations to be adhered to. In addition, the paper mill mandates that proper Personal Protective Equipment are worn by the staff at all times when handling heavy equipment, operating machinery or chemicals.

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.



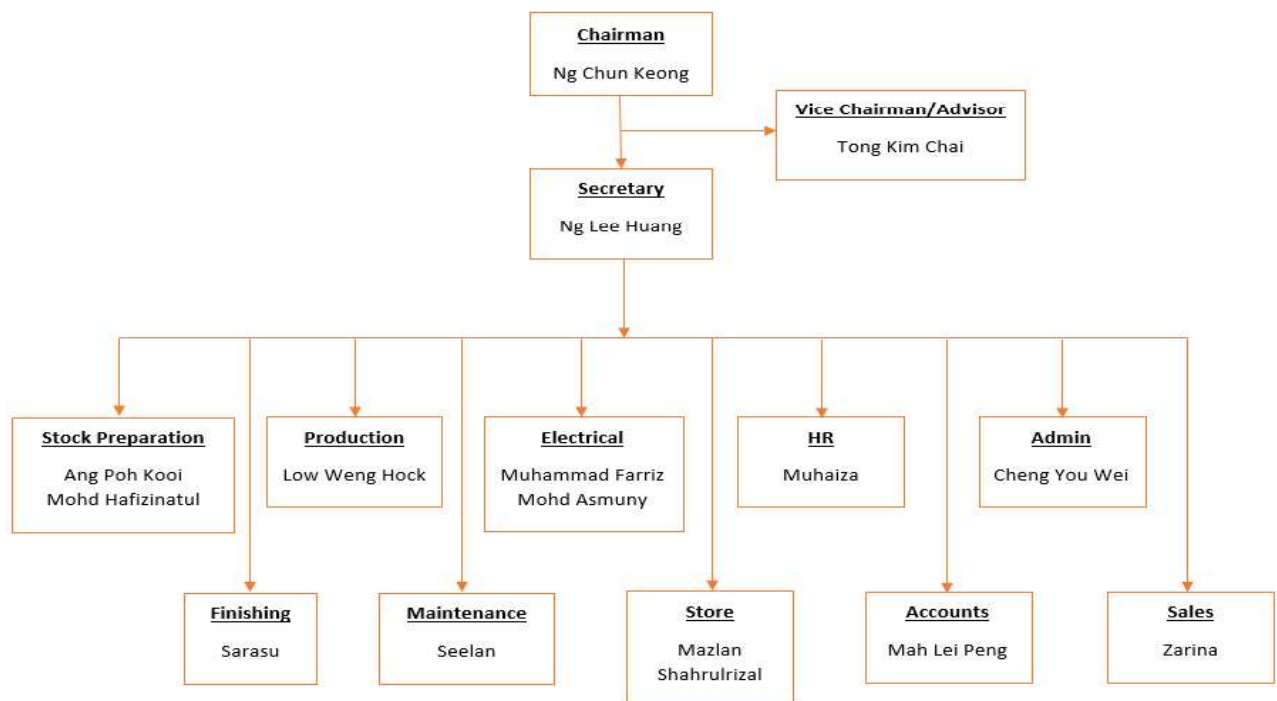
## Occupational Health and Safety (Cont'd)

### UPP Pulp & Paper (M) Sdn Bhd

We have a Safety Committee in place at the paper mill to 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. Ng Chun Keong. 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 FY 2019 as compared to FY 2018.

FY 2019					
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

## Occupational Health and Safety (Cont'd)

FY 2018					
No	Types of injuries	Malaysian		Foreign Workers	
		Number of Employees	Lost Day Rate*	Number of Employees	Lost Day Rate*
1	Lacerations/cuts	3	9.20	1	2.42
2	Sprains/strains	1	45.50	1	1.45
3	Fractures	-	-	-	-
4	Burns (heat)	-	-	-	-
Total		4	54.70	2	3.87

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

In FY 2019, there was a total of seven reported injuries for employees of the paper mill, compared to six reported instances in FY 2018. The lost day rate increased from 54.70 to 95.84 for our Malaysian workers, and from 3.87 to 36.94 for our foreign workers. The increase in the overall lost day rate was mainly attributed to one Malaysian employee (with a lost day rate of 91.85) who unfortunately suffered multiple fractures to his hand in an incident and was unable to return to work for six months during FY 2019.

### Taiga Building Products Ltd.

At Taiga, a policy on Health, Safety and the Environment is incorporated into our Employee Manual. The policy lays out the Company's approach in making sure 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. 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.

Looking forward, the Group aims to reduce workplace injuries and ensure a safe working environment for all employees.

## Training and Education

We believe that it is in our best interest to invest in the careers and skills of our employees through continuous learning and skills upgrading. 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.

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.

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. Our employees also go through regular performance feedback and guidance with their supervisors and managers. This 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.

The table below shows the employee training details for UPP Pulp & Paper (M) Sdn Bhd in FY 2019.

