

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

LINOCRAFT

Printing Since 1972

LINOCRAFT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8383





INTRODUCTION

Linocraft Holdings Limited (“**Linocraft**”) and its subsidiaries (collectively referred to as the “**Group**”) are international printing services company that principally engaged in providing quality printing services which focus on packaging printing and its products include packaging boxes, rigid boxes, paper-board inserts, instruction manuals and printed labels to direct customers and contract manufacturers of international renowned brands. The Group has production plants principally located in Malaysia and the Philippines.

The Group approach to Corporate Responsibility ensures that Environmental, Social and Governance (“**ESG**”) risks and opportunities are identified, evaluated and controlled in line with industry best practice. This aims to set the direction for a future-orientated business strategy that balances economic success with environmental and social responsibility, in line with the expectations of stakeholders. The Group seeks to promote sustainable business practices, increase transparency and ensure that the Group risk management processes help to avoid negative environmental and social impacts arising from its core businesses. As such, the Group has incorporated ESG commitments into its operational business model, through the adoption of a management system approach aligned to ISO 14001:2015, the international standard for environmental management.

The reporting period of this report is from 1 September 2019 to 31 August 2020 (the “**Reporting Period**” or the “**Year 2020**”) together with the comparative data for the year ended 31 August 2019 (“**Year 2019**”) where appropriate.

REPORTING FRAMEWORK

ESG report (the “**Report**”) follows the report ESG Guideline as set out in Appendix 20 to the Rules governing the listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Information relating to the Group’s corporate governance practices has been set out in the Corporate Governance Report on P.19 to P.31 of the Annual Report 2020 of Linocraft.

SCOPE OF THIS REPORT

This Report focuses on the operation of the Group at its principal places of business in Malaysia and the Philippines. The disclosures in this Report are mainly extracted from the Group’s statistical reports and relevant documents. The Group has complied with the “comply or explain” provisions set out in the ESG Guide for the Year 2020.

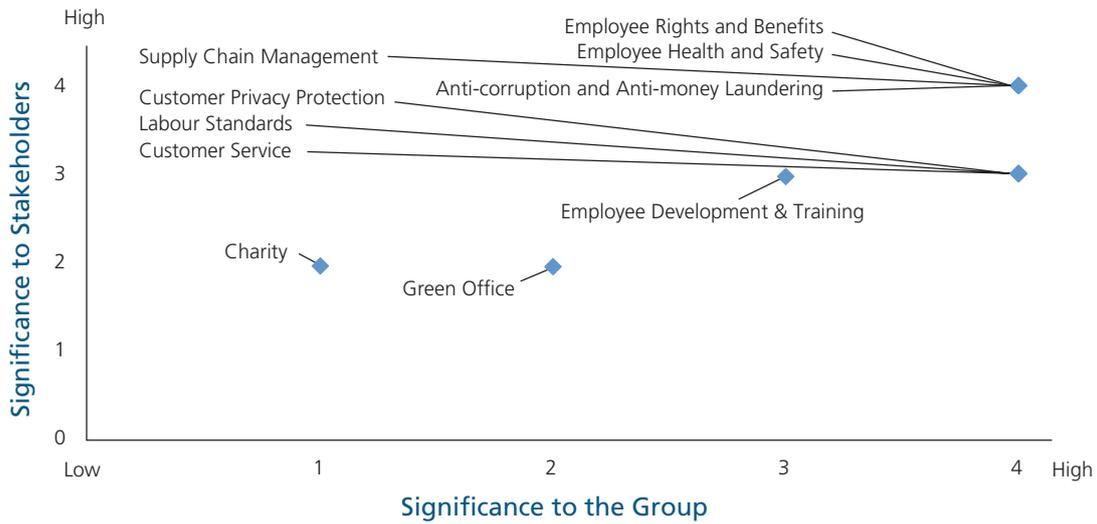
IDENTIFICATION AND COMMUNICATION WITH STAKEHOLDERS

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency, which should form the basis for preparing the Report. As recommended, through stakeholder engagements, the Group can understand wide-ranging views and identify material environmental and social issues.

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders whom are communicated through meetings, enquiries, interviews and discussions, including: shareholders, employees, customers, suppliers and subcontractors, regulatory authorities and the local communities in which the Group operates.



