

PENTAMASTER INTERNATIONAL LIMITED

檳傑科達國際有限公司

(Incorporated in the Cayman Islands with limited liability)

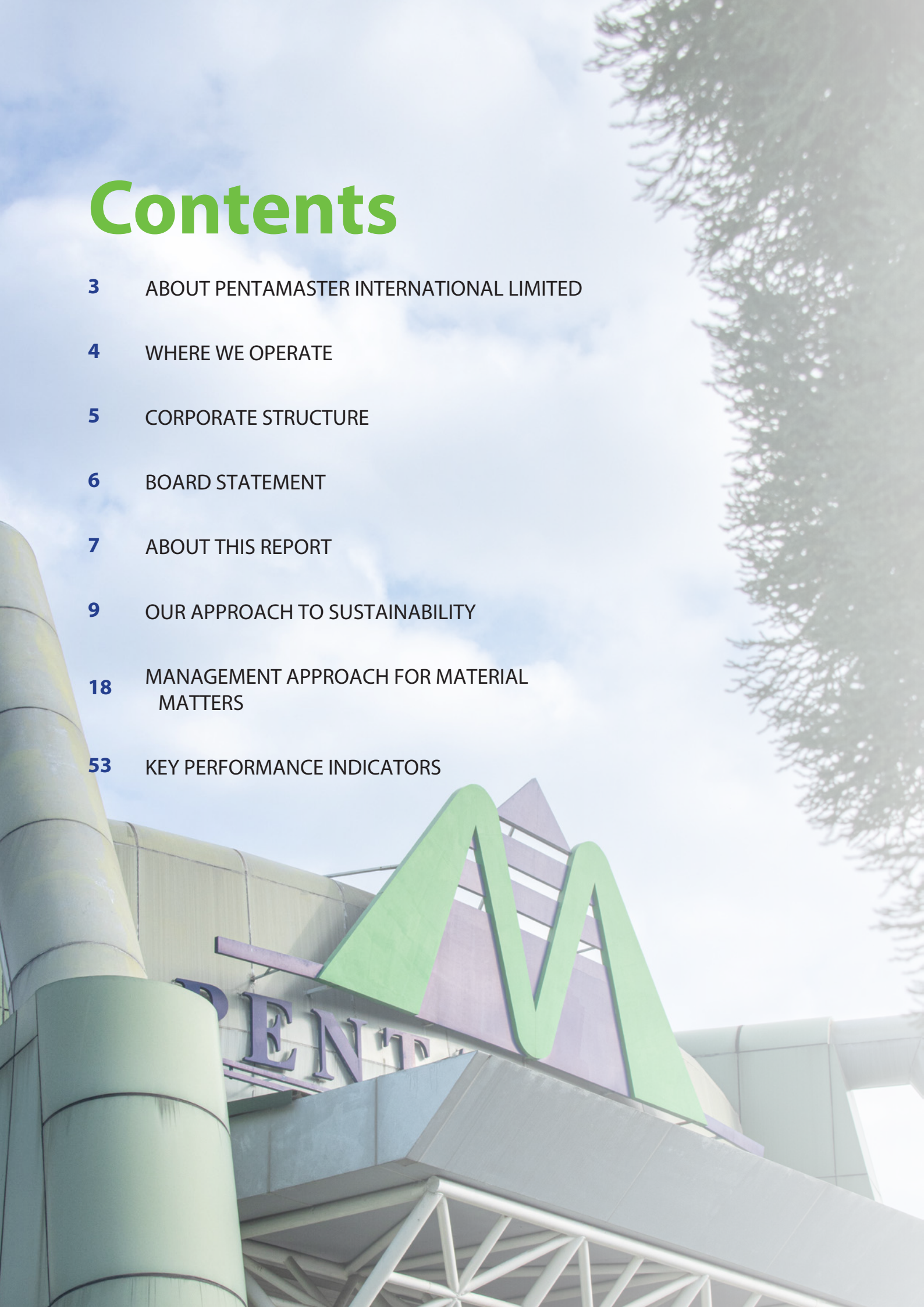
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Shaping  
Tomorrow With  
**TECHNOLOGY  
INNOVATIONS**



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# ABOUT PENTAMASTER INTERNATIONAL LIMITED

Pentamaster International Limited (“PIL” or the “Company”), is an investment holding company listed on the Main Board of The Stock Exchange of Hong Kong Limited (commonly referred to as “HKEX”) on 19 January 2018. The Company’s immediate holding company is Pentamaster Corporation Berhad (“PCB”), a company listed on the Malaysia Securities Exchange Berhad in July 2003 and subsequently moved to the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) in 2004.

## Our Core Businesses

PIL is an investment holding company and has not carried out any business since its incorporation. PIL and its subsidiaries (collectively referred to as, “we”, “us”, “our” or the “Group”) have two operating segments which are involved in different activities as follows:

- (i) Automated test equipment (“ATE”) : Designing, development and manufacturing of standard and non-standard automated equipment; and
- (ii) Factory automation solutions (“FAS”) : Designing, development and installation of integrated factory automation solutions.

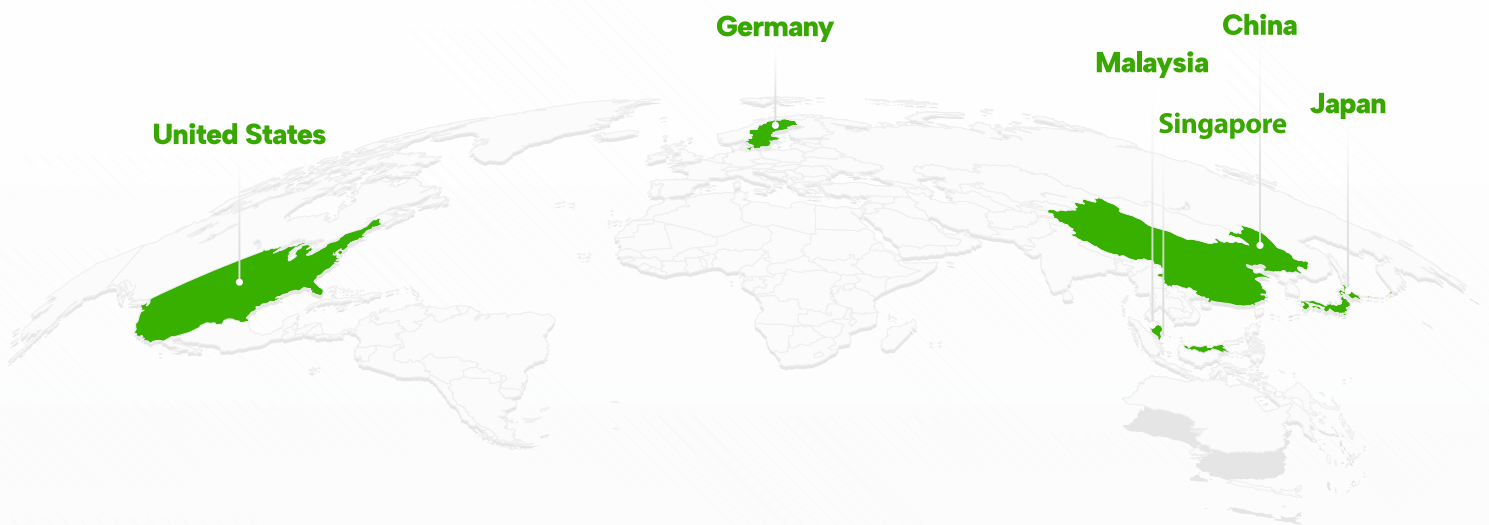
Further details of the Group’s businesses and solutions are available on the Company’s website at [www.pentamaster.com.my](http://www.pentamaster.com.my).



## Where We Operate

The Group's main production facilities are located in Bayan Lepas Free Trade Zone and Batu Kawan Industrial Park in Penang, Malaysia. Since 2021, the Company has expanded its presence in other regions by setting up a facility in China to carry out research and development ("R&D"), manufacturing and sales of ATE and automation solutions in the field of science and technology. The Company has also set up sales and technical support offices in the United States, Singapore, Japan and Germany. The Company is currently in the midst of setting up its third facility, known as the "Campus 3" in Batu Kawan Industrial Park, Penang, with space dedicated to production, R&D, administration and warehousing.

## Pentamaster Global Presence



### Malaysia Headquarter

Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, Malaysia.

### Batu Kawan Plant

749, Persiaran Cassia Selatan 4, Taman Perindustrian Batu Kawan, Bandar Cassia, 14110 Simpang Ampat, Penang, Malaysia.

### Singapore Singapore Branch

3 Shenton Way #15-08 Shenton House Singapore (068805)

### China Suzhou Office

Room 102, 1st Floor, Building 5, 88 Wanli Road, Yuanhe Street, Xiangcheng District, Suzhou City, Jiangsu Province, 215006 China.

