



MOG
EYEWEAR
METRO OPTICAL GROUP

MOG Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1942

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2019/2020



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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

MOG Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 4 June 2019 and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 April 2020 (the “**Listing Date**”). The Group is one of the largest retailers of optical products in Malaysia in term of revenue, offering a wide range of optical products which generally include lenses, frames, contact lenses and sunglasses from international brands, the Group’s own brands and manufacturers’ brands.

The Group is committed to long term sustainability of the environment and communities in which it operates. Acting in an environmental responsible manner, the Group endeavours to comply with the laws and regulations on environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

ABOUT THIS REPORT

This is the first environmental, social and corporate governance report (the “**ESG Report**” or “**Report**”) issued by the Group since the listing date, which discloses the relevant environmental, social and corporate governance (“**ESG**”) initiatives adopted by and performance of the Group during the period from 1 April 2019 to 31 March 2020 (the “**Reporting Period**”), in accordance with the “Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) as set out in Appendix 27 under the Rules Governing the Listing of Securities on Main Board of the Stock Exchange.

The board of directors of the Company (the “**Board**”) has the overall responsibility for the Company’s ESG strategy and reporting. The management is responsible for evaluating, determining, monitoring and managing of the ESG-related risks and the effectiveness of the ESG management system.

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PREPARATION BASIS AND SCOPE

The ESG Report is prepared based on the four reporting principles as stipulated in the ESG Reporting Guide:

Materiality	The Board determined the ESG issues based on its significant impacts level resulting from the Group business activities.
Quantitative	The Group recorded and collected measurable data used for setting its KPIs to evaluate the effectiveness of its established policies and management system that has significant impacts to the ESG issue.
Balance	The Group adopted unbiased and fair presentation in this ESG Report to report its performances.
Consistency	The Group used consistent methodologies in presenting its data for comparison over time. Since it is the first ESG Report being issued by the Group, some of the historical data may or may not be available for comparison.

The ESG Report also includes the measurement of its key performance of its sustainability issue that are considered most material to the Group's stakeholders. Our stakeholders include shareholders, suppliers, customers, regulatory bodies and employees. The key to identify the material aspect is to assessing the stakeholder's needs with alignment to the Group's vision that are of significant importance to them. The material aspects were evaluated for its potential impact on the environment and society, its influence on the stakeholders and its impact on the Group's operations.

The ESG Report can be accessed via our Group's website at <http://www.mog.com.my> and the Stock Exchange's website at www.hkexnews.hk with both Chinese and English versions available.

Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

CONTACT INFORMATION

As part of our effort for continual improvement in sustainable development strategy, we welcome all valuable opinions for our consideration. Please send us your feedback via email to guanhoe.ooi@mog.com.my.

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MESSAGE FROM THE BOARD

On behalf of the Board, I am delighted to present the first ESG report of the Group. We acknowledge the importance of sustainability as a driver for long-term value creation to our shareholders. We also value the contributions made from all stakeholders towards achieving the sustainability growth of the Group in the past and for the future.

Since this is the first ESG Report being issued by the Group, we have taken a great effort in developing our approaches and strategies to identify various potential risks from our business that has significant impacts on the environment including climate change. Global warming issues rang the alarm bell and reminded people the importance of sustainable development and preserving the environment. The Group understands that serious environmental issues might lead or contribute to socio-economic problems, such as the recent COVID-19 pandemic.

As part of the society, the Board assumes all responsibility in managing its sustainability by reviewing and identifying the significant issues arising from our operations that might have material impact on the environment and society as a whole as well as formulating strategies and its reporting. Further, we are responsible for the continuous monitoring and managing of the ESG-related risks and the effectiveness of the ESG management system.

Moving forward, we will continue to review and formulate our sustainability approach and strategy that best suit our business operations to enhance the environmental and social performance of the Group. We will focus in strengthening the communication and engagement with different stakeholders to better understand their views of the Group's operations with the aim to align our strategy from time to time.

Dato' Ng Kwang Hua

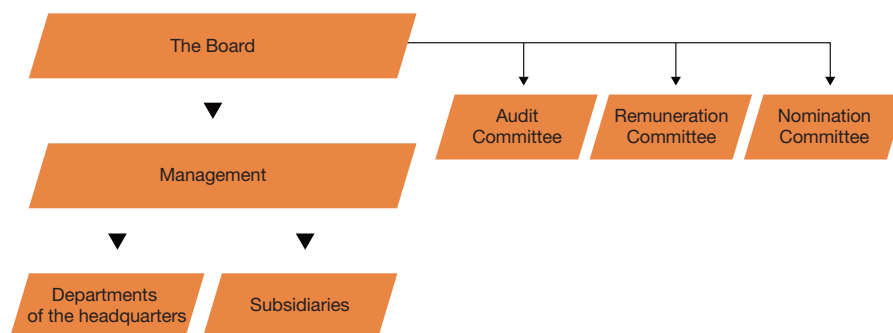
Chairman

MOG Holdings Limited

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ESG MANAGEMENT SYSTEM

On the Listing Date, the Shares were successfully listed on the Stock Exchange. Subject to the requirements of the Stock Exchange on the compliant disclosure of ESG information, the Group continues to deepen its ESG management philosophy and actively promotes its performance in this regard taking into account its own business development strategy. In the process of fulfilling its corporate social responsibility, the Group strives to move towards the goal of achieving sustainable development of the eyewear retail industry. In order to actively strengthen the overall ESG management of the Group and effectively implement the principal responsibilities of each department, the Group has established relevant departments such as the board of directors, management and functional departments.