The Group has conducted a survey with the aforesaid stakeholders and obtained 40 number of samples to help identifying stakeholder’s priorities. On the scale from 0 to 4, where 0 is the least concern and 4 is the most concern key issues which are of stakeholder’s concern.



MATERIALITY ASSESSMENT

Linocraft has maintained close communication with its stakeholders. Through multiple discussions and direct communications, the Group understands the core issues that matter most to its stakeholders. By understanding the critical issues from both internal and external perspectives through vital stakeholders and, to develop corporate strategy, goals, targets, programs, initiatives, to advance business sustainability across Asia Region.

ENVIRONMENTAL RESPONSIBILITY

Linocraft’s control ESG agenda is a key priority, and the Group devote significant resources to adhering and adapting to the substantial number of heightened regulatory expectations and reporting requirements that guide printing industry. And the Group is committed to provide quality printing services to its client in a manner that minimizes potential adverse impact on the environment and energy sources.

Aspect A1: Emissions

The Group’s business does not produce material amounts of emission, however greenhouse gas and emission are inevitable in the printing operation. The printing process will also generate contamination and chemical waste. Linocraft aims to minimize emission or chances of arising environmental hazard. The Group has engaged an independent professional consultant who is certified by the Department of Environment of Malaysia (DOE) and adopted DOE standards in performing carbon emission assessment.

Air Emissions

Linocraft is committed to operating in compliance with applicable environmental laws and regulations in all material respects and protecting environment by minimizing the negative impact of the Group’s operation on the environment. The major air and greenhouse emissions, discharges into the water of the Group are from the printing devices which consume a significant amount of energy and produce a substantial volume of waste during its processes. The Group has implemented a number of internal environmental policies, with appropriate equipment installed to help reduce the adverse impact brought to the environment.



Energy

The Group's main energy consumption comes from electricity, water, diesel and Liquefied Petroleum Gas ("LPG") in its operation.

The following table shows the energy consumption by types, volume and intensity for 330,200,501 and 293,589,779 in total output in pieces for the Year 2020 and 2019.

Energy	Unit	Total Energy Consumed		Intensity output % per piece of consumed for (per paper production)	
		2020	2019	2020	2019
Electricity	kWh	6,878,962	6,189,781	2.08%	2.11%
Diesel	Liter	302,899*	127,263	0.09%	0.04%
LPG	Kg	15,000	24,600	0.00%	0.01%

* The increase in consumption on the diesel as compared to Year 2019 was because the full production in the Philippines operation and the increase of production resulted the increase of diesel usage as well.

Type of Emissions by Category

Direct Air Emissions	Nitrogen Oxides (NOx)		Sulphur Oxides (SOx)		Particulate Matter (PM)	
	2020	2019	2020	2019	2020	2019
	Kg		Kg		Kg	
Ink	*	*	*	*	131	46
LPG	47	*	*	*	3	*
Vehicles	926	572	75	30	54	36
Total	973	572	75	30	188	82

* Air emission is not disclosed as the amount is insignificant.

The major source of emissions arising out of the Group's operation was petrol and diesel consumed by vehicles for transportation. We have adopted a series of preventive measures to control air emissions, all vehicles were arranged for regular maintenance and repair services by qualified personnel to ensure fuel consumption efficiency and respective emissions had complied with local emission standards.

Greenhouse Gas Emissions ("GHG emissions")	CO ₂ and CO ₂ equivalents (tonne)	
	2020	2019
Scope 1 Direct Emissions		
Direct GHG emissions from all combustion activities	474*	199
Scope 2 Indirect Emissions		
Indirect GHG emission from purchased electricity	4,787	4,301
Total GHG emissions	5,261	4,500
Total GHG emissions intensity (CO ₂ /Intensity output % per piece of consumed for (per paper production)	1.59%	1.53%

* The increase of diesel consumption led to the increase of the total GHG emissions.



The principal sources of the Group's GHG emissions were generated from petrol and diesel consumption by vehicles (Scope 1) as well as purchased electricity (Scope 2). Due to the nature of business, the Group's consumption of electricity depends on the total output of piece of consumed for paper production. The Group has adopted a series of preventive measures to control GHG emissions and maintain the requirements for an environmental management system that the Group can enhance its environmental performance and raise the awareness of the employees and promote best practices of environmental management.