### United States California Office

830 Stewart Drive, Suite 177, Sunnyvale, CA 94085

### Japan Yokohama Office

YS Yokohama Nishiguchi Building 7F 2-25-1 Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa, Japan, 221-0835

### Germany Gilching Office

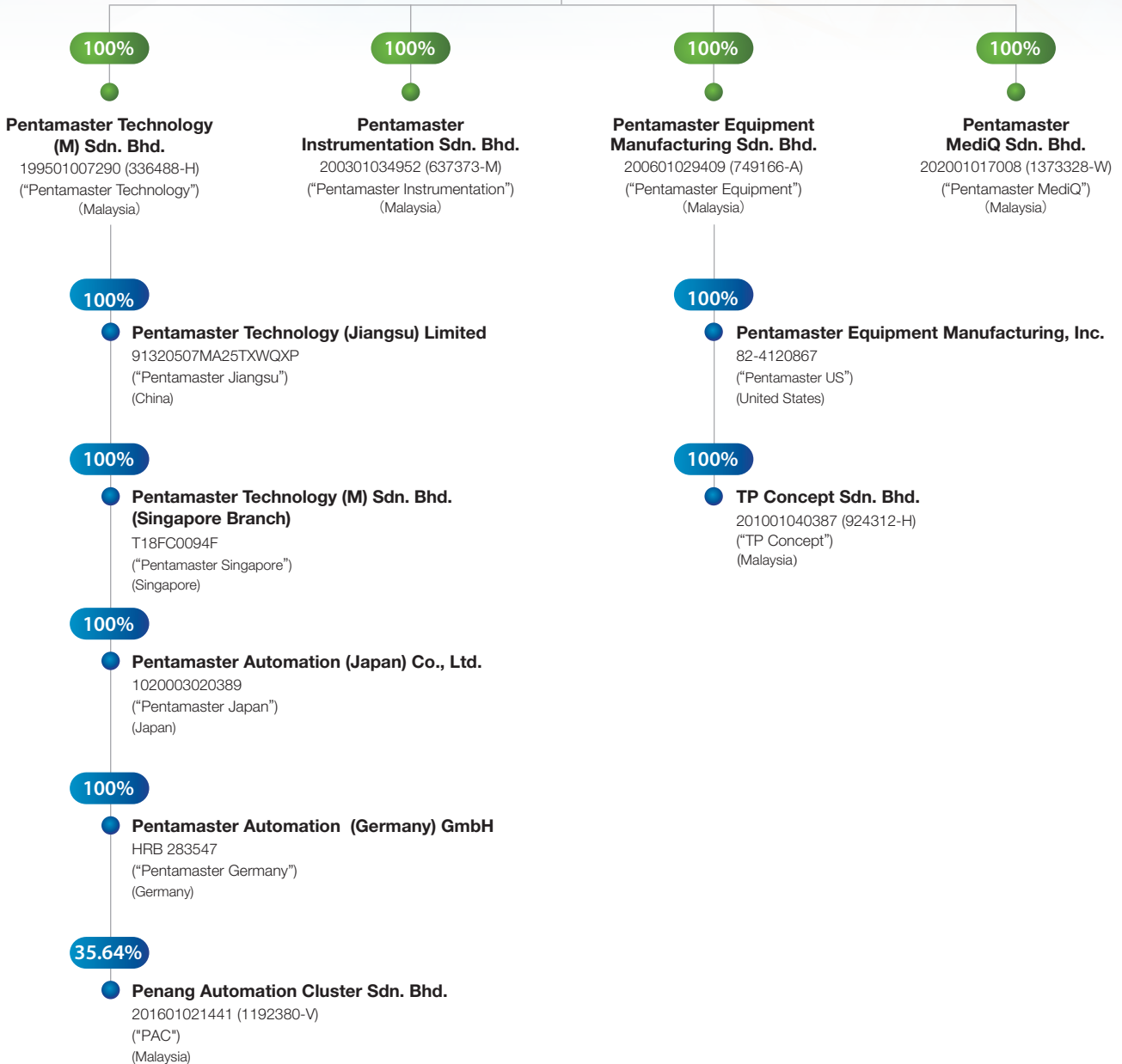
Lilienthalstr. 2a, 82205 Gilching, Germany

# Corporate Structure

as at 31 December 2023

## PENTAMASTER INTERNATIONAL LIMITED 檳傑科達國際有限公司

(MC-323853)  
(Cayman Islands)



Details of the Company's board ("Board") of directors (the "Directors") and senior management team are set out in the Company's annual report for the year 2023 ("Annual Report 2023").

# Board Statement

Dear Stakeholders,

The Board is pleased to present the Company's seventh environmental, social and governance ("ESG") report ("Report") covering the Group's ESG impacts and performance from 1 January 2023 to 31 December 2023 ("FY2023").

During the reporting year, our ESG working group embarked on efforts to advance the Group's sustainability practices across the Group's business operations. The Board recognises that sustainability is critical for PIL's long-term success as well as to create long-term value for our stakeholders. Our efforts to enhance sustainability initiatives reflects the Group's commitment to transparency and accountability in all aspects of our business. The Board oversees these strategies to ensure alignment with PIL's corporate values and objectives.

## ESG Performance in 2023

- On environmental issues, the Group recognises the importance of reducing its environmental impact. We are exploring avenues where the Group can minimise its carbon footprint and conserve resources through continued energy management, water conservation and waste management practices.
- Our employees are the heart of our success. Their wellbeing, welfare and professional growth are important to us. We maintained our focus to promote internal engagement and continued to provide training and development programmes to enhance knowledge and competency. PIL strives to foster a safe workplace that upholds human rights practices such as no forced or child labour practices. A notable achievement in FY2023 was one of the subsidiaries of the Company receiving the Best Employer Award 2023 from the Employees Provident Fund (commonly referred to as "EPF"). This award recognises the Group's dedication in prioritising employee welfare.
- Additionally, the Group increased its community investments in FY2023 to generate positive impact on the local communities, focusing on areas such as education, environment, animal welfare and to uplift the lives of the underprivileged homes and communities.
- In terms of the Group's operational practices, the Group has strived to focus on its core technology and solutions, maintaining and delivering high-quality products and solutions.
- In terms of governance, the Group continued to uphold its governance practices based on high standards of transparency, integrity and accountability.

## Future Outlook

We recognise that there is always more to be done. As we navigate through the opportunities and challenges ahead, the Group is set to intensify its efforts to advance its ESG initiatives. These action plans will cover a diverse range of material topics, among others, emissions, climate change, health and safety, employment and labour practices, diversity, supply chain management and overall governance as well as compliance matters. The Group is set to expand its ESG committee, a dedicated team tasked to work more closely with the Board to plan, execute and oversee all of the sustainability-related strategies, goals and policies. To improve the Group's ESG performance, we will need to focus on how the Group measures, monitors and sets more defined targets and goals to drive positive change in our commitment to ESG principles. With the new Campus 3 plant underway, we believe more initiatives will be in place to improve the Group's overall energy efficiencies across its operations.

We thank all our employees and stakeholders for your continued support and being part of this journey. We will continue to actively innovate and collaborate with our partners to build a robust and sustainable framework to contribute to a more sustainable and resilient global business environment.

Board of Directors  
26 April 2024

## About This Report

We are pleased to present the Company's seventh ESG Report. This Report showcases the Group's continued ESG performance in FY2023, unless otherwise stated. The references to ESG in this Report also encompass the Group's economic performance within its operating practices.

This Report should be read together with the Company's Annual Report 2023, for a more comprehensive overview of the Group's financial performance throughout FY2023. All monetary references in this Report are presented in Ringgit Malaysia ("MYR"), unless otherwise stated.

### Scope and Basis of Scope

We publish the ESG reports on an annual basis, with the last ESG report published on 27 April 2023.

The scope of this Report covers the Group's ESG performance and progress of PIL and its Malaysian operating entities, namely, Pentamaster Technology (M) Sdn. Bhd., Pentamaster Instrumentation Sdn. Bhd., Pentamaster Equipment Manufacturing Sdn. Bhd. and Pentamaster MediQ Sdn. Bhd. In order to enhance the Group's disclosures and improve on the current data collection methodology, we focused on the operational entities in Malaysia for this Report. Our previous disclosures covered all other subsidiaries within the Group including the overseas entities.

For purposes of this ESG Report, we have excluded the following subsidiaries and branches from our reporting scope:

- (a) Pentamaster Technology (Jiangsu) Limited;
  - (b) Pentamaster Technology (M) Sdn. Bhd. (Singapore branch);
  - (c) Pentamaster Automation (Japan) Co., Ltd;
  - (d) Pentamaster Automation (Germany) GmbH;
  - (e) Pentamaster Equipment Manufacturing, Inc. ; and
  - (f) TP Concept Sdn. Bhd.
- Pentamaster Technology (Jiangsu) Limited operates a small-scale manufacturing facility in China since 2021.
  - The companies listed from items (b) to (e) above are part of the Group's sales and technical offices located in the respective countries which have insignificant impact on the Group's overall ESG performance and progress.
  - TP Concept Sdn. Bhd. is excluded from the scope of this Report as its operations have been restructured and consolidated into Pentamaster Equipment Manufacturing Sdn. Bhd.
  - Our joint venture and associate, namely Penang Automation Cluster Sdn. Bhd., is not included in the scope of this Report as we do not have direct managerial control on it.

The Company will continue to assess its operations in all its geographical areas that it operates in to understand if there are any significant impacts on the Group's ESG performance and progress for our future reports.

Please refer to page 5 of this Report on the Group's corporate structure.

## Reporting Frameworks and Standards

This Report has been prepared in accordance with the ESG Reporting Guide as outlined in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of the HKEX (the "Listing Rules"), with reference to the Global Reporting Initiative ("GRI") Standards and relevant requirements of the FSTE4Good Bursa Malaysia Index, as PCB, the Company's immediate holding company, is included in the constituents of the FTSE4Good Bursa Malaysia Index since 2021.

The information in this Report has been internally sourced and the data confirmed by the relevant department heads. Although no assurance process was carried out, will progressively seek independent assurance on selected sections of our future reports as we continue to strengthen our disclosures.

## Feedback

In order to assess the Group's sustainability journey for continued improvements, we welcome and encourage our stakeholders to provide feedback pertaining to this ESG Report and the matters covered to [investor.relation@pentamaster.com.my](mailto:investor.relation@pentamaster.com.my).