Description	FY 2019	
	Male	Female
Total number of employees	141	19
Total number of employees who attended training	49	7
Percentage of employees who attended training	34.8	36.8
Average hours of training per year	2.8	2.9

In Taiga, we follow closely by our management approach in training and education of our employees. New employees go through orientation programs while existing employees go through external and internal trainings to develop work skill and career advancement. Regular performance feedbacks were also conducted for the employees such that their learning needs were frequently assessed.

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

## Environmental Compliance

The Group is sensitive to the environmental impact across our business operations. We are conscious of the need to fully comply with all environmental rules and regulations by the relevant authorities.

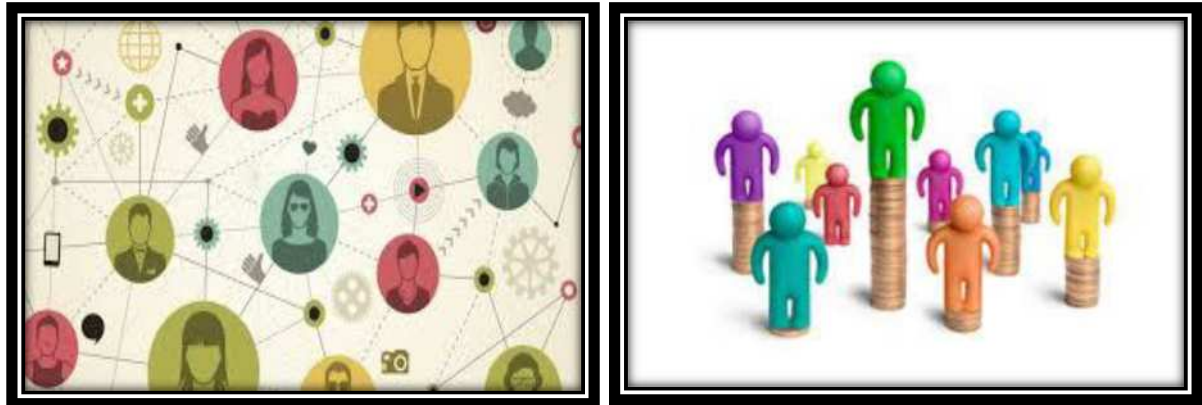
We constantly look for ways to improve our business processes and operations so as to reduce negative impact on the environment. We also involve our supply chain partners in sustainable practices through outlining our expectations in the vendor selection process as well as the evaluation of their performance.

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 and occupational health and safety 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 all regulatory requirements.

In FY 2019, there were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.



## Socioeconomic Compliance

The Group ensures full compliance with laws and regulations by the local authorities in every area it operates in.

We constantly keep ourselves updated with changes in the evolving regulatory landscape. We regularly review our business activities, and have set up clear policies and procedures to prevent potential infringement of laws and regulations.

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

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

We are pleased to announce that in FY 2019, 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
<b>GENERAL DISCLOSURE</b>	
<b>Organizational Profile</b>	
102-1 Name of the organisation	Page 2
102-2 Activities, brands, products, and services	Page 4-6
102-3 Location of headquarters	Page 4-6
102-4 Location of operations	Page 4-6
102-5 Ownership and legal form	Page 4-6
102-6 Markets served	Page 4-6
102-7 Scale of the organisation	Page 4-6
102-8 Information on employees and other workers	Page 16-18
102-9 Supply chain	Page 7
102-10 Significant changes to the organisation and its supply chain	No significant changes
102-11 Precautionary principle or approach	Page 4
102-12 External initiatives	Page 8
102-13 Membership of associations	Page 6
<b>Strategy</b>	
102-14 Statement from senior decision maker	Page 2
<b>Ethics and Integrity</b>	
102-16 Values, principles, standards, and norms of behaviour	Page 4
<b>Governance</b>	
102-18 Governance structure	Page 9
<b>Stakeholder Engagement</b>	
102-40 List of stakeholder groups	Page 10
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 10
102-43 Approach to stakeholder engagement	Page 10
102-44 Key topics and concerns raised	Page 13-24
<b>Reporting Practice</b>	
102-45 Entities included in the consolidated financial statements	Page 5-6
102-46 Defining report content and topic boundaries	Page 2
102-47 List of material topics	Page 11
102-48 Restatements of information	Page 17
102-49 Changes in reporting	Not Applicable
102-50 Reporting period	Page 3
102-51 Date of most recent report	9 May 2019
102-52 Reporting cycle	Page 3
102-53 Contact point for questions regarding the report	Page 3
102-54 Claims of reporting in accordance with the GRI Standards	Page 3
102-55 GRI content index	Page 25-26
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 13-14
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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 15
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 16-18
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 19-21
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
GRI 404: Training and Education	
103-1 Explanation of the material topic and its boundaries	Page 22
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 23
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 24
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	



1 Kim Seng Promenade  
#13-10 Great World City West Lobby  
Singapore 237994  
Tel : (65) 6836 5522  
Fax: (65) 6836 5500