STAKEHOLDERS ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment. Moreover, the Group acknowledges the importance of information and feedback gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

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Stakeholders	Issues of Concerns	Engagement Channels	Practices
Government and Market Regulator	<ul style="list-style-type: none"> — Compliance with the laws and regulations — Proper tax payment — Disclosure of information 	<ul style="list-style-type: none"> — Annual reports and announcements — Company website — Supervision and inspection 	<ul style="list-style-type: none"> — Operated, managed and paid taxes according to laws and regulations — Complied with regulatory requirements in a strict manner — Disclosed and reported true information in a timely and accurate manner according to relevant laws and regulations
Shareholders and Investors	<ul style="list-style-type: none"> — Information disclosure and transparency — Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> — Annual reports, interim reports and announcements — Company website 	<ul style="list-style-type: none"> — Issued notices of general meeting and proposed resolutions and disclosed company's information by publishing announcements and other periodic reports (as required) in the year — Carried out different forms of investor activities with an aim to improve investors' recognition — Disclosed company contact details on website and in reports and ensured the availability and effectiveness of all communication channels
Employees	<ul style="list-style-type: none"> — Occupational health and safety — Working environment — Career development opportunities — Self-actualisation 	<ul style="list-style-type: none"> — Training, seminars, briefing sessions — Cultural and sports activities — Emails — Employee survey 	<ul style="list-style-type: none"> — Provided a healthy and safe working environment — Developed a fair mechanism for recruitment and promotion — Provided various communication channels for employees — Organised periodic employee training and development — Cared for employees by helping those in need and organising employee activities
Customers	<ul style="list-style-type: none"> — Safe and high-quality products — Recurring business 	<ul style="list-style-type: none"> — Company website, brochures, annual reports and announcements — Retail stores — Customer service hotline 	<ul style="list-style-type: none"> — Organised marketing and promotional activities — Improved customer satisfaction rate

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Stakeholders	Issues of Concerns	Engagement Channels	Practices
Suppliers and Business Partners	<ul style="list-style-type: none"> — Long-term partnership — Honest cooperation 	<ul style="list-style-type: none"> — Business meetings, supplier conferences, phone calls 	<ul style="list-style-type: none"> — Satisfactory performance of agreements — Enhanced communication, and established long-term cooperation with quality suppliers
Public and Community	<ul style="list-style-type: none"> — Contribution to community development — Social responsibilities 	<ul style="list-style-type: none"> — Charity and social investment — Environmental responsibilities 	<ul style="list-style-type: none"> — Participated in community development by organising public activities and donations etc.

MATERIALITY ASSESSMENT

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedback obtained allows the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the Report by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules).

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification

- Relevant ESG areas were identified through the review of relevant ESG reports of industry peers, and considering both business and stakeholders' perspectives
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 27 of the Listing Rules)

Step 2: Prioritisation

- Assessed material topics in terms of their influence on decisions and the significance of their impacts
- Ranked the topic based on materiality

Step 3: Validation and Review

- Validated the results internally
- Identified gaps for future improvement

As a result of this process being carried out, those important ESG areas to the Group were discussed in this Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT

The Group operates in the eyewear retail industry with low energy consumption and insignificant pollution. The main impacts on the environments in the ordinary course of business of the Group are the consumption of plastic, paper, electricity, etc.

The Group is committed to comply with all applicable laws and regulations that we considered that have significant impact on the environment arising from our operation. We believe it is our responsibility to save energy with an optimum balance of cost, resource efficiency and environmental friendliness.

A1: Emissions

Due to the Group's business nature, the Group does not directly generate any hazardous emissions and waste in the course of its operations. However, there was minor non-hazardous waste, such as plastic and paper packing material of which scheduled waste collector would be arranged for disposal or recycle regularly.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations in relation to environmental emissions.

Air Pollutants Emission

Air pollutants emission control is essential to mitigate the impact on the environment and to protect the health of employees. No substantial air pollutants emissions were generated from any type of fuels in daily operation as the Group is not engaged in any industrial production.

Greenhouse Gas ("GHG") Emission

Purchased electricity is considered the most significant source of indirect GHG emissions of the Group. Based on the purchased electricity for the Reporting Period, the estimated total indirect GHG gas emissions amounted to 956.82 metric tons of CO₂-e, an average of 1.69 metric tons of CO₂-e per employee.

In an effort to reduce the Group's carbon footprint, the Group has adopted several initiatives to mitigate and control the increase of its usage by:

- turning off all electronic appliances when leaving their desk or office for long hours;
- switching off light and air-conditioner during lunch hour;
- promoting the culture of energy saving; and
- power usage statistic notification and awareness.

By reviewing and monitoring the trend of its usage of purchased electricity, the Group hope to achieve the emission target of up to 5% reduction of its current usage by enforcing the current measures to obtain the intended result and outcome.

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Waste Management

Hazardous waste

The Group's main operational activities are not involved directly in the generation of hazardous waste. The hazardous waste that the Group considered most material was the ink cartridges that we used for printing. To comply with applicable laws and regulations, the Group engaged a licensed waste collector approved by the local authority for scheduled waste disposal.

During the Reporting Period, the waste disposal amount and its intensity were as follows:

Hazardous waste generated	Unit	FY2020
Ink Cartridge	tonnes	0.153
Intensity	tonnes/employee	0.0003

Non-hazardous waste

The generation of non-hazardous wastes mainly came from office operation, such as paper and packing material. The Group has implemented measures for effective waste management and encourages recycling in our operations with the intention to minimise its impact on the environment.

During the Reporting Period, the waste disposal amount and its intensity were as follows:

Non-hazardous waste generated	Unit	FY2020
Non-hazardous waste generated	tonnes	21.18
Intensity	tonnes/employee	0.037

The following initiatives have been implemented for promoting and encouraging our employees to minimise the generation of waste:

- Use double-sided printing;
- Utilise electronic media for communication;
- Recycle one-sided printed paper; and
- Avoid single-use of disposable item.

With these initiatives, the awareness among the employees on waste management has been enhanced.

The Group will continue to assess, record and monitor its waste generation and evaluate the effectiveness of its existing measures by setting up the next reduction target of up to 5% of current waste produced.