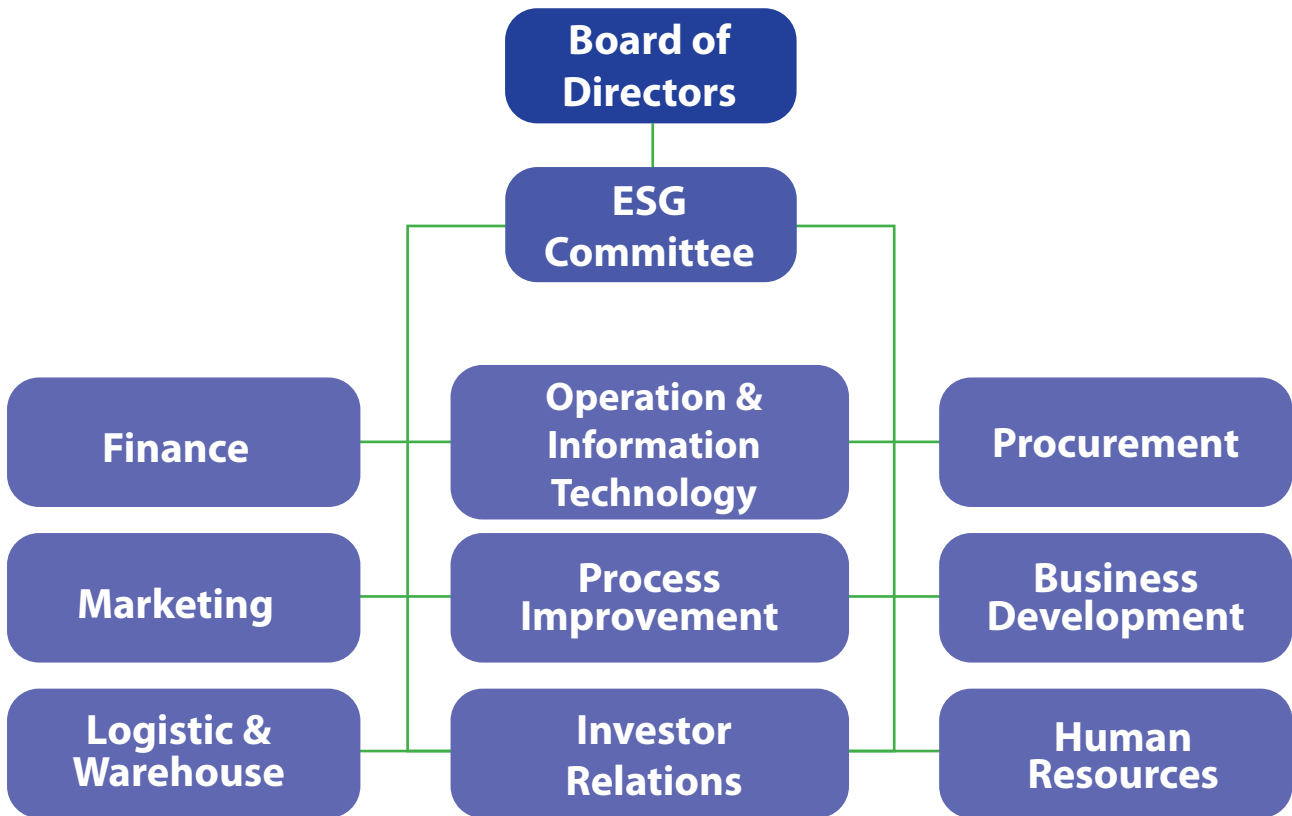


# Our Approach to Sustainability

## ESG Governance

The Group's ESG governance is determined by the Board, which provides oversight for the Group's ESG matters and activities. PIL's Board recognises that it is essential for the Group's ESG practices to be embedded in all our business segments and operations. The Group has in place an ESG Policy which provides guidance on all aspects of the Group's sustainable development and commitment.

The Group's ESG governance structure is as follows:



The Board has delegated its responsibilities to a dedicated ESG committee, led by the Chief Financial Officer and the Operations Director, who report directly to the Chairman. The Board is ultimately responsible for the strategic oversight of the Group's ESG matters, including but not limited to the Group's strategic direction and targets. The ESG committee is tasked to support the Board to plan, execute and oversee all of the sustainability-related strategies, goals and policies. The ESG committee is represented by members from management and middle management from various business functions across the Group's operating entities. The ESG committee aims to collaborate closely with the Board moving forward.

Under the ESG committee’s Terms of Reference, the ESG committee is tasked to assist the Board to review and monitor the Group’s ESG policies and practices, among others, to:

- (a) ensure compliance with legal and regulatory requirements;
- (b) oversee and execute the Group’s sustainability strategy;
- (c) review and ensure proper disclosure and compliance with relevant ESG guidelines;
- (d) present and regularly report to the Board on the Group’s ESG performance; and
- (e) make recommendations to enhance sustainability strategies and practices.

The Group is also guided by an established ESG Policy addressing the Group’s commitment on the ESG aspects of its sustainability practices.

## Stakeholder Engagement

We recognise stakeholder engagement as an integral part of our decision-making process in order to find opportunities and manage the risks to address the Company’s impacts and to achieve the Group’s business and sustainability objectives. Our key stakeholders include shareholders, employees, customers, suppliers, government and regulatory authorities as well as our local communities. We define our key stakeholders as those who have interest in the Group and can either affect or be affected by the Group’s business activities. We continue to engage with our stakeholders throughout the year to align our key priorities and concerns with our business practices and strategies, for the long-term value of the Company and its stakeholders.

The table below outlines the Group’s methods of engagement and how it responded to the interests or concerns for each of its key stakeholders in FY2023.

Key Stakeholders	Engagement Platforms	Areas of interest or concerns	Our response
Shareholders	<p>As and when required</p> <ul style="list-style-type: none"> <li>• Press releases</li> <li>• HKEX announcements</li> <li>• Website</li> <li>• E-mails</li> <li>• Non-deal road shows, investors’ conferences and events</li> </ul> <p>Quarterly</p> <ul style="list-style-type: none"> <li>• Financial reports and announcements</li> <li>• Investor briefings</li> </ul> <p>Annually</p> <ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual Report</li> <li>• ESG Report</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder interest that are aligned with the Group’s performance</li> <li>• Group’s operations, strategic development and plans</li> <li>• Effective governance practices</li> <li>• ESG practices and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Published Annual Report and ESG Report</li> <li>• Disseminate timely and material information on the Group’s activities and performance</li> <li>• Conduct quarterly post-results briefings to investors</li> <li>• Continue to uphold good corporate governance practices across the Group</li> </ul>

## Stakeholder Engagement

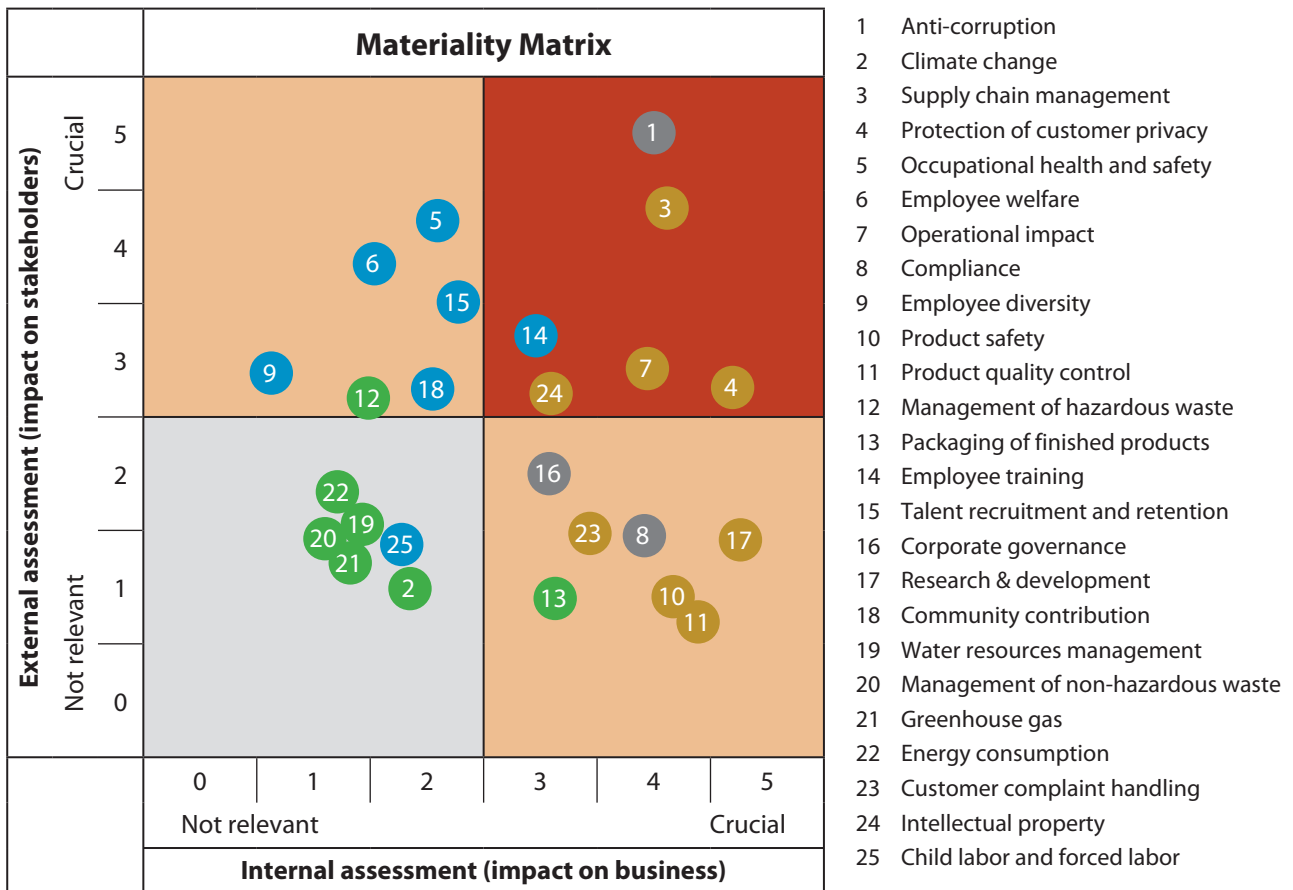
Key Stakeholders	Engagement Platforms	Areas of interest or concerns	Our response
Employees	<p>Ongoing</p> <ul style="list-style-type: none"> <li>• Emails</li> <li>• Internal announcements</li> </ul> <p>As needed</p> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Employee briefings</li> </ul> <p>Monthly</p> <ul style="list-style-type: none"> <li>• Employee engagement activities</li> </ul> <p>Annually</p> <ul style="list-style-type: none"> <li>• Performance appraisals</li> <li>• Employee Feedback Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Health and safety at workplace</li> <li>• Career advancement</li> <li>• Job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement activities</li> <li>• Employee Feedback Survey issued in FY2023</li> <li>• Quarterly performance appraisal review</li> <li>• Training and development opportunities</li> <li>• Health and safety training and inspections</li> <li>• Flexible working hours</li> <li>• Received “Best Employer Award 2023” from EPF for exemplary compliance and remittance of contributions</li> </ul>
Customers	<p>Ongoing</p> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Customer Support channels (via emails, websites or telephone calls)</li> </ul> <p>As needed</p> <ul style="list-style-type: none"> <li>• Public engagement (eg. seminars, exhibitions)</li> </ul> <p>Annually</p> <ul style="list-style-type: none"> <li>• Customer survey and feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Reasonable pricing and affordability</li> <li>• Delivery of high-quality products and services</li> <li>• Source and operate businesses responsibly within the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained acceptable level of customer satisfaction</li> <li>• Issuance of customer feedback survey</li> <li>• Close engagement with customers to ensure products and services meet the required specifications</li> <li>• Offer competitive pricing</li> <li>• Adherence to ISO 9001:2015 and ISO 13485 quality standards</li> <li>• Address any customer complaints promptly</li> </ul>