Waste Management

In Malaysia, factory wastes consist of trade waste which are mostly wooden pallets, paper, plastic etc. which are "not hazardous". These are disposed by contractor with normal license from local authority. The governing law is the Solid Waste and Public Cleansing Management Act 2007 and the enforcement is under the jurisdiction of the local authority, same as household domestic wastes.

Wastes generated from factory production without hazardous material processes are referred to as trade wastes and managed under the Solid Waste and Public Cleansing Management Act 2007 except electronic and electrical wastes, asbestos and other non-hazardous material contaminated with hazardous materials.

Wastes generated from factory production with chemical or hazardous materials are legally defined as scheduled wastes through a regulation Environmental Quality (Scheduled Wastes) Regulations 2005 EQSWR2005. The regulation defined different categories of wastes based on chemical characteristics and content under 77 codes. The enforcement of EQSWR2005 is under the jurisdiction of Department of Environment (DOE) of Malaysia.

Scheduled wastes generated and not recycled in-house can be managed off-site but must be done by contractor licensed by DOE. The law requires company that collect the scheduled wastes (transporter) and the company that receive and subsequently treat the scheduled wastes (recovery plant) must be licensed by DOE. A contractor that performs both transportation and recovery must have both the transport and recovery licenses.

Factory chemical wastewater can be treated with in-house wastewater treatment plant and is governed under Environment Quality (Industrial Effluent) Regulations 2009, the legal name of wastewater treatment plant is Industrial Effluent Treatment System or IETS. The sludge generated must be disposed as SW410. The printing and lamination processes generate liquid and solid wastes which are classified as scheduled wastes under EQSWR2005. The types and quantity of scheduled waste generated are listed in table below.

The following tables shows the hazardous waste by types of waste for the Year 2020 and 2019:

Code	Description	Originated Process	Total Disposed (Metric Tonnes)	
			2020	2019
SW 303	Waste of adhesive glue	Laminate	8.100	6.808
SW 307	Waste of coolant	Printing	27.292	26.817
SW 322	Spent Solvent	Printing	1.010	0.000
SW 409	Waste of contaminated containers	Printing	14.894	12.432
SW 410	Waste of contaminated rags/plastic	Printing	22.194	17.000
SW 416	Sludge of inks	Water treatment plant	26.476	39.071
SW 418	Discard ink	Solvent	5.433	0.000
Total			105.398	102.128
Intensity of Chemical used per piece of consumed for (%)			0.0%	0.0%

Remarks : Waste code categorized as per Environmental Quality (Scheduled Waste) Regulations 2005

The Group's standard operating procedure of scheduled waste management strictly follows DOE requirement and all the procedures steps. Meanwhile, for the Philippines operation, the Group follows the Department of Environment and Natural Resources Philippines (DENR) in performing the waste management.

Appointed contractors for waste collection

Scheduled waste collection with licensed contractor approved by DOE

Contractors	License No.	License Validation
5E Resources Sdn Bhd ("5E Resources")	004650 & 004651	May 2020 – April 2021
Southern Strength Sdn Bhd ("Southern Strength")	004768 & 004769	May 2020 – April 2021
Estalco Sdn Bhd ("Estalco")	002359, 002360, 004652 & 004653	May 2020 – April 2021
Solid Earth Trading ("Solid Earth")	TP-4A-10-00044	May 2021

Appointed contractors for handling specific type of wastes

Code	Description	Originated	Contractor			
			5E Resources	Southern Strength	Estalco	Solid Earth
SW 303	Glue Waste	Laminate	✓	—	—	✓
SW 307	Waterbase Waste	Printing	✓	✓	—	—
SW 409	Contaminated Container	Printing	✓	✓	✓	✓
SW 410	Contaminated Rags	Printing	✓	✓	✓	—
SW 416	Sludge of Ink	Water Treatment Plant	✓	✓	✓	✓
SW 418	Discarded Ink	Printing	✓	—	—	—

Chemical Consumption (Non-Hazardous) for Water Treatment Plant September 2019 – August 2020 (Metric Tonnes)

Non-Hazardous Chemical	Chemical Consumption	
	2020	2019
Pac Chemical	2.66	2.245
Intensity of Chemical used per piece of consumed for (%)	0.0%	0.0%

Chemical Consumption (Hazardous) for Water Treatment Plant September 2019 – August 2020 (Metric Tonnes)