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A2: Use of Resources

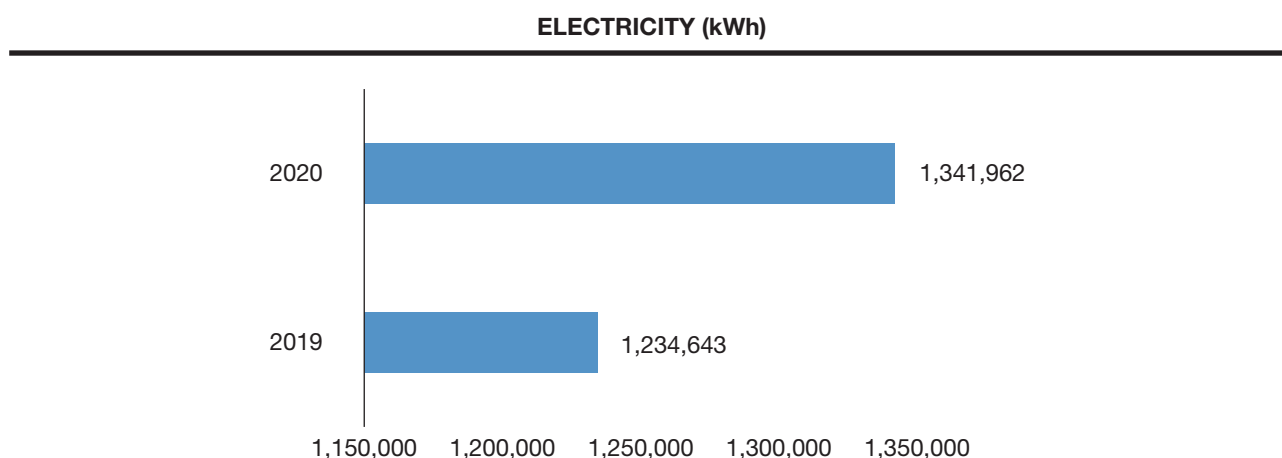
In the Group's daily operation, energy and water are the major sources of resource consumption. The management of the Group consistently aims to minimize the operation cost by optimizing the usage of resources. Moreover, we promote the culture of reuse, reduce and recycle in our Group and set annual budget to control the usage of energy and water and other resources such as printing materials to ensure excessive use are avoided.

Energy Consumption

The Group recognises the importance of properly managing and regulating energy consumption so as to keep operational costs low and help to reduce the impact on the environment. An assessment of our operating procedures was initiated to identify energy saving opportunities in all our retail stores. Light switches and other equipment were labelled with zoning and operating schedules to facilitate our electricity consumption to be more precise and effective. Where available or applicable, we have also replaced our conventional lightings options to light-emitting diodes ("**LED**"). Furthermore, we formulate next year's energy saving targets and implementation plans according to the electricity consumption in the previous year which effectively reduce energy consumption and control operating costs. The administrative department shall record the data of electricity usage and compare the annual consumption over the corresponding period for energy consumption analysis.

The Group targets to reduce the current energy consumption per employee of up to 5% for the next reporting period.

The energy consumption for FY2019 and during the Reporting Period are as follows:



The average electricity consumption per employee for the Reporting Period was 2,367 kWh (FY2019: 2,393 kWh).

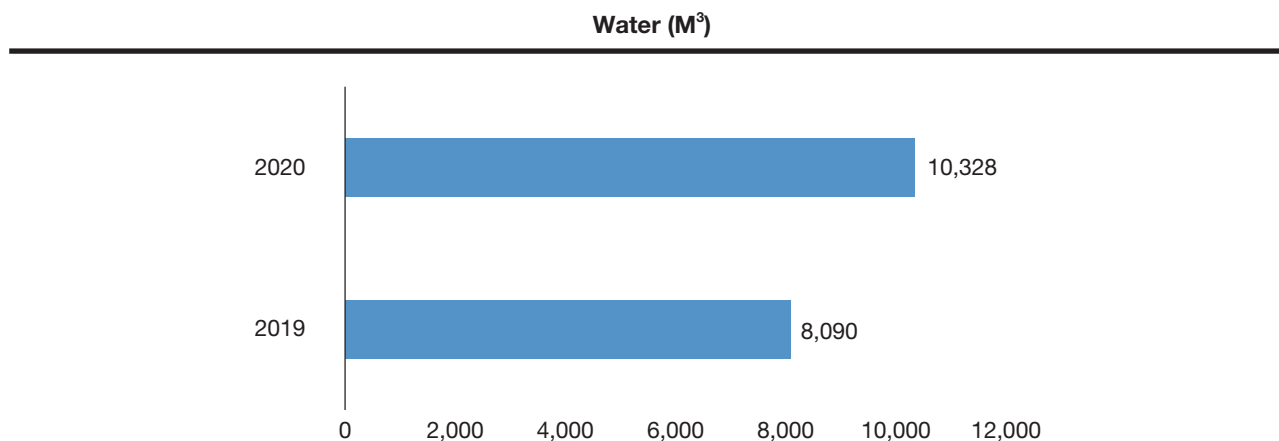
During the Reporting Period, electricity consumption showed a significant increase in its usage, representing an increase of estimated 8.7%. The increase in electricity consumption was mainly due to new openings of our retail stores.

Water Consumption

Water is one of the most important natural resources for the daily operation. The Group still actively seeks ways to mitigate water consumption by raising employees' awareness on water saving, such as encouraging our staff to conserve water by placing reminder sticker or signboard around the washroom and pantry, reminding staff to turn faucet off tightly and conducting regular inspection and maintenance of water facilities. The Group's consumption of water across all our outlets, warehouse and headquarters are relatively low. Also, there were no major issues with the water supply as the water sources are directly supplied from the relevant government agency.

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The water consumption for FY2019 and during the Reporting Period are as follows:



The average water consumption per employee for the Reporting Period was 18.2 M³ (FY2019: 15.7 M³).

During the Reporting Period, water consumption showed a significant increase in its usage, representing an increase of estimated 27.7%. The increase in water consumption were mainly due to the increase of the number of employees and the new opening stores of the Group.

The relevant department of the Group shall record the data of the water meter periodically and compare the monthly and annual consumption over the corresponding period for energy consumption analysis.