## Stakeholder Engagement

Key Stakeholders	Engagement Platforms	Areas of interest or concerns	Our response
Suppliers	<p>As needed</p> <ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Supplier evaluation Annually</li> <li>• Supplier feedback</li> <li>• Supplier assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure suppliers meet or exceed quality standards</li> <li>• Timely delivery</li> <li>• Offer best pricing and cost efficiency</li> <li>• Health and safety of contract workers</li> <li>• Compliance with labour standards and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier evaluation and assessment</li> <li>• Terms under the Corporate Supply Agreement which outlines the labour standards expected from suppliers</li> </ul>
Government and regulatory authorities	<p>Ongoing</p> <ul style="list-style-type: none"> <li>• Participation in seminars and workshops</li> </ul> <p>As needed</p> <ul style="list-style-type: none"> <li>• On-site visits</li> <li>• Reports</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure compliance with laws and regulations</li> <li>• Maintain standards and certification</li> </ul>	<ul style="list-style-type: none"> <li>• On-site visits</li> <li>• Regular engagement with relevant departments from Department of Occupational Safety and Health ("DOSH") and Customs</li> <li>• Adherence to the laws and regulations</li> <li>• Supporting local government initiatives</li> <li>• Penang Deputy Chief Minister II visit to the Bayan Lepas production plant in October 2023</li> </ul>
Communities	<p>As needed</p> <ul style="list-style-type: none"> <li>• Meetings with local communities and relevant organisations</li> <li>• Community programmes</li> </ul>	<ul style="list-style-type: none"> <li>• To positively impact the different groups of the nearby communities</li> </ul>	<ul style="list-style-type: none"> <li>• Community investments by way of contributions to various organisations and vulnerable communities</li> <li>• Community care manager's regular engagement with selected organisations</li> </ul>

## Material Matters

The Board, with the support of the ESG Committee, reviews and validates the materiality assessment process for the Group. For this year, the Group conducted a limited review on the identified material matters that were disclosed in our previous report. The Company conducted a materiality assessment in the last financial year, from 1 January 2022 to 31 December 2022 (“FY2022”) to identify key ESG issues that were deemed significant to the Group. The assessment was facilitated by a third-party consultant and internal stakeholders, comprising of members from the ESG committee. The team reviewed 25 material issues and prioritised 11 highly important topics based on their impacts on stakeholders and the business. These issues are anti-corruption, customer satisfaction, supply chain management, protection of customer privacy, occupational health and safety, employee welfare, employee training, operational impact, product quality control, intellectual property and product safety. The following materiality matrix provides an overview of the materiality matters assessed and prioritised in the previous report:



Based on the limited internal assessment conducted this year, we acknowledge that the 11 key material topics continue to be relevant to the Group’s strategic objectives and stakeholder expectations in FY2023.

In addition to the 11 material topics referred to above, the Company has aligned its ESG disclosures in this Report with the material topics prescribed under Appendix C2 to the Listing Rules and the common material sustainability matters stipulated in Annexure PN9-A of Bursa Malaysia’s Main Market Listing Requirements. The Group aims to conduct an annual review of its material matters to assess their relevance and importance to its ESG impacts. Further details on how the Company has streamlined the material matters for this Report are outlined under the Sustainability Framework section below.

## Risk Management

The Board recognises that for good corporate governance, it is important to maintain a sound risk management and internal control system. The Board, via the Audit Committee, reviews on a regular basis, the adequacy and effectiveness of the risk management function and deliberates on risk management and internal control frameworks, functions, processes and reports. The Board has established a risk management committee which comprises of the Chairman, Chief Financial Officer and senior management to assist in the monitoring of the risk management process within the Group. The Group's risk management committee meets at least once a year with oversight over finance, operations, compliance and risk management. The Group has in place an ongoing process to identify, evaluate and manage significant risks faced or potentially to be encountered by the Group. The Board is also kept abreast with the material ESG-related risks and opportunities disclosed in this Report.

The Group aims to address risks and opportunities for material matters listed in this Report in more detail in the next reporting cycle. Further information on our risk management processes, please refer to the Risk Management and Internal Control section of the Corporate Governance Report in the Company's Annual Report 2023.



## Sustainability Framework

To strengthen the Group's sustainability framework, we have aligned the material topics reported in the previous ESG report with the material matters prescribed under the Appendix C2 to the Listing Rules and the common material sustainability matters stipulated in Annexure PN9-A of Bursa Malaysia's Main Market Listing Requirements. The material topics are repositioned under the following pillars:

### Environmental

- Energy Management
- Water Management
- Materials
- Emissions
- Climate change
- Waste Management

### Social

- Employee Management
- Diversity and Equal Opportunities
- Development and Training
- Health and Safety
- Community Investments
- Economic and Operating Practices - Supply Chain Management
- Economic and Operating Practices - Product Quality and Responsibility
- Economic and Operating Practices - Intellectual Property


### Governance

- Anti-Corruption and Bribery
- Data Privacy and Security

The above sustainability framework serves to systematically address the Company’s material ESG matters, which have been previously reported, in a clearer and focused manner under each ESG pillar. As mentioned under the preceding section on Material Matters, we initially prioritised the key material topics being anti-corruption, customer satisfaction, supply chain management, protection of customer privacy, occupational health and safety, employee welfare, employee training, operational impact, product quality control, intellectual property ("IP") and product safety. For this Report, key changes we have made from our previous report is to reposition the material issues under headings that are aligned with the relevant disclosure requirements.

## United Nations Sustainable Development Goals

The Group has also identified seven United Nations ("UN") Sustainable Development Goals ("SDGs") that are aligned with the Group’s ESG practices. The Group aims to contribute towards the global goals under the following UN SDGs:




UN SDGs	Material Matters	Group’s efforts to align with UN SDGs	Reference
 <p>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> <li>• Employee Management</li> <li>• Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting healthy lifestyles through sports and other employee engagement activities</li> <li>• Maintaining workplace health and safety standards</li> </ul>	<p>Pages 29 to 33 &amp; Pages 39 to 40</p>

## United Nations Sustainable Development Goals

UN SDGs	Material Matters	Group's efforts to align with UN SDGs	Reference
 <p>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> <li>• Development and Training</li> <li>• Community Investments</li> </ul>	<ul style="list-style-type: none"> <li>• Providing training and development programmes to support skills development and career growth opportunities</li> <li>• Increase in community investments in FY2023 as compared to FY2022</li> </ul>	Pages 37 to 38 & Pages 41 to 45
 <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>• Employee Management</li> <li>• Development and Training</li> </ul>	<ul style="list-style-type: none"> <li>• Equal opportunities to all employees</li> <li>• Remuneration and benefits</li> <li>• Providing training and development for career growth opportunities and share scheme to eligible employees</li> </ul>	Pages 29 to 30 & Pages 37 to 38
 <p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<ul style="list-style-type: none"> <li>• Intellectual Property</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation and development of new products and solutions</li> </ul>	Page 50 to 51



## United Nations Sustainable Development Goals

UN SDGs	Material Matters	Group's efforts to align with UN SDGs	Reference
 <p>Goal 10: Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> <li>Employee Management</li> <li>Diversity and Equal Opportunities</li> <li>Community Investments</li> </ul>	<ul style="list-style-type: none"> <li>Equal opportunities for all employees for employment and promotion</li> <li>Contributions by way of donations to local communities</li> </ul>	Pages 29 to 33, Pages 35 to 37 & Pages 41 to 45
 <p>Goal 12: Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of waste generated across the Group's operations</li> <li>Group's commitment to reduce total hazardous and non-hazardous waste by 20.0% by 2030</li> </ul>	Pages 26 to 28
 <p>Goal 13: Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> <li>Energy Management</li> <li>Water Management</li> <li>Emissions</li> <li>Climate Change</li> </ul>	<ul style="list-style-type: none"> <li>Established policy on commitment to minimise environmental impacts</li> <li>Group's commitment to reduce intensity for greenhouse gas ("GHG") emissions as a whole as well as reduce intensity for both water and energy consumption by 20.0% by 2030</li> </ul>	Pages 19 to 21, Pages 23 to 25

# Management Approach for Material Matters

## ENVIRONMENTAL

The effects of climate change and GHG emissions on our environment as well as the scarcity of natural resources are becoming serious global risks that require urgent attention in the interest of protecting the natural world from unavoidable consequences. The Group recognises the importance of these circumstances and has embraced sustainable practices progressively across its value chain. The Group has committed under its ESG Policy to minimise its operational impact on the environment and natural resources and will take all necessary measures to manage them effectively. This includes the efficient use of natural resources, including energy, water and other raw materials. To support the Group's commitment to environmental stewardship, the Group sponsored the Penang Green Industry Program in year 2023, a program led by the Penang state government in harnessing green technology and supporting holistic green initiatives to achieve a sustainable and resilient Penang.