Hazardous Chemical	Chemical Consumption	
	2020	2019
Sodium Hydroxide (Caustic Soda)	0.234	0.226
Polymer	0.025	0.019
Balance Nutrient (Powder)	0.0108	0.230
Balance Nutrient (Liquid)	0.237	2.728
Total	0.507	3.203
Intensity of Chemical used per piece of consumed for (%)	0.0%	0.0%





Aspect A.2: Use of Energy

The Group has adopted a series of internal control policies and procedures to enhance the efficiency in consumption of resources including energy, water and other raw materials. The Group practices scheduled wastes management with accordance to the regulations under ministry of environment while reducing harm to our environmental. All employees are committed to continually enhancing the environmental awareness to ensure that these measures work in line with the growth of our business strategies and integrated into day-to-day operation of the business.

Energy

The Group's main energy consumption comes from electricity, water, diesel and LPG Gas in its operation.

The following table shows the energy consumption by types, volume and intensity for 330,200,501 (2019: 293,589,779) in total output in pieces for the year ended 31 August 2020 and 2019.

Energy	Unit	Total Energy consumed		Intensity output % per piece of consumed for (per paper production)	
		2020	2019	2020	2019
Electricity	kWh	6,878,962	6,189,781	2.08%	2.11%
Water	Cubic Meter	64,693	63,123	0.02%	0.02%
Diesel	Liter	302,899*	127,263	0.09%	0.04%
LPG	Kg	15,000	24,600	0.00%	0.01%

* The increase in consumption on the diesel as compared to Year 2019 was because of the full production in the Philippines operation and the increase of production resulted the increase of diesel usage as well.

Efficient Energy Use

The Group has adopted series of internal control policies and procedures to enhance its efficiency in consumption of resources including energy, water and other raw materials. All employees are committed to continually enhancing the environment awareness to ensure that these measures work in line with the growth of the Group's business strategies and integrated day to day operation of the business. The Group has adopted the following measures:

- Controlling of temperature of the air-conditioner in the office;
- Turning off idle plant and equipment;
- Practicing 5R's in the Group which is reuse, reduce, recycle, refuse and repair to help reducing wastage; and
- Eliminating excessive materials, packaging and wastage.



Water Utilization

Waste water is the next pollution the Group try hard to reduce. Due to the nature of the business, plate-making and other printing process requires a lot of water for rinsing zinc plates and generates waste water contaminated with ink.

In addition, the Group has adopted a number of measures to save water as following:

- Always turn taps off tightly;
- Check the hoses and pipes for leaks, cracks, and other damage regularly and repair it in a timely manner;
- Give priority to effective water-saving products in purchase decision.

During the Reporting Period, the Group has consumed 64,693 cubic meter of water.

Use of Packaging Materials

The products are packed with stretch films for the purposes of avoiding contamination or damage to the products. During the Year 2020, the stretch films used by the Group for packaging were approximately 95 tonnes and it is not considered a material aspect for the Group. The Group will continue to adopt the principles of simple packaging and green packaging to reduce impact on environment.

Aspect A.3: The Environment and Natural Resources

The Group practices scheduled wastes management in accordance to the regulations under ministry of environment while reducing harm to our environmental. At the same time, the Group practices 5R's in the Group which is reuse, reduce, recycle, refuse and repair to help reducing wastage. With certified ISO 14001:2015, Environmental Management System, and the Group is committed to preserve the environment by:

- Complying with applicable legal and regulatory requirements;
- Continuous improving environment system;
- Preventing water, air noise and land pollution through environmental programs related to significant environmental aspects; and
- Promoting environmental-friendly programmes, e.g. energy saving, waste reduction and recycling of water materials.

During the Year 2020, the Group did not have any material non-compliance issues in respect of any applicable laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.