The Group targets to reduce the current water consumption per employee of up to 5% for the next reporting period.

Packaging Material

The Group does not consume significant amount of packaging materials in our operations as the Group does not have business activities concerning industrial production or any manufacturing facilities. The packaging material generally used for packing finished goods are paper bags, paper boxes and bubble wrappers. The usage for the Reporting Period was about 9.53 tonnes, an average of 0.065 kg per RM1,000 revenue generated by the Group.

The Group will monitor the usage in term of sales volume and schedule delivery with multiple orders to optimise the usage of minimum packing size hence reduce the overall packing and distribution cost.

Resources	Consumption	Intensity
Water	10,328 M ³	18.2 M ³ /employee
Electricity	1,341,962 kWh	2,367 kWh/employee
Packaging Material	9,529 kg	0.065 kg/RM1,000 Revenue

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A3: Environment and Natural Resources

Due to the nature of our office-based operation, our activities have minimal impacts on the environment and the natural resources. In addition, the Group complies with relevant environmental laws and regulations to properly preserve the natural environment by implementing several resources saving initiatives to further reduce the environmental impacts. The initiatives include the followings:

- reusable office supplies and cutleries;
- recycling bins for paper, metal, and plastic waste;
- double-sided printing on papers for internal documents; and
- promote softcopy reading.

We regularly monitor and report the resources usage to reduce their consumption, and thereby our carbon footprint. The Group will continue to implement environment-friendly practices and initiatives in order to enhance environmental sustainability.

EMPLOYMENT AND LABOUR PRACTICES

B1: Employment

The Group considers that the employees of the Group are invaluable assets and one of the key factors to its continued success. The Group has always used its best endeavours to attract and retain the best talent and its approach is to enhance its employees' potential and contribution to the Group through providing training, competitive compensation and opportunities to become business partners of the Group's retail stores, and to promote employee health, satisfaction and general well-being.

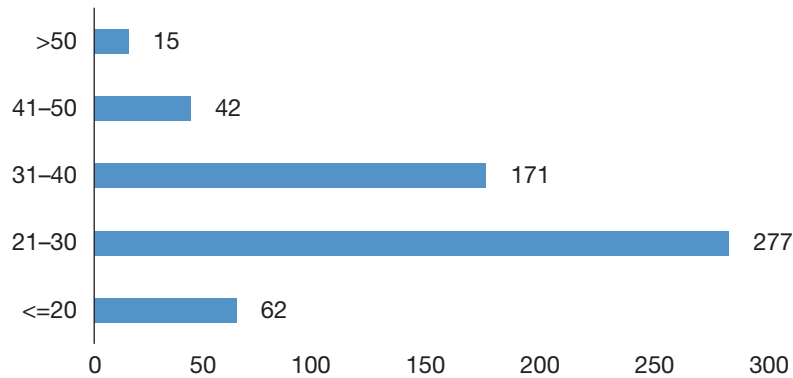
The staff handbook covers the Group's standard in respect of compensation and dismissal, recruitment and promotion, working hours, diversity, anti-discrimination, rest periods and other benefits and welfare.

During the Reporting Period, the Group was not aware of any material non-compliance with the Employment Act and other labour related laws and regulations relating to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits and welfare which are stated in the Letter of Employment signed and agreed by the employees.

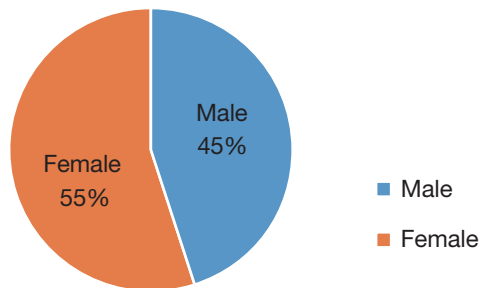
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As at 31 March 2020, the Group had 567 full-time employees under its employment in Malaysia. Below is the employee breakdown by age group, gender and years of service:

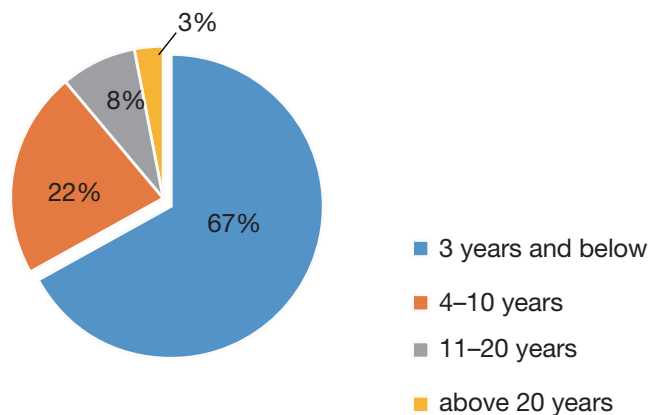
Employee by Age Group



Employee by Gender



Employee by Year of Service



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Employee Turnover Rate

The turnover of staff is relatively higher in retail stores compared to the headquarters, given the different nature of job title and responsibilities. The Group offers attractive remuneration packages to attract potential candidates and retain existing staff by increasing their job satisfaction through internal motivation and training programs.

During the Reporting Period, the Group recorded a turnover rate of approximately 27.5%. The total employee turnover rate by gender, age group and geographical region are shown as follows:

		Turnover Rate
By Gender	Male	9.8%
	Female	17.7%
By Age Group	Age 30 or below	18.9%
	Age 31–50	6.6%
	Age 51 or above	2.0%
By Geographical Region	Malaysia	27.5%
Overall		27.5%

General Employment Policies

The Group has its Human Resources Management policy outlining the employee recruitment processes and procedure for manpower requisition. The policy upholds the value of equal opportunities, diversity and anti-discrimination in the process of hiring.

Remuneration is an important tool to attract, retain and motivate talents in achieving key goals of the Group. We provide competitive remuneration for our employees according to their performance, experience and relevant skill set in recognition of their invaluable contribution to the Group.