The Group strives to operate responsibly through compliance with environmental laws, regulations and standards including the Malaysian Environmental Quality Act 1974. As at 31 December 2023, the Group is not aware of any material breach, incidents of non-compliance with any environmental protection laws or regulations in the countries where it operates in relation to air and GHG emissions, discharge of water and land, generation of hazardous and non-hazardous waste.

As we enhance the Group's data collection and monitoring mechanisms, we have restated some of the previous years' environmental data under the respective material matters. These adjustments were made to align with the improved calculation methodology applied in FY2023 and where applicable, to reflect the change in the scope and boundaries covered in this Report to include only the Malaysian operating entities.

### Use of Resources

Under the ESG Policy, the Group must efficiently plan the use of natural resources, such as water and energy and other raw materials used in production, storage, transportation, building, electronic equipment and other related areas. The Group is dedicated through its practices to ensure use of these finite resources are managed responsibly across its operations.

As part of the Group's efforts to mitigate climate change, the Group has committed to achieving a reduction in energy and water consumption intensity respectively by 20.0% by 2030, stating 2020 as its baseline year.

# ENVIRONMENTAL

## Energy Management

### Electricity

The Group continues to implement its energy consumption savings and efficiency practices adopted over the last ten years in both its production plants in Bayan Lepas and Batu Kawan. The initiatives included replacing all lighting with energy-efficient light-emitting diode (“LED”) bulbs, using smart sensors to control lighting in the factories and installing a rainwater harvesting system in the Bayan Lepas plant. Air-conditioning systems in both plants are centralised systems that rely on chilled water. Our production facilities require 24-hour air-conditioning to maintain the controlled temperature and humidity conditions. Employees are reminded through signages across the offices to switch off lights when not in use and to play a part in conserving electricity.

The up-and-coming Campus 3 in Batu Kawan, Penang, will be fitted with resource-efficient fittings and renewable energy equipment such as solar-cell panels ready fittings, rain-water harvesting system, LED lighting, zoning and smart building automation sensor to better control the use of energy for lighting and air-conditioning. These initiatives are aimed to improve the Group’s overall energy efficiencies across its operations to align with the set targets.

Item	FY2023		FY2022		FY2021	
	Amount (kWh '000)	Intensity <sup>(2)</sup>	Amount (kWh '000)	Intensity <sup>(2)</sup>	Amount (kWh '000)	Intensity <sup>(2)</sup>
Purchased Electricity Consumption <sup>(1)</sup>	6,040.32	8.73	6,464.24	10.76	5,576.63	10.98

Notes:

1. Total annual purchased electricity consumption covers electricity usage at Bayan Lepas and Batu Kawan production plants.
2. Electricity consumption intensity is calculated based on the total amount of purchased electricity (in kWh '000) over the Group’s total revenue (in MYR’ million) in FY2023, FY2022 and FY2021 respectively.

# ENVIRONMENTAL

Target	FY2023 Progress and Performance
<p>20.0% reduction in the Group's energy consumption intensity by 2030 from its 2020 baseline</p>	<p>The total energy consumption recorded in FY2023 was 6,040,316 kWh (21,745.14 Gigajoules (GJ)), resulting in a 6.5% reduction from FY2022. The total energy consumption includes electricity as the main source of energy for the Group.</p> <p>The energy consumption intensity recorded a slight reduction against the Group's revenue growth in FY2023 from 38.75 GJ per MYR' million in revenue recorded in FY2022 as compared to 31.43 GJ per MYR' million in revenue for FY2023.</p>



# ENVIRONMENTAL

## Water Management

The Group is guided by its ESG Policy to ensure water consumption is managed responsibly throughout the operations to minimise unnecessary resource wastage. The Group sources water from the local water supply operator, Penang Water Supply Corporation (Perbadanan Bekalan Air Pulau Pinang), for both the production plants in Penang. To date, the Group has not faced any material challenges in obtaining water that is fit for purpose. Water consumption is primarily utilised in the offices for the air-conditioning systems, drinking water and toilets. We conduct annual laboratory tests on the drinking water from various locations in our plants to ensure they are free from contamination. The toilets are installed with mechanical and electronic sensors to reduce any wastage. We monitor the Group's water consumption data from its monthly water invoices. The Group does not currently monitor water (effluent) discharge as our operations does not generate effluent from the operations, save and except toilet discharge which is currently being handled by the national sewerage company in Malaysia.

During the reporting year, the Group did not have any incidents of non-compliance pertaining to water quality, permits, standards and regulations.

Item	FY2023		FY2022		FY2021	
	Amount (m <sup>3</sup> )	Intensity <sup>(2)</sup>	Amount (m <sup>3</sup> )	Intensity <sup>(2)</sup>	Amount (m <sup>3</sup> )	Intensity <sup>(2)</sup>
Water Consumption <sup>(1)</sup>	30,033	43.41	30,293	50.44	33,048	65.04

**Notes:**

1. Total annual water consumption covers water usage at Bayan Lepas and Batu Kawan production plants.
2. Water consumption intensity is calculated based on the total amount of water consumption (in m<sup>3</sup>) divided by the Group's total revenue (in MYR' million) in FY2023, FY2022 and FY2021 respectively.

Target	FY2023 Progress and Performance
20.0% reduction in water consumption intensity by 2030 from the Group's 2020 baseline.	<p>During the year, the total water consumption recorded was 30,033 m<sup>3</sup> (30.03 megalitres), resulting in a slight reduction as compared to FY2022. Water consumption intensity reduced slightly against the revenue growth in FY2023.</p> <p>We recognise that the Group will need to do more to raise awareness among its employees through campaigns and reminders on water saving habits in the office premises and where feasible, to rely on rain water harvesting to ensure that the Group is on track with the Group's water consumption targets.</p>

# ENVIRONMENTAL

## Materials

The key materials used in the Group's production activities are mainly fabricated metal components, electrical components and wiring. To pack finished products, the Group utilises cardboard boxes, wooden crates, plastic, bubble wrap and paper to ship the products out of the production plants. To manage the use of materials in the Group's activities, all of its employees are guided by the "Cost With No Waste" principle in ensuring that no excessive waste is generated from the materials used in the production activities and the packaging materials. We currently monitor the materials that form part of the packaging materials used for the finished products and use of other raw materials such as paper in our operations. Our consumption of packaging materials rose in FY2023 compared to FY2022, reflecting the Group's revenue growth and order volumes. The table below provides an overview of the packaging materials used over the last three financial years.

Item	FY2023		FY2022		FY2021	
	Amount (tonnes)	Intensity <sup>(2)</sup>	Amount (tonnes)	Intensity <sup>(2)</sup>	Amount (tonnes)	Intensity <sup>(2)</sup>
Packaging Materials <sup>(1)</sup>	148.39	0.21	117.09	0.19	108.39	0.21

Notes:

1. The data for packaging materials does not include the paper purchased for printing purposes to meet shipping or other regulatory application requirements.
2. Packaging consumption intensity is calculated based on the total packaging materials used (in tonnes) over the Group's total revenue (in MYR' million) in FY2023, FY2022 and FY2021 respectively.

Over the last three financial years, there has been a significant reduction in paper consumption within the Group's operations. This was achieved with the removal of significant number of printers at site and the implementation of a no-printing initiative. Additionally, the Group adopted an electronic signature platform to facilitate electronic signing of documents, thereby eliminating the need of printed copies. The Group recorded 1.37 tonnes of paper usage in FY2023 as compared to 2.35 tonnes in FY2022 and 2.43 tonnes in FY2021 respectively. We excluded paper consumption intensity disclosures in this Report as we have streamlined this topic to focus on the packaging materials.

# ENVIRONMENTAL

## Emissions

The Group recognises that GHG emissions and energy consumption play a significant role in climate change impacts. It is vital for the Group to responsibly lower its carbon footprint across the value chain in areas where there is an impact to enhance the Group's operational resilience.

The Group aims to reduce its overall GHG emissions intensity by 20.0% by 2030, using 2020 as the base year. In order to effectively reduce the Group's GHG emissions, the Company must be clear as to which activities generate the most emissions in the Group's value chain.

We conducted a review in FY2023 on the Group's activities that fall within Scope 1 GHG emissions in FY2023. Scope 1 emissions are direct emissions that come from sources owned or controlled by a company. We recognise that there was an oversight in the emissions table in PIL's previous report that reflected air pollutants under the Group's direct Scope 1 GHG emissions. As Scope 1 GHG emissions refer to the direct emissions generated from combustion of mobile or stationary sources from vehicles that are under our control from the Group's operations, we recognise that the Group does not currently track the significant activities that fall under Scope 1. Although the Group utilises motor gasoline and diesel oil for vehicles and equipment, a significant portion of this is not from the Group's own or leased vehicles under the Group's control. The Group utilises third-party sources to transport materials and products to and from the plants to various locations. A small number of corporate vehicles owned by the Group are used for business activities. However, fuel usage on these vehicles is not currently tracked. The Company will continue to review and assess all of the Group's activities in more detail to ensure the Group's GHG inventory is developed accurately.

Scope 2 emissions are GHG emissions associated with the purchase of electricity, steam, heat or cooling. The indirect emissions under Scope 2 GHG emissions are mainly contributed from the consumption of purchased electricity in the Group's production plants and offices. The Group's indirect Scope 2 GHG emissions has reduced in FY2023 from FY2022, correlating with the reduction in the purchased electricity consumption for the Group in FY2023.

For indirect Scope 3 GHG emissions, we have collated data on the emissions generated from our employees' business travel by air over the last three financial years. In FY2023, the Group's indirect Scope 3 GHG emissions amounted to 206.44 tCO<sub>2</sub> eq. We intend to further develop our Scope 3 GHG emissions inventory data to facilitate the identification of any strategies and setting of targets.

Based on the updated GHG emissions data, we will revisit the Group's GHG emissions intensity targets to reassess any gaps in our previous disclosures. The table below provides the breakdown of the Group's GHG emissions and the intensity for the last three financial years.