SOCIAL RESPONSIBILITY

Aspect B1: Employment and Remuneration Policies

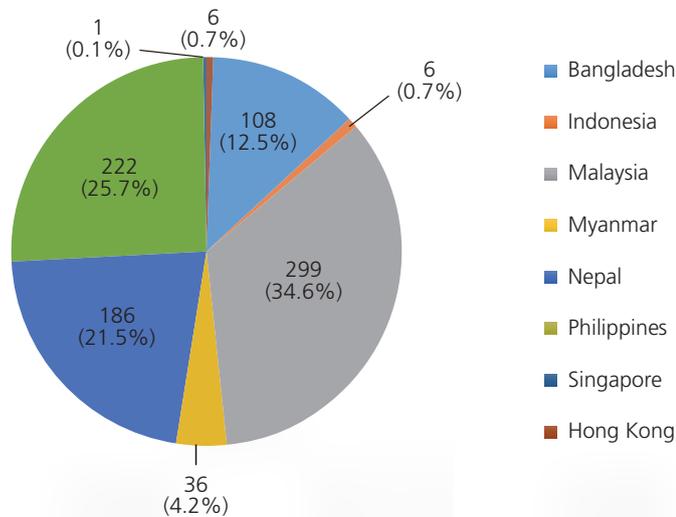
Employment

The Group aims to create positive experiences that enable their valued employees to thrive. Equal to protecting the health and safety of its employees, taking consideration that environmental stewardship among its most important business responsibilities. The Group recognises that success in the printing and packaging industry is dependent on its employees. The Group has maintained the staff handbook which stipulates the policies of recruitment, dismissal, promotion, remuneration and benefits of employees. The Group recruits employees based on working attitude, industry experience, educational background and interpersonal skills. And the Group generally pays its employees a fixed salary and discretionary performance-based bonus that is paid yearly, subject to individual performance. Certain level of staff qualify for sales target-based monthly incentives.

Linocraft pays attention to employees' job satisfaction and views it to be of equal importance. The Group view human capital as its greatest asset and believe that happiness of employees inspires productivity. The Group periodically review staff welfare to ensure job satisfactory and comfortable working environment for all employees. The Group also rewards or promotes staff according to performance assessment management believe that good workers should be amply rewarded, and such reward motivates employees to strive for strong performance each year to aid in Group's overall growth. The Group believes that, the management policies, working environment, development opportunities and employee benefits have contributed to employees' satisfaction levels and retention level. During the Year 2020, the Group organised bonding activities, such as badminton and annual staff dinner, to allow employees to build up teamwork and to strengthen their bonding.

During the Reporting Period, the Group has 864 (2019: 755) full-time employees. The following chart sets out a breakdown in percentage of the Group's employees by geographic region. In Year 2020, most of the employees in the Group are from Malaysia, Nepal, Bangladesh and the Philippines which consists of 815 employees (94% of the total workforce).

Nationality of Employee Linocraft Year 2020

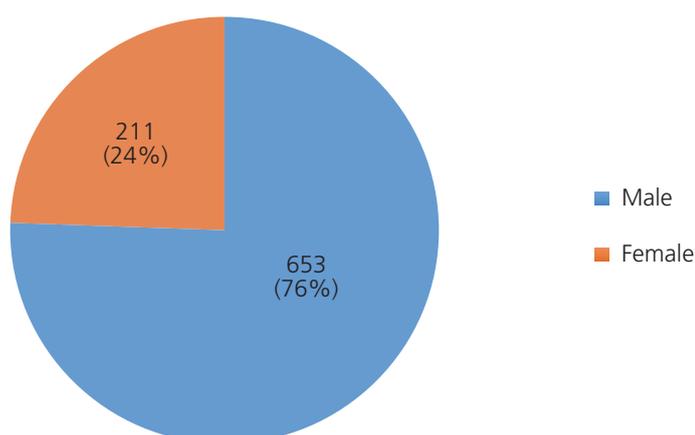


In addition, Human Resources Department conducts a comprehensive recruitment review process to ensure that the data provided by the candidates are accurate. The Group's recruitment and promotion process are carried out in a fair and open manner for all employees; employees are recognized and rewarded by their contribution, work performance and skills, and outcomes will not be affected by any discrimination on the grounds of age, gender, physical or mental health status, marital status, family status, race, skin color, nationality, religion, political affiliation and other factors.