The Group strives to create a competitive welfare system for employees. Employees can enjoy healthcare welfare, staff discount, festival welfare and other allowances. We advocate our employees to maintain a work-life balance, hence, we have organised a range of leisure activities for our employees, for example, festival gathering and annual dinner, to promote a healthy working style and strengthen employees' sense of belonging.

We are an equal opportunities employer who endeavours to create a diverse and inclusive workplace where all our employees are treated with dignity and respect. The principle of equal opportunities is applied in all employment policies, in particular to recruitment, training, career development and promotion of employees. The Group promotes fair competition and prohibits discrimination or harassment against any employee on their gender, age, marital status, religion, race, nationality, disability or any status protected by law.

The Group offers fair promotion opportunities which serve as a motivation for employees to continue learning and improving work performance. We conduct performance appraisal regularly on employees' working ability, behaviour and development potential to rank and adjust job positions. We are devoted to helping our employees to demonstrate their capabilities in line with their own career ambitions and the business objectives of the Group. Furthermore, in rewards for their contribution, several incentive schemes are in place to promote and encourage employees to achieve goals of the business hence increasing their job satisfaction.

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B2: Health and Safety

The Group promotes occupational health and safety measures to ensure that it is in compliance with the applicable laws and regulations in Malaysia, through establishing and implementing workplace safety guidelines for its employees. When accidents do occur, it is the Group's policy to report to the relevant department and handled accordingly.

The Group continues to raise health and safety standards and awareness in the workplace so as to achieve zero or minimal reportable serious work-related injuries cases. We are committed and have well-established policies to provide a safe working environment for its employees to safeguard their health and safety.

Safe Working Environment Policy

The Group has its own set of Health and Safety policy in place to provide a safe working environment for all employees. The Group has purchased adequate insurances for all employees to protect them in the event of any work-related accidents or injuries as well as general medical insurance. The policy will be reviewed by the management annually to evaluate its adequacy and appropriateness.

Our safety plans include the following aspects:

- Provide safety guidance to our employees and conduct education and training of occupational health and safety. Promote the culture of "safety first" so that the employees can foster and enhance their occupational safety awareness and acquire basic knowledge in preventing safety risks;
- Carry out regular fire drill and training; and
- Care for employees' physical and mental health by providing channels to understand employees concerns and needs.

The Group was not aware of any non-compliance with relevant laws and regulations that had significant impact on the Group in providing a safe and healthy work environment and protecting employees from occupational hazards during the Reporting Period. With the measures implemented, neither work-related injuries and fatalities nor lost day due to these injuries were recorded during the Reporting Period.

Measures Implemented in relation to the COVID-19 Pandemic

The outbreak of COVID-19 since the end of 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. On 16 March 2020, the Malaysian Government announced a Movement Control Order ("MCO") under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020 until 31 March 2020. The MCO was further extended to 3 May 2020. Subsequently, the Government implemented a conditional MCO on 4 May 2020 up to 9 June 2020 allowing certain business sectors to resume operations, including the optical retail industry. Since 18 March 2020, the Group had temporarily closed all its self-owned retail stores as part of the management efforts to facilitate better prevention and control of the virus and ensure the health and safety of its employees and customers. From 5 May 2020, the Group gradually resumed its business operation, and all the self-owned retail stores resumed business by 13 May 2020. The Malaysian Government then implemented a recovery MCO from 10 June 2020 to 31 August 2020, with fewer restrictions on daily activities, such as interstate travel. On 12 October 2020, the Malaysian Government had enforced the Conditional Movement Control Order ("CMCO") in Selangor, Kuala Lumpur and Putrajaya effective from 14 October 2020 to 27 October 2020 in view of the increasing cases of COVID-19 in these areas. Schools and higher learning institutions are closed temporarily during this period, inter district is not allowed unless a letter is provided by employer for workplace travel. On 26 October 2020, the CMCO had been extended for another 14 days until 9 November 2020 after health authorities found that the risk of COVID-19 infection was not abated despite the CMCO in the previous 14 days. There is and will be no material impact on our operation as businesses are allowed to operate as usual.

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As the outbreak is expected to remain uncertain in foreseeable future, the Group will continue to closely monitor and implement the measures imposed by the Malaysian government, relevant authorities and local councils, and adopted the following measures:

- all employees must wear face mask at all times, regularly sanitise their hands and practise social distancing;
- measuring and recording temperature of our employees, customers and visitors daily, and ensuring hand sanitizer is provided in the retail stores;
- employees who have travelled overseas and are subject to quarantine are required to inform the Group's human resources department;
- employees who developed any respiratory infection symptoms are required to seek medical treatment, abstain from attending their workplace and inform their supervisors;
- employees will be reminded of the importance of maintaining good personal health and hygiene; and
- the Group will coordinate with the management of the shopping complexes where the retail stores are located to implement their measures in response to the COVID-19 pandemic.

Besides in compliance to the laws and regulations, the above measures also with the aim to minimise the risk and protect our employees from COVID-19 infection.

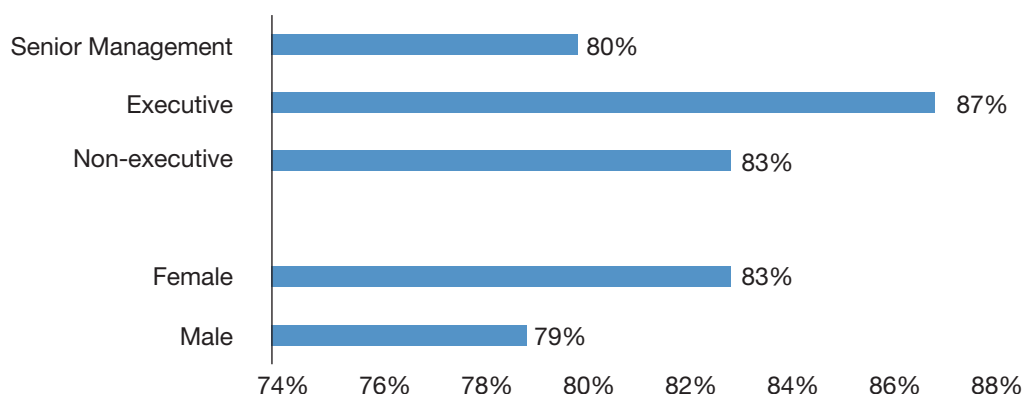
B3: Development and Training

The Group aims at fostering a learning environment and ensuring all employees are provided with growth opportunities. We continue to promote a learning and sharing culture by providing outstanding and all-round trainings in various channels, including face-to-face training, department sharing, internal and external training to ensure employees at all levels are well-equipped to excel in work and in life.