# ENVIRONMENTAL

Emission	Breakdown	FY2023		FY2022		FY2021	
		Amount CO <sub>2</sub> -eq (tonnes)	Intensity <sup>(3)</sup>	Amount CO <sub>2</sub> -eq (tonnes)	Intensity <sup>(3)</sup>	Amount CO <sub>2</sub> -eq (tonnes)	Intensity <sup>(3)</sup>
GHG <sup>(1)</sup>	Indirect Scope 2 <sup>(2)</sup>	4,578.56	6.62	4,899.89	8.16	4,227.09	8.32
	Indirect Scope 3 (Business travel by air) <sup>(4)</sup>	206.44	0.30	138.55	0.23	82.22	0.16

**Notes:**

1. The Group's GHG emissions calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standard using the operational control and consolidation approach.
2. To calculate the Indirect Scope 2 GHG emissions, the grid emission factor for purchased electricity in Peninsular Malaysia is sourced from the latest published grid emission factor by the Malaysian Energy Commission, which is at 0.758 kg/CO<sub>2</sub>e/kWh for 2021. The figures for FY2022 and FY2021 are restated to take into account these latest published rates.
3. The GHG emissions intensity is calculated based on the total amount of emissions (in tonnes) under each scope over the Group's revenue (in MYR' million) in FY2023, FY2022 and FY2021 respectively. The indirect Scope 2 GHG emissions intensity figures for FY2022 and FY2021 are restated to encompass the restated Scope 2 GHG emissions for FY2022 and FY2021.
4. Indirect Scope 3 GHG emissions are derived from the Group's employees' business travel by air data recorded in FY2023, FY2022 and FY2021. The GHG emissions are calculated using the International Civil Aviation Organisation (ICAO) carbon emissions calculator (ICAO Carbon Emissions Calculator (ICEC)).

The Group has also previously reported on the nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM") indicators under the Emissions topic. These are related to air pollutants that contribute to climate change and are harmful to the environment. The NOx, SOx and PM were calculated based on data from vehicles that are used in the Group's supply chain and from published emission factor. As part of the Group's efforts to align the appropriate indicators with the relevant material topics, we excluded air pollutants from this Report. We recognise that the Group's previous disclosure on air pollutants did not adequately reflect (from the Group's operations) the prescribed disclosures on significant air emissions that are regulated under international or national laws and regulations.

Target	FY2023 Progress and Performance
Reduce direct and indirect GHG emissions intensity as a whole by 20.0% by 2030, as compared to the baseline year of 2020	The total GHG emissions for FY2023 for the Group is 4,785.00 tCO <sub>2</sub> -eq, a 5.0% reduction from the total GHG emissions of 5,038.44 tCO <sub>2</sub> -eq in FY2022.



# ENVIRONMENTAL

## Climate Change

As previously reported, the Group has initiated a preliminary assessment of the Group's operating conditions to prepare for a more closer disclosure alignment with the task force on climate-related financial disclosures ("TCFD") recommendations. The Group acknowledges the need for additional time to collaborate with all our internal teams and stakeholders to address the climate-related risks, including assessing the physical and transitional risks, more accurately.

The Group has established a Business Continuity and Disaster Response and Recovery Plan which provides procedures and processes for recovery operations and to reduce business interruptions in the event of any catastrophic events. Part of the business continuation planning process involved the Group's identification of potential threats to natural hazards which included climate-related risks such as floods and tropical storms.

The Group plans to take further steps in the coming years to strengthen its alignment with the climate-related disclosures. The core elements of disclosures under the TCFD recommendations include: Governance, Strategy, Risk Management and Metrics and Targets.

We currently track our climate-related performance on the following areas:

- a) Indirect Scope 2 and Scope 3 GHG Emissions
- b) Energy Consumption
- c) Water Consumption
- d) Waste Generation

## The Environment and Natural Resources

The Group does not currently engage in activities that has any direct or significant impact on the environment and the natural resources in the course of its business operations.

# ENVIRONMENTAL

## Waste Management

Waste generated in the production facilities are generally categorised as either general waste, scrap or scheduled waste. The Group has established procedures under the Scrap and Waste Disposal procedures to outline waste management from identifying, segregating, managing, recording and disposition of waste materials to safeguard staff, workplace and the environment to ensure compliance with regulatory requirements. All of the Group's employees are to adhere to these procedures.

Scheduled waste, which is also known as hazardous waste, primarily comprises of electronic components such as dry cells, cartridges, spoilt lightnings, hydraulic oils and lead acid batteries, those which are categorised under the First Schedule (Regulations 2) of the Malaysian Environment Quality (Scheduled Wastes) Regulations 2005. The Scheduled Waste recorded in FY2023 include:

SW Code	Name of Waste
SW110	LED Tube
SW110	E-waste
SW102	Lead Acid Batteries
SW417	Print Cartridge

The hazardous waste must be removed and stored in a controlled waste room and disposed appropriately. Thereafter, collected by an approved contractor every 180 days. Each of the production plants have assigned a "competent person" to record, monitor and report on a monthly basis to the Malaysian Department of Environment the amount of hazardous waste generated from the operations.

Non-hazardous waste comprises mainly of plastic, cardboard boxes, wooden pallets and are collected for disposal at the landfill or for recycling by an approved contractor. The Group also records "scrap" as non-hazardous waste that may be generated from production, office equipment, furniture or fittings. Scrap mostly consists of resalable metal such as iron, aluminium, stainless steel, copper or plastic. Timber wood and paper are also treated as scrap. For metal and plastic, the scrap material is segregated and kept at designated locations for recording and later collected by an approved contractor for disposal. For timber wood products (unused, damaged wooden crates or pallets), these will be collected and discarded from the production, loading bays or the warehouse areas. Generally, timber wood products are for one-off use and are not expected to be recycled. General waste is generated at the facilities mainly from the canteen where leftover food, plastic, lunch boxes or used paper are disposed. The Group discards the general waste into the local council rubbish bin located outside the facilities. The general waste is retrieved by the local council rubbish collector at appropriate times for disposal to the landfills. The Group does not currently measure the amount of general waste generated in the operations. The Group will need to review in more detail how to assess and track the waste diverted from and directed to disposal separately.

# ENVIRONMENTAL

The Group has embedded its commitment to reduce wastage and make efficient use of resources across its operations through several key programmes:

## (a) 3 R Concepts (Reduce, Reuse and Recycle)

This is an ongoing initiative carried out throughout the year to ensure employees play their part in segregating waste into recycling bins provided to encourage proper disposal or waste from the source. This is in line with the Penang State Government's efforts to reduce waste to landfill programmes.

In FY2023, a significant measure was taken to reduce printing across all the offices. This involved the removal of a significant number of printing machines on-site.

## (b) "Cost With No Waste"

The "Cost with No Waste" initiative has been implemented since 2016. As part of the Group's efforts to minimise waste from the design to completion of the products or solutions, each assignment will be built-to-order and materials are only sourced after receiving final approval from customers. This means the Group must only procure materials that will be utilised to reduce any unnecessary waste and mitigate the impact on the ecosystem within its operations.



# ENVIRONMENTAL

The table below provides an overview of the Group's overall waste generation over the last three financial years:

Waste	Breakdown	FY2023		FY2022		FY2021	
		Amount (tonnes)	Intensity <sup>(1)</sup>	Amount (tonnes)	Intensity <sup>(1)</sup>	Amount (tonnes)	Intensity <sup>(1)</sup>
Total hazardous waste	Industrial wastage	0.75	0.0011	0.21	0.0003	0.59	0.0012
Total non-hazardous waste <sup>(2)</sup>	Solid wastage	29.77	0.043	23.82	0.040	17.86	0.035

Notes:

1. Total waste consumption intensity is calculated based on the hazardous waste or non-hazardous waste generated (in tonnes) over the Group's revenue (in MYR' million) in FY2023, FY2022 and FY2021 respectively.
2. The total non-hazardous waste and the non-hazardous waste intensity data are restated for FY2022 and FY2021. The restatements are a result of adjustments made to the current waste data collection methodology, aimed at improving accuracy from previous years' data.

Target	FY2023 Progress and Performance
Reduce production of hazardous and non-hazardous wastes as a whole by 20.0% by 2030, as compared to the baseline year of 2020	The total waste generated in FY2023 amounted to 30.52 tonnes, as compared to 24.03 tonnes in FY2022. The total waste generated in FY2023 is higher due to the increase in the Group's production activities and consistency in the methodology to track waste generated in FY2023. Moreover, waste generation has increased in line with the growth in revenue and workforce size in FY2023.

## SOCIAL

### Employee Management

Our employees are key to the sustainable growth and success of the Group. It is vital for the Group to recruit, develop and retain a highly engaged workforce in a safe, healthy and productive work environment where they feel valued and empowered.

The Board and all employees of the Group are guided by the Group's Code of Conduct and the Company's Code of Ethics on how to conduct themselves in their daily activities. Both the Group's Code of Conduct and the Code of Ethics reinforce a company-wide ethical standards and to sustain a work environment that fosters integrity, care, respect and professionalism. The Company's Code of Ethics is published on the Company's website and available in both English and Chinese versions.

The Company's Human Resources ("HR") department manages all the HR related matters centrally for the Group. All communication or messaging to our employees are usually made via emails, signages across the production facilities, face to face meetings and the shared public folder where all employees have access to the policies such as the Employee Handbook. The Employee Handbook outlines the latest employment benefits, code of ethics, the safety and health standards.

As at 31 December 2023, the Group continues to adhere to all the local employment laws and regulations including the Malaysian Employment Act 1965 and are not aware of any incidents of any breaches to any laws or regulations in relation to the Group's HR related practices.

For this Report, we have improved the Group's disclosures with a refinement of the employment data breakdown. We have restated some of the previously reported performance data to align with the calculation methodology applied for the FY2023 information and with the scope of this Report that covers only the Malaysian operating entities. In some cases, where the Group is reporting on a new indicator, only one year's data is available.