Total Workforce by Gender

Gender	Male		Female		Total	
	2020	2019	2020	2019	2020	2019
Number of staff	653	598	211	162	864	760
Percentage	76%	79%	24%	21%	100%	100%

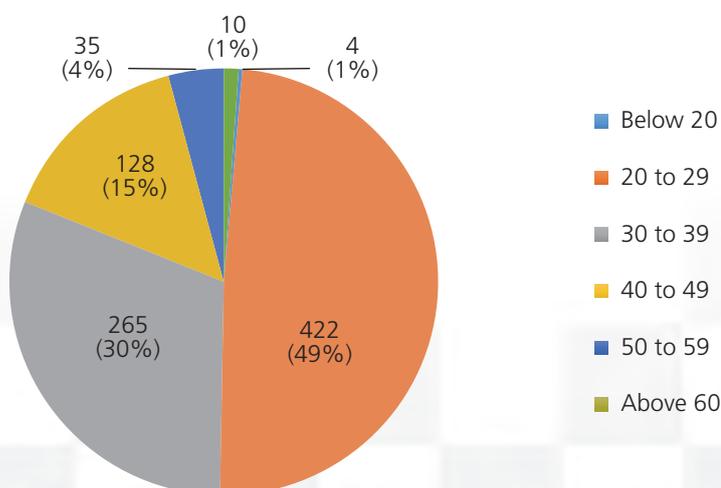
Gender of Employee Lincraft Year 2020



Total Workforce by Age

Age Group	Below 20		20 to 29		30 to 39		40 to 49		50 to 59		Above 60		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Number of staff	4	7	422	395	265	239	128	79	35	25	10	10	864	755
Percentage (%)	0%	1%	49%	52%	31%	32%	15%	11%	4%	3%	1%	1%	100%	100%

Number of Staff Year 2020



The total employee turnover rate is as below:

Total Employee Turnover Rate by Geographical Region

Geographical Region	Turnover Rate	
	2020	2019 (MY only)
Malaysia	40.2%	20.6%
Philippines	21.2%	—

Total Employee Turnover Rate by Gender

Gender	Turnover Rate	
	2020	2019 (MY only)
Male	19.9%	7.20%
Female	8.8%	13.40%

Total Employee Turnover Rate by Age Group

Age Group	Turnover Rate	
	2020	2019 (MY only)
Below 20	0.4%	0.6%
20 to 29	18.0%	11.4%
30 to 39	10.5%	5.9%
40 to 49	2.9%	2.5%
50 to 59	1.4%	0.2%
Above 60	0.1%	0.0%

The Group strictly prohibits the employment of children or forced labor and sets out the policies in our labor code to eradicate child labor, juvenile workers and forced labour.

Aspect B2: Health and Safety

Human capital is one of the key pillars of the Group's success. The Group follows the Malaysian health and safety-related rules and regulations set out in the Occupational Safety and Health Act 1994. To ensure that employees work in a safe and healthy environment, The Group has a safety and health officer under the human resource team headed by human resources and general affairs manager. Safety and health officer has attended safety and health officer course organised by National Institute of Occupation Safety and Health of Malaysia. The Group also established a safety and health policy for our employees to follow. In addition, the Group provides occupational safety education and trainings, conducted by external trainers, to raise employees' awareness of safety issues. Meanwhile for Philippines, the Group follows the Republic of Philippines Act No 11058 Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations to set up and implement safety and health foundations there to ensure the employees there work in a safe and healthy environment.





The Group is also required, under the Occupational Safety and Health Act, to formulate and revise (as often as may be appropriate) a written statement of its general policy with respect to the safety and health at the work place of the employees, as well as the current arrangements for carrying out such policy. The Group has prepared its written statement entitled safety and health policy whereby all employees are required to report any injury or work related illness to their immediate superior regardless of the seriousness of the injuries, the supervisor will then investigate and report it back to the management for further corrective and preventive actions to be taken.

The following table shows the Group work-related fatalities and injury statistic for the year ended 31 August 2020 and 2019:

Total man hour		Occupational accident lost time in hour		Occupational poisoning & disease cases in hour	
2020	2019	2020	2019	2020	2019
2,956,290	1,724,200	816	216	0	0

The Group is not aware of any material non-compliance with the above-mentioned relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the reporting period.

In addition, the Group has assigned responsible person to identify any actual and potential hazards and risks to each individual and work towards safe and hygienic work environment, and to ensure that office and work environment is in line with or higher than requirements of relevant laws. Human Resource Department have also arranged rescue, fire and evacuation drills to improve staff safety awareness; and employees are expected to comply with the policies and procedures, and cooperate in all safety trainings.

COVID-19 Measures

Due to the COVID-19 pandemic, the Group has come up with a set of practices to protect its employees.