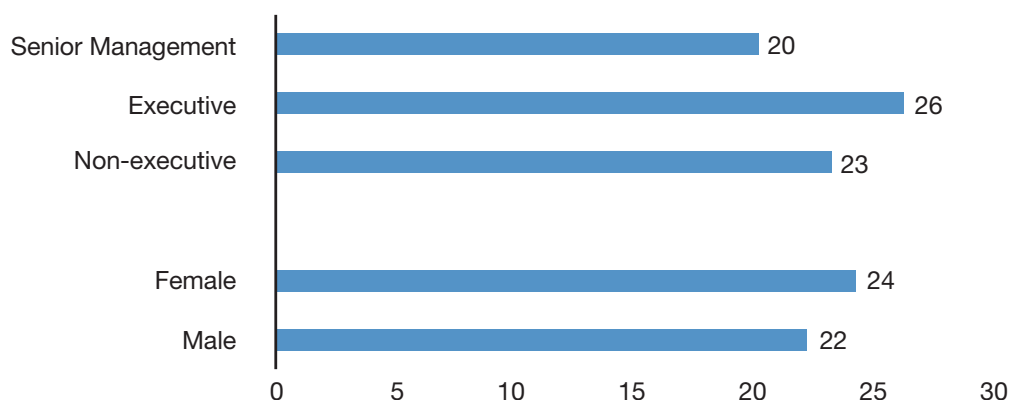
In order to better respond to employees' needs, the Group always seeks improvements on the effectiveness of trainings by conducting assessment. These can help the Group to continuously improve the training programs offered at all levels so as to enhance the personal performance of employees.

The following charts highlighted the percentage of employee being trained and the average training hours completed, by employee category and gender.

Percentage of Employee trained



Average training hour completed



Performance Management System

In growing the business and making the organisation sustainable for the longer term, the management of the Group has decided to enhance human capital infrastructure by engaging a consulting company to revamp our performance management policy by setting up the Key Performance Indicator (KPI). This is part of our ongoing effort to grow our impact, staff development, and promote fairness and transparency. With this enhancement, the Group has subscribed to the Performance Management System (the “PMS”).

PMS will focus on the bigger picture of staff’s performance — the “what” (how successful you were at meeting your goals and what results you managed to deliver) and the “how” (the skills, mindsets, and values you used to get there). They create an opportunity for self-reflection, feedback, and aligning with managers on the next steps and expectations for the coming year.

With the introduction of the PMS, the Group provides the staff with:

- Clarity about opportunities for development and advancement;
- An opportunity for managers and staff to deepen alignment around expectations;
- Insight for leadership on how the Group is doing as a team towards meeting our organisation’s missions and goals.

B4: Labour Standards

The Group attaches great importance to, and strictly abides by all applicable labour laws and regulations on employment in Malaysia including those mentioned in section “B1: Employment” of this Report. During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations related to recruitment of child labour or forced labour practices.

Child and Forced Labour

There are strict laws against child labour in Malaysia. The prohibition of child labour in Malaysia rests in the Children and Young Persons (Employment) Act 1966, as it was previously a part of the Employment Act 1955. Under Section 2(1) of the Children and Young Persons (Employment) Act 1966, no child or young person shall be, or be required or permitted to be, engaged in any hazardous work, or any employment other than those specified in this section.

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Generally, there are 4 types of work that fall within this perimeter, in other words there are only 4 classes of work that children are allowed to do, as identified in section 2(2) of the Children and Young Persons (Employment) Act 1966. These four are:

1. Light work in relation to family-run or family-owned businesses
2. Work in the field of public entertainment
3. Work that is sponsored by the government within a school or institution
4. Contracted apprenticeships that are approved by authorities

The term “*child*”, which according to Section 1A(1) of the act, is defined as any individual who is younger than 15 years old.

The Group is firmly against the hiring of any child labour and forced labour and strictly adhered to the local Labour Laws and Employment Act on staff recruitment. Our policy clearly stated the minimum age of recruitment according to the Employment Act, and candidates are required to provide identity proofs for age verification. Moreover, all work should be voluntarily performed and shall not involve forced labour. During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations related to recruitment of child labour or forced labour.

In the event any misconduct is found, a thorough investigation will be carried out and stern action will be taken by the Group to avoid such occurrences.

Labour Practice

For maintaining a good practice of labour standard, the Group has developed the employee handbook to ensure that the rights of each employee are being treated equally and fairly.

We maintain an open, fair and equal environment for all our employees. Employment policies in respect of salary, compensation, working hours, overtime, performance evaluation, recruitment, reimbursement and statutory holidays are listed in the Employee Handbook. Equal opportunity and anti-discrimination policies are implemented to ensure no one is discriminated against due to gender, age, disability or ethnicity, etc. In addition, we have a whistle-blowing policy for anyone including the employees to voice any grievances, file a complaint against the Group or to report on unethical and illegal behaviour. This will be described in detail in section “B7: Anti-corruption”.

We care about employees’ general wellbeing and help them achieve a work-life balance. During the Reporting Period, we organised various activities for employee engagement, for example, festival lunch/dinner, annual dinner and birthday celebration. These activities can help employees to cultivate a sense of belonging and to strengthen cohesion and solidarity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

B5: Supply Chain Management

The Group understands the importance of maintaining good relationship with its suppliers to meet its immediate and long-term business goals. We have established our own procurement policy by outlining the processes and procedures in term of selection of suppliers, product planning, ordering, receiving and payment. The executive Directors are fully responsible for the overall supervision and administration of the policy while the Head of Merchandising shall ensure that the policy is being complied with.