#### Best Employer Award

In August 2023, one of the subsidiaries of the Company was awarded with the Best Employer Award 2023 by EPF. This award recognised employers who have demonstrated exemplary compliance and prompt remittance in contributing to EPF. The subsidiary of the Company was among the top performers selected from over 22,000 companies in Penang to receive this award.



## ***Talent recruitment***

As a progressive employer, the Group remains steadfast in providing opportunities for employment irrespective of nationality, age, gender, marital status, race, religious beliefs or disability. The Group adheres to its Recruitment Policy closely to promote hiring based on merit and expertise. We have an established Recruitment Policy with systematic procedures and guidelines for recruitment and selection of candidates. The Group participates in career fairs in Malaysia throughout the year to seek any potential young talents to join the Group. Such initiatives reinforce the Group's commitment towards hiring from local communities and providing employment opportunities locally. As the Company's operations are predominantly in Malaysia, all of the employees in the Group are all based in the Malaysian operations.

## ***Labour Standards***

The Group's Recruitment Policy reinforces its recruitment practices to not hire any child labour in any of the countries, or support any forced labour or use forced labour in its operations. The minimum age allowed for recruitment in the Group is 18 years old. Any person who has attained the age of 15 and under the age of 18, may be considered for an apprentice contract or vocational training subject to HR clearance.

We plan to review our human rights provisions within our policies. The aim is to ensure our approaches and mechanisms are clearly defined and aligned with our human rights commitments to effectively integrate them into the Group's corporate practices.

During FY2023, the Group did not receive any reports of any incidents or substantiated complaints concerning human rights violations or any instances of non-compliance with any labour standards.

## ***Performance Appraisal and Remuneration Benefits***

With our open communication policy, the Group has implemented a structured annual performance appraisal review process. At the end of each calendar year, all of the Group's employees go through a review process with their respective supervisors to assess their performance and provide a two-way communication channel to gather feedback and discussions on any required training and support needed to drive individual and team performance.

The salaries of the Group's employees are benchmarked against industry market rate and commensurate with individual qualifications, work experience and ability. We believe that all our employees have the right to receive equal remuneration for the work that is the same or of similar nature and ensures compliance with the minimum wage set by the Government of Malaysia and the relevant local laws. The Group also provides benefits such as leave entitlement (annual leave, sick leave, hospitalisation leave, marriage leave, maternity or paternity leave), medical insurance coverage, staggered flexible working arrangements and mandatory contributions to the EPF. Other special incentives available for eligible employees include discretionary bonus and incentive shares. On 1 April 2020, the Company adopted a share award scheme which is valid and effective for a term of 10 years commencing from 1 April 2020 to serve as part of the Group's employee retention programme to retain existing employees and to attract suitable personnel for further development of the Group.

We have on site at the Bayan Lepas production plant, a Day Care Facility to accommodate a small group of children aged three to six years old. This facility is available for employees to drop off their young children from 8:00am to 6:30pm. Having such facility on site can help retain and recruit parents with young children by reducing their stress in finding day care facilities in close proximity to their workplace.

# SOCIAL

## Employee Engagement Activities

To foster closer working relationship among the teams and promote a healthy work environment, the Group encourages non-work-related participation and internal engagement throughout the year. Pentamaster Activity Committee set up under the HR Department, is a working group comprising of individuals from various departments. The Pentamaster Activity Committee helps identify, plan and organise various engagement activities for the Group based on areas of interest compiled from a consolidated wish list submitted from each division before each year end. These activities aim to build a culture of respect and camaraderie among our employees. The Group also maintains its own sports facilities at the Bayan Lepas production plant, including a multipurpose court to encourage employees to participate in sports activities.

Throughout the year, the Group conducted several employee engagement activities including events to raise health awareness on employee well-being with participation from various teams across the operations.

## Sports Events and Other Off-Site Activities

The Group's employees participated in activities organised by third parties and those organised by the Pentamaster Activity Committee during the year to promote healthy lifestyles and strengthen interdepartmental relationships as well as to increase productivity and employee satisfaction. These activities include:

Activity	Month
<b>Arts and Craft</b> This off-site team bonding activity involved 50 employees participating in a tufting workshop at an art studio in Penang.	April 2023
<b>Hiking</b> Approximately 50 employees took part in a hiking activity, commencing from Lintang Bukit Jambul in Penang.	May 2023
<b>Team Building at Bertam Resort Waterpark</b> A group of about 120 employees gathered for a day out at the Bertam Waterpark Resort in Penang as part of an inter-departmental team building event.	August 2023
<b>Glo Fun Walk</b> The Glo Fun Walk at the Youth Park, was organised by Tech Dome Penang to raise funds for its activities. A group of around 50 employees participated in the walk.	September 2023
<b>Badminton Championship</b> A Badminton Championship was held at the Company's sports facilities, with 12 teams participating in the tournament.	September 2023
<b>Bowling</b> A bowling tournament was held at Sunshine Square in Penang, participated by 80 employees.	December 2023



## SOCIAL

### Health and Wellness

#### ***Pentamaster Health Day***

To promote employees' health and wellness across the Group, "Pentamaster Health Day" event was held in June and July 2023 respectively. The event aimed to promote employees' health and wellness by offering a range of activities such as health check and first-aid training awareness. By providing employees with access to comprehensive health screenings and other wellness resources, the event empowered individuals to take proactive steps towards improving their overall well-being.

#### ***Blood Donation Drive***

In conjunction with the "Pentamaster Health Day" held in July 2023, the Pentamaster Activity Committee organised a one-day blood donation drive at the respective production plants to encourage employees to participate in voluntary blood donation. The goal of this event was to raise awareness about saving lives through blood transfusions as well as to highlight the Group's ongoing commitment to corporate social responsibility and employee well-being.

#### ***Health Day (Nutrition and Health Tests)***

As part of the health awareness initiatives, a "Health Day" in September 2023 was organised at the Bayan Lepas production plant, offering free health and weight tests for 80 participating employees.

#### ***Wealth and Wellness Programme***

In November 2023, a "Wealth & Wellness" day was held at the Bayan Lepas production plant, providing employees with access to free spine and health tests and consultation offered by expert third parties. Additionally, financial advisory services were also provided. About 100 employees took part in the programme.

### Annual Dinner 2023

In June 2023, over 1,000 employees and family members gathered for a fun-filled night at Setia Spice Convention Centre, for the Group's "Hollywood" themed Company Dinner. This event brought a sense of belonging to a large organisational family, celebrating all the dedication and hard work of all our employees throughout the year.





# SOCIAL



## Employee Feedback Survey

In December 2023, the HR department launched an inaugural group-wide Employee Engagement Survey to gain some insights from all levels of employment on how employees perceive the Group and to understand their concerns and needs. Based on the feedback from 42.0% of the employees from the Group who participated in the survey, the HR team identified the following key areas of concerns:

- Compensation and benefits
- Work-life balance
- Communication on information
- Material and equipment adequacy to carry out their roles

The Group aims to review the key concerns raised and identify areas on how to address and improve these practices in the coming year.

## Employee attrition

The Group is proud of its loyal workforce. The total turnover rate for the Group in FY2023 is 10.3%, which has significantly reduced from the previous year. The total turnover rate in FY2022 was 30.3%.

The following tables provide an overview of the Group's employee turnover rates in FY2023:

Turnover Rate by Gender, Age and by Geographical Region (%)		
By Gender	FY2023	FY2022
Male	84.0	82.0
Female	16.0	18.0
By Age		
Under 30	62.0	54.0
Between 30-50	36.0	45.0
Above 50	2.0	1.0
By Geographical Region		
Malaysia	100.0	100.0
Others	0.0	0.0
Turnover Rate by Employee Category (Number)		
By Employee Category <sup>(1)</sup>	FY2023	FY2022
Management	5	13
Executive	56	154
Non-executive/Technical Staff	26	49
General Workers	0	1
Total	87	217

Note:

1. This indicator is reported for the first time in FY2023.

## Diversity and Equal Opportunities

At the Group, we recognise the value that every individual brings with their diverse backgrounds and experiences. We strive to promote a culture of equal opportunities and non-discriminatory practices by encouraging a workplace where every individual has the opportunity for professional and personal growth.

Guided by the Group's Code of Conduct, the Group is committed to ensure a work environment that values diversity and riches of various cultures. The Group is committed to provide equal employment opportunity to all individuals and does not tolerate illegal discrimination or harassment of any kind. The types of discrimination that are not tolerated in the workplace include those based on race, religion, disabilities, gender or sexual orientation, age or nationality. The Group is dedicated to maintaining these fair practices in alignment with the Recruitment Policy, referred to above under the Talent and recruitment section.

As at 31 December 2023, the Group's total workforce comprised of 844 employees (FY2022: 717 and FY2021: 682), of which 18.2% were female (FY2022: 18.1%, FY2021: 18.2%). All our workforce by geographical location for this Report in FY2023, are based in Malaysia. The total workforce data for FY2023 and FY2022 reflect the employees within the scope and boundaries covered in this Report, which includes only the Malaysian operating entities. This means the workforce data in this Report may vary from the data reported in other sections of the Annual Report 2023.