The Group provides personal protective equipment such as face mask and face shield to its employees daily to minimize the droplets contacts while providing hand sanitizers everywhere inside company's compound to fulfill employees' hand sanitizing needs.

In order to prevent more contacts, the Group has implemented Work from Home for admin staffs so that they can carry their work from home. Meanwhile, the Group increase its safety manpower to control and minimize the human contacts in the operation side. All employees are required to follow the Covid-19 Standard Operating Procedure ("SOP") and inspection will be carried occasionally to ensure the SOPs are being followed in the operation side.

The Group has also provided the swab test for all of the employees for free including the new employees.

For the visitors, the Group requires the Health Declaration from the outsiders or visitors before entering company compound and antigen test needs to be done to be allowed to enter company compound.

Last but not least, disinfection will be done daily by the related-department.



Aspect B3: Development and Training

The Group values employees as human capital and invests resources to educate and improve their standards so that they can make a greater contribution to the Group's success. A training plan is developed on a yearly basis by human resources department to schedule its employees to attend training/courses that to enhance their capabilities. The Group provides both internal and external training regarding the basic knowledge of machinery operation, relevant regulations, internal quality audit and other useful topics. The table below shows the training subject of employees trained by department.

Training Record for Year 2020

No.	Subject	Department	Training Date
Malaysia			
1	Program Pendidikan Perburuhan JTK	HR	11/09/19
2	Fire extinguishers training/fire drill evacuation & ERT	All department	11/09/19
3	Vmware vSphere: Install, Configure, Manage (V6.7)	IT	18/11/19 – 22/11/19
4	Kursus Penamatan Kerja Dari Perspektif Perburuhan & Perhubungan Perusahaan	HR	20/11/19 – 21/11/19
5	Microsoft Excel Intermediate	Several Department	18/12/19 – 20/12/19
6	Forklift Safety Operations (All driver)/Train-The-Trainer (Selected)	All department	14/01/20 – 15/01/20
7	Analysis of Potential Non-Conformity in Scheduled Waste Management	Building & Facility	10/02/20 – 11/02/20
8	Basic Occupational First Aid	All department	27/02/20 – 28/02/20
9	Leadership-Business Coaching	HR	13/06/20 – 17/06/20
10	Kaizen SMED & TPM & VSM	Several Department	05/07/20 – 17/07/20
11	Industrial First Aid & CPR Training	Several Department	07/08/20
12	HR & Safety Training	Several Department	07/08/20
13	Fire Extinguishers Training/Fire Drill Evacuation	All department	25/08/20

In terms of training hours, the Group carried out 258 hours of training in total during the Year 2020, the total number of hours of training received by employees was 1,496 hours and the average hours of training per employee was approximately 1.7 hours. The percentage of employees trained by male and female were approximately 78% and 22% and the percentage of employee category by senior management, middle management and other staff were approximately 1.3%, 3.4% and 95.3%. The average training hours completed per employee by male and female were approximately 1.8 and 1.6 hours and the average training hours completed per employee category by senior management, middle management and other staff were approximately 1.6, 2.6 and 1.7 hours.

Aspect B4: Labor Standard

The Group fully agreed that employing child and forced labour are a violation of basic human rights and international labour conventions, and poses threats to the sustainable development of the society and economy. Linocraft has put in place human resources policies and guidelines in compliance with the relevant employment laws and regulations of the local governments.

During the Year 2020, the Group strictly complied with the employment ordinance and did not employ any child labour nor forced labour in accordance with the relevant laws and regulations of the local governments.



Aspect B5: Supply Chain Management

The Group's suppliers are mainly suppliers of raw materials such as paper, facer, glue, chemical and printing plate, as well as foreign worker providers and logistics companies. Linocraft believes that suppliers are one of the key components of Group's business and they play an important role in the manufacturing process. The Group also believes that fostering close working relationships with suppliers is imperative so as to maintain reliable sources of raw material supplies to produce high quality products. The raw materials are procured from several countries such as Malaysia, Hong Kong, Indonesia, and Thailand. In general, the raw materials are ordered based on the yearly projections provided by the customers. The forecasts are reviewed by both marketing and purchasing department on a monthly basis to ensure that sufficient raw materials are procured in time for production. Based on the forecast, the Group places orders for raw materials for production to meet customers' orders. Operations team plans for resources based on production schedule to ensure that adequate manpower is allocated to production lines. The same team also plans logistics support and obtains additional resources from the logistics partners when necessary.