Besides the products that we directly purchased from overseas, most of our imported products were purchased through local agents in Malaysia.

Below is the number of trade suppliers by country/territory where our products were originated or purchased from during the Reporting Period.

Country/Territory	Number of Trade Suppliers
Malaysia	58
Mainland China	18
Hong Kong	8
United States	1
Singapore	1
South Korea	1
Taiwan	1

Internal Approved List of Suppliers

The Group maintains an internal selection criteria for which suppliers are required to pass before being eligible to be placed on the internal approved list. All approved suppliers had been verified through our procurement process on selection to ensure the source of products that we purchased are from the brand owner or authorised supplier and meet the approved quality standard as declared. Moreover, we integrate sustainability into the supply chain by purchasing products from reputable enterprises that uphold high corporate standards.

With the principles of fairness and impartiality, the Group makes comprehensive appraisals on suppliers based on factors such as suppliers' quality of the goods and services, efficiency, qualifications and experience to determine the internal approved list. To ensure the product quality of the Group, disqualified suppliers will be removed from the internal approved list.

The Group also emphasises on the selection of products that cause minimal impact on the environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B6: Product Responsibility

With an aim to maintain good quality of product and service, the Group ensures all qualified optometrists and opticians are well trained to serve our customers in a professional manner. In addition, the Group constantly seeks to improve the services rendered to customers by upgrading existing equipment and machineries with the latest technology.

During the Reporting Period, there were no products sold or shipped that were subject to recall for safety or health reasons being reported by the Group. Moreover, there were no material complaints or claims nor any investigation concerning our products by any government authorities, and that the Group was not aware of any non-compliance with the relevant laws and regulations regarding product responsibility.

Product Responsibility	Company's duties and responsibilities
Health & safety on product quality	We ensure our products are genuine and the quality is meeting the required standard. Certain optical products are assured with product warranty in the event any damages or defectives were found. The Group's policy to only source its International Brands optical products from their brand owners or authorised suppliers.
Advertising	We have a passionate marketing team assigned especially in dealing with the Group's promotion and advertising.
Labelling	All our products are labelled with barcode scanning feature for product identification and traceability.
Data Privacy	The Group has its own privacy data policy to safeguard customers' privacy. We are committed to protecting the privacy of the personal data we hold by outlining our practices on how the data is maintained and being used in the policy.
Intellectual Property	The Group has registered its own trademarks with the Intellectual Property Corporation of Malaysia to protect its right of usage to avoid any infringement by others. For the optical products under the Group's own Brands and the manufacturers' brands, it has been the Group's policy to review the designs of the optical products against those sourced from the International Brands to ensure that there is no infringement on their intellectual property rights and the Group may also request the relevant supplier to warrant that the optical products supplied do not infringe upon the intellectual property rights of others.

Quality Control

The Group follows stringent quality control procedures on the products sold by the Group. After the products have been delivered to the central warehouses of the Group or the retail stores, employees from the merchandising department or the retail stores will conduct visual inspections to ensure that none of the products are damaged and that the quantity and product type matches the purchase order details. Where the products are found to be damaged or the quantity and the product type do not match the purchase order details, the Group will inform the relevant supplier and arrange for return or replacement.

During the Reporting Period, there was no case of product recall being reported due to safety and health reasons. In case any defective products are found that needs to be recalled from customer, the Group will evaluate the affected batches and contact the relevant customer for return or replacement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customer Feedback

We appreciate the positive customer reviews and comments but at the same time we are more concerned with negative feedback and complaints from our customers, which might affect the Group's overall reputation. Complaints received against the frontline retail store employees will generally be dealt with by the relevant branch manager or assistant branch manager and may be reported to the marketing department of the Group for further review. Customers may also make complaints through other channels, such as emails and social platform of the Group which will be reviewed by the marketing manager. During the Reporting Period, we received a total of 22 complaints. Where certain complaints are prevalent, the Group will devise additional training and guidelines for front-line employees so as to prevent recurrences.

All personal information relating to the customer's feedback will be kept strictly confidential according to our privacy policy.

B7: Anti-Corruption

The Group has zero tolerance on corruption or bribery. All employees or persons representing the Group are prohibited from offering or accepting any bribes in any form, extortion, fraud, and money laundering during the course of business. The Group is committed to achieving the highest possible standards of openness and integrity through adopting good corporate governance systems and effective anti-corruption measures which involve all levels of employees.

The Group complied with the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. During the Reporting Period, there were no concluded and pending legal cases regarding bribery, extortion, fraud and money laundering brought against the Group and its employees.

The Malaysian Anti-Corruption Commission (Amendment) Act 2018 (the "MACC")

The MACC was amended to introduce corporate liability for corruption offences, which applies to Malaysian commercial organisations to take effect from 1 June 2020. The provision of corporate liability in the newly amended MACC is similar to that of the Anti-Bribery Act 2010 in the United Kingdom (the "UK"). The MACC has issued the "Guidelines on Adequate Procedures" ("MACC Guidelines"), which largely mirrors the guidance issued by the UK Ministry of Justice for the UK Anti-Bribery Act 2010, to assist commercial organisations to put in place the necessary procedures to prevent the occurrence of corrupt practices.

The MACC Guidelines comprise the following elements and are collectively named as the "TRUST" principle.

T	Top level commitment	<ul style="list-style-type: none">Necessity of top management involvement to seek full compliance of laws and regulations regarding anti-corruption
R	Risk Assessment	<ul style="list-style-type: none">Conduct intermittent risk assessments to identify and address potential risks and mitigate these risks
U	Undertake control measures	<ul style="list-style-type: none">Control measures to address any identified risks
S	Systematic review, monitoring measures	<ul style="list-style-type: none">Regular reviews by top level management to effectively monitor the established anti-corruption activities
T	Training and communication	<ul style="list-style-type: none">Implementing policies and procedure through internal and external training and communication for compacting bribery practices

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-Corruption Policy and Guidelines

The Group's anti-corruption policy and guidelines were prepared based on the MACC Guidelines with top management involvement and the dissemination of its importance of trust ethic in an organisation.