The Group believes that effective communication is the key to maintain a long-term relationship with suppliers. The Group reviews the qualifications and performance of suppliers including background, quality, price, delivery lead time, complaint history, environmental, social risks and financial stability on a regular basis and to take all reasonable efforts to conduct appropriate inspections and checks to current and potential suppliers.

The Group strives to focus on ethical supply chain management while producing a global supply chains. During the Reporting Period, the Group has 1180 (2019: 517) suppliers all over the world, which mostly consists of 891 (2019: 332) suppliers from Malaysia, 162 (2019: 112) suppliers from Philippines, 47 (2019: 28) suppliers from Singapore and 41 (2019: 17) suppliers from China and 21 (2019: 15) suppliers from Hong Kong SAR. Other source of supplies include United States, Germany, Finland, Indonesia, Thailand and etc. The Group was not aware of any key suppliers that has any significant negative impact on the business ethics, environmental protection and labour practices.

Aspect B6: Product Responsibility

Linocraft has been awarded the ISO 9001:2015 quality management system certification in provision of printing and packaging products. This certification is a testament to its commitment to delivering products and services of the highest quality to its customers. The Group's management believe that this certification can boost customers' confidence on the products and services provided by the Group.

The Group places strong emphasis on consistently upholding the quality of its products. The Group has in place a quality assurance team which performs checks on different departments' processes on an annual basis, to ensure the implementation of the quality management system requirements of ISO 9001:2015 and own established requirements. The primary duties of the quality assurance team are formulating and implementing systematic quality management policies and standard operating procedures for the Group's operational processes in order to maximise the overall quality consistency of its products; overseeing compliance of the quality management policies and procedures by different departments of our Group; carrying out internal audits to identify areas for improvements; and preparing the results of external quality accreditation audits for discussion in the management review meetings.

The Group has a sales support team that responds to customer enquiries, feedback and complaints. All complaints will be recorded essentially on the internal system which records the details of complaint, monitors the handling and progress of the complaint and records the results of the resolution. The Group is also committed to protecting customer's personal data. All the personal information collected by the Group is strictly used in accordance with the relevant laws and regulations. All of its employees and third-party service providers who have access to customer's data are required to respect its confidentiality.



The Group also is certified with ISO 14001:2015 which specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance and to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability, which provide value for the environment, the organization itself and interested parties. Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include, enhancement of environmental performance, fulfilment of compliance obligations; and achievement of environmental objective.

Top management always plans for the ongoing function of the environmental management. Risks and opportunities of the environmental management in the organization need to be assessed, and environmental objectives for improvement need to be identified and plans are made to accomplish these objectives. Additionally, the organizational processes interact and affect the environment as well as the legal and other commitments that are required for the organization. The operation requirements deal with all aspects of the environmental controls needed by the organizational processes, as well as the need to identify potential emergency situations and fulfilling requirements needed to ensure its function. It includes monitoring and measuring processes, assessing environmental compliance, internal audits, and ongoing management review of the environmental management.

During the Year 2020, the Group was not aware of any incidents of non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling, privacy matters relating to products and services provided and methods of redress that have significant impact on the Group.

Aspect B7: Anti-corruption

Linocraft strictly complies with the local laws and regulations by establishing strict anti-corruption and integrity codes and developing internal corresponding and management systems, which require all directors, management and employees of the Group to maintain a high level of business ethics. Employees discovering any corruption, bribery, blackmail, fraud and money laundering incident must be reported to the Board. All complaints filed are confidential and the Company is responsible to protect the legitimate rights and interests of whistle blower. All reported cases would be investigated in a fair and proper manner and the Group will take necessary actions to protect the rights and interests of the Group and their stakeholders.

During the Reporting Period, the Group did not experience any incident of non-compliance with the applicable laws and regulation to bribery, extortion, fraud and money laundering.

Aspect B8: Community Involvement

The Group recognizes its responsibility towards its stakeholders, community and the environment and considers corporate social responsibility as an important direction for development. The Group understands the importance of achieving economic, environmental and social sustainability for the long term success of its business. The Group sustainability guidelines lay out our principles and actions for managing and performing ethically and sustainably, throughout the Group's operational flow.