CURRENT	NEXT/PROPOSE
T <ul style="list-style-type: none"> We have inserted the "INTEGRITY" to our Group's core values and staff's spirits — to promote a culture of integrity; ensure the right level of communication on anti-corruption to internal and external parties 	<ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption policies and procedures The Board will lead by example and cultivates a transparent culture towards anti-bribery and anti-corruption
R <ul style="list-style-type: none"> Internal Audit External Audit Stock Audit 	<ul style="list-style-type: none"> Conduct comprehensive "corruption risk assessment" every 3 years with intermittent assessment when necessary Appoint a Risk Management Officer Supervising proper execution of daily operations and business processes to ensure lawful compliance
U <ul style="list-style-type: none"> Due diligence process Reporting Channel — Whistleblowing Channel (Fraud hotline) 	<ul style="list-style-type: none"> Management Information System team to create Secure Information Management System To enhance whistleblowing module and dedicated email for whistleblowing channel
S <ul style="list-style-type: none"> Internal Audit External Audit Stock Audit 	<ul style="list-style-type: none"> Establish and maintain regular program monitoring, internal audits, external audits and stock audits
T <ul style="list-style-type: none"> Promote "Integrity" as the Group's core values and staff's spirits Place emphasis on "anti-corruption" and "anti-bribery" in the Code of Ethics/Code of Conduct of the staff handbook Circulate internal memo to staff concerning the Group's mission, vision and core value etc. 	<ul style="list-style-type: none"> Provide anti-bribery and anti-corruption awareness Receiving information of the latest anti-corruption laws and regulations, anti-corruption programmes and policy Attend trainings and seminars to enhance knowledge and awareness Raising suggestions to the management or relevant departments to improve the procedures and practices

Whistleblowing Policy

The Group facilitates whistleblowing by establishing a communication channel for employees to raise concerns over misconduct, malpractices or irregularities in any matters related to the Group. Any staff member who becomes aware of any suspected misconduct is encouraged to report the same to the Chairman of the Audit Committee via a written report. The Group will make every effort to keep the complainant's identity confidential. Any cases or matters suggested to be related to criminal offence, corruption or bribery are subject to disciplinary actions including termination of employment and are reported to the relevant authority.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMMUNITY

B8: Community Investment

The Group strongly believes in the quote “giving back to society”, and takes pride in contributing towards long-term improvement in the quality of life in our community. We are constantly looking into areas that will benefit the community as a whole in terms of employment opportunity, environmental awareness and social responsibility. In the future, the Group will continue to focus on community care and staff development, with the aim to improve the society through community involvement.

Employment Opportunity

As at 31 March 2020, the Group’s total number of staff was 567 (2019: 516), an increase of approximately 9.9% compared to the previous financial year. The increase of the number of staff was in line with the Group’s expansion of retail networks and its revenue generation.

The Group also collaborates with many local universities and colleges to offer their students with an opportunity to participate in our internship program. There were a total of seven students who had accepted our offer in this program during the Reporting Period. In the future, we will continue to offer internship opportunities in different fields for students who are interested in acquiring valuable practical experience and gaining industry knowledge, helping students to enhance their competitiveness and marketability in their future career path.

Environmental Awareness

The Malaysian Government had introduced and launched the “No Plastic Bag” campaign on every Saturday since 1 January 2011 in an effort to preserve the environment while instilling environmental friendly values among the public and businesses. This campaign started with all hypermarkets, supermarket and Petronas Petrol Station which no longer give out free plastic bag on every Saturday. Shoppers nationwide were required to pay RM0.20 if they request for a plastic bag. The fees collected would be channelled into a special fund used to conduct environment preservation and protection related programmes as well as activities for consumers and communities. The Group has participated in the campaign by replacing plastic bags to paper bags.

Apart from participating in the above campaign, the Group is in the midst of replacing the use of plastic bags with paper bags in all of the Group’s retail stores.

Social Responsibility

The Group is actively promoting the culture and ethic of giving back to society. During the Reporting Period, the Group had made a donation of RM2,000 to a charitable foundation for the educational needs of children in need for the 2020 school year. The Group also sponsored the department of optometry of a university for their research and development amounting to RM1,500.



During the Deepavali festival, children from Inderawasih branch were invited to the Sunway Carnival Mall for a sweet treat and eye check.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS

A. Environmental

Aspects	General Disclosure/KPIs	Index/reference
Aspect A1: Emissions	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note:</i> Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	
KPI A1.1	The types of emissions and respective emissions data.	Environment P.08–09
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	General Disclosure/KPIs	Index/reference
Aspect A2: Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note:</i> Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	Use of Resources P.10–11
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	
Aspect A3: The Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources.</p>	Environment and Natural Resources P.12
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	

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B. Social

Employment and Labour Practices

Aspects	General Disclosure/KPIs	Index/reference
Aspect B1: Employment	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Employment P.12–14
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Health and Safety P.15–16
KPI B2.1	Number and rate of work-related fatalities.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	General Disclosure/KPIs	Index/reference
Aspect B3: Development and Training	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Development and Training P.16–17
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>	Labour Standard P.17–18
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Operating Practices

Aspects	General Disclosure/KPIs	Index/reference
Aspect B5: Supply Chain Management	<p>General Disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p>	Supply Chain Management P.19
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
Aspect B6: Product Responsibility	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Product Responsibility P.20–21
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
KPI B6.4	Description of quality assurance process and recall procedures.	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	General Disclosure/KPIs	Index/reference
Aspect B7: Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>	Anti-corruption P.21–22
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	

Community

Aspects	General Disclosure/KPIs	Index/reference
Aspect B8: Community Investment	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	Community Investment P.23
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Employment Opportunity & Environment Awareness P.23
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Responsibility P.23