We have adjusted the Group's performance on diversity and workforce profile based on the following breakdown:

### Employee Composition

By Employment Type	FY2023		FY2022	
	No.	%	No.	%
Permanent (Full-Time)	825	97.7	703	98.0
Contract	19	2.3	14	2.0
<b>Total</b>	<b>844</b>	<b>100.0</b>	<b>717</b>	<b>100.0</b>

### Gender Diversity

By Gender	FY2023		FY2022	
	No.	%	No.	%
Male	690	81.8	587	81.9
Female	154	18.2	130	18.1
<b>Total</b>	<b>844</b>	<b>100.0</b>	<b>717</b>	<b>100.0</b>

# SOCIAL

## Age Diversity

By Age Group (number)	FY2023	FY2022
Below 30	488	407
Between 30 to 50	313	271
Above 50	43	39

## Employee Category by Gender

By Gender for each Employee Category (%)	FY2023	FY2022
(a) Management		
Male	12.6	14.0
Female	3.8	4.5
(b) Executive		
Male	49.2	51.9
Female	8.3	8.6
(c) Non-executive/Technical Staff		
Male	19.4	15.3
Female	5.5	4.3
(d) General Workers		
Male	0.6	0.7
Female	0.6	0.7

## Employee Category by Age Group

By Age Group each Employee Category (%)	FY2023	FY2022
(a) Management		
Under 30	0.4	0.4
Between 30-50	13.4	15.2
Above 50	2.6	2.8
(b) Executive		
Under 30	36.5	40.3
Between 30-50	19.3	19.2
Above 50	1.8	1.7
(c) Non-executive/Technical Staff		
Under 30	20.0	15.2
Between 30-50	4.4	3.3
Above 50	0.5	0.7
(d) General Workers		
Under 30	0.9	0.9
Between 30-50	0.0	0.1
Above 50	0.2	0.2

# SOCIAL

## Board Diversity

The current Board composition in FY2023 includes a 33.3% female representation and 66.7% male. The Board is also guided by the Company's Code of Ethics in carrying out their duties. PIL's Board Diversity Policy sets out the basic principles to ensure that the Board has the appropriate balance of gender, skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

The Board's age diversity in FY2023 is outlined as follows:

By Age (%)	FY2023
Under 30	0.0
Between 30-50	33.3
Above 50	66.7

Further details on PIL's Board, please refer to the Company's Annual Report 2023.

## Development and Training

Our employees are our key assets and therefore, we are committed to invest in their professional career. Providing our employees with effective personal development training opportunities is important to the growth of our business and ensures that our workforce is up to date with industry trends. Under the ESG Policy, the Group is committed to develop and train employees to improve their knowledge and skills for discharging duties at work. We have an established Training Procedure that outlines a systematic approach to conduct training for continuous learning and hands on experience for staff to discharge their duties at work.

All new employees are required to attend one orientation training programme conducted by HR at least twice a month. The programme entails briefings on the Group, products, HR related matters, safety aspects on the job, the key policies including Group's Code of Conduct, the Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures. Each new employee is required to acknowledge on the orientation checklist that they have received the briefing on the relevant items listed. Continuous training for employees is available throughout the year with due consideration on the required annual training needs of each employee.

Based on the training plans and the performance appraisal review process, the HR department offers appropriate internal on-the-job and external training courses for employees to undertake. In FY2023, some of the training programmes covered include, among others:

- Orientation briefings for new employees across all levels
- Technical courses for forklift and reach truck operators
- Project Management, creative thinking, problem solving, Six Sigma tools
- Technical skills in autocad, geometric dimensioning & tolerancing
- Safety training from the Fire Department ("Bomba"), National Institute for Occupational Safety and Health ("NIOSH") training
- Leadership development programmes
- Upskilling programmes on technical courses related to job functions
- Programmes for information technology ("IT") and soft skills

## SOCIAL

In FY2023, the Group's employees completed a total of 8,793 hours on training, investing MYR324,748.44 in external learning and development programmes. The training hours in FY2023 focused primarily on the mandatory group training sessions necessary for the teams involved in the medical equipment segment. The overall average training per employee was 10.4 hours, which is higher than the average 8.9 hours per employee recorded in FY2022.

Below is an overview of the Group's training performance:

Development and Training	FY2023	FY2022
Total cost of training (MYR)	324,748.44	432,819.02
Percentage of employees who received training (%)	75.1	48.1
Total number of hours of training received by employees (No.) <sup>(1)</sup>	8,793	6,357
Percentage of employees received training by gender (%) <sup>(2)</sup>		
Male	74.8	79.7
Female	25.2	20.3

Notes:

1. FY2022 data on the total number of training hours is restated in this Report, which now includes the total number of training hours participated by the employees and not just the total course hours.
2. FY2022 data is restated to take into account the revised total number of training hours in FY2022.

### Number and Percentage of Training Hours by Employee Category

Employee Category	FY2023		FY2022	
	No. of hours	%	No. of hours	%
Management	2,591	83.3	1,741	62.4
Executive	5,796	84.0	4,112	54.3
Non-executive/Technical Staff	322	15.2	343	13.5
General Workers	84	60.0	161	88.9

### Average Training Hours per Employee by Employee Category

Employee Category (Hours)	FY2023	FY2022
Management	22.5	21.0
Executive	14.2	17.7
Non-executive/Technical Staff	10.1	17.2
General Workers	14.0	20.1

### Average Training Hours per Employee by Gender

Gender (Hours)	FY2023	FY2022
Male	9.8	8.6
Female	13.3	10.3

The Board attended training during the year to continue their professional development and enhance their knowledge on the latest developments including training on ESG practices. Further information of the Board's continuous professional development is outlined in the Company's Annual Report 2023.

## Health and Safety

Prioritising the health and safety of our employees and our contractors in our workplaces is utmost important for the Group. In line with the commitment in the Group's ESG Policy and guided by the Group's Environment, Health and Safety ("EHS") Policy Statement ("EHS Policy"), we strive to maintain a safe, accident free and zero fatality workplace environment for all.

The EHS Policy outlines the health and safety required under the Malaysian Occupational Safety and Health Act 1994. All employees and contractors of the Group are required to adhere to the EHS Policy.

The Group has engaged an external health and safety consultant to assist the Group manage health and safety matters. The Group's Health and Safety Committee is established at each production plant to develop safety and health rules, review effectiveness of safety and health programmes, carry out studies on accidents, near-miss accidents, dangerous accidents and report to the management of any unsafe or unhealthy conditions or practices at the place of work together with the recommendations for corrective actions. The Health and Safety Committee, comprising of representatives from various departments from the Group and is headed by the Operations Director, meet on a quarterly basis.

As part of the Group's efforts to ensure emergency readiness, we have established an Emergency Response Team ("ERT") at each of our production plants to ensure quick response will be available in the event of an emergency. The ERT consists of members from various departments at each plant and is led by the Operations Director. The Operations Director oversees the progress of the health and safety matters for the Group and provides updates to the Board on any issues.

The Bayan Lepas and Batu Kawan facilities are fitted with signages and TV screens to constantly remind our employees to prioritise safety in their working environment. As some of the technical work involves using tools and electrical wiring, employees are reminded to wear personal protective equipment and to keep tools and work area tidy to prevent unnecessary injuries. Our ceiling-based power points and compressed air facility are installed to prevent tripping.

Members of the ERT are provided with first-aid and fire safety training on an annual basis. At each of the production plant, a fire drill is carried out annually to ensure compliance with the fire safety requirements under the Bomba certification. New employees are briefed during the onboarding orientation briefings on the safety culture and practices adopted by the Group.

There is no medical clinic at site in any of the production plants. However, trained first aiders, first-aid kits and defibrillators are available on each site as first assistance to prevent any injuries from worsening. We provide company vehicles to transport any employee to the nearest medical facility if immediate medical attention is needed.

# SOCIAL

## Health and Safety Training

In FY2023, a total of 22 employees were trained on various health and safety standards (FY2022:16).

## Work-related Injuries

In the event of any accidents at site, the Group is required to report to the DOSH if the accidents caused any fatalities, or any serious bodily injury or where a dangerous occurrence takes place in any place of work. The Group is committed to maintain a zero-fatality rate annually by preventing any workplace incidents. No fatalities were reported in the Group in FY2023. One work-related injury occurred in FY2023 when a technical staff member injured his finger while assembling a machine at the production site. The staff member was immediately brought to the nearest clinic for medical treatment. Corrective action was taken to ensure that the machines are handled with adequate support during machine assembly stage in the future.

	<b>FY2023</b>	<b>FY2022</b>	<b>FY2021</b>
Total hours worked <sup>(1)</sup>	1,654,240	1,399,584	1,261,488
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0.0	0.0	0.0
Lost-time incident rate ("LTIR") <sup>(2)</sup>	0.0	0.0	0.0
Total number of work-related injuries <sup>(3)</sup>	1	0	2
Number of lost-days due to work injuries	6	0	65

*Notes:*

- 1. Data for FY2022 and FY2021 is provided for the first time in this Report.*
- 2. This is a new indicator reported for first time in FY2023.*
- 3. One injury was recorded in FY2023, related to a finger injury suffered by one of the Group's employees while assembling a machine on the production site.*



## Community Investments

The Group strongly believes in supporting communities reflecting its commitment to sustainable practices and to create a positive impact. Through our community investments, we support the local communities where we operate in, aimed to create value and enhance the quality of life. Over the years, the Group has focused in giving back to the underprivileged groups, promoting education and supporting initiatives to create meaningful experiences. The Group is committed to the community well-being and works closely with focus groups to engage with communities.

A designated Community Care Manager assists the Group to identify relevant causes where the Group can best contribute and effectively support. Having a key contact on behalf of the Group, it provides an easier communication channel to strengthen a closer relationship with the relevant focus groups.

In FY2023, the Group contributed approximately MYR115,000 (FY2022: MYR72,000) worth of monetary donations. The rest of the donations amounting to approximately MYR217,000 (FY2022: MYR184,000) were made through PCB which is the immediate holding company of PIL.

The following are some of the key activities the Group supported in FY2023:

- **Promoting Education**

### *STEM Showcase 2023*

The Company supported students from Han Chiang High School to attend a science, technology, engineering and mathematics (“STEM”) programme in Penang known as the STEM Showcase 2023 held in August 2023. This event aimed to ignite a passion for STEM among students and young participants, offering them an opportunity to engage directly with interactive technologies and industry players. As one of the exhibitors, the Company featured live demonstrations of robotics applications and encouraged students to interact with technology firsthand.



## SOCIAL

### Penang International Science Fair 2023

The Penang International Science Fair 2023 (“PISF 2023”) held in November 2023, aimed to offer a platform for students for comprehensive learning and interaction through a wide array of events including industry exhibits, hands-on workshops, competitions and MakerFest among other dynamic activities. The event gathered a vibrant mix of students, educators and industry players at the SPICE Arena in Penang. Over two days, the fair served as a hub for innovation and education, emphasising hands-on experiences and direct mentorship in the fields of STEM. The Company participated in the event by sponsoring and mentoring students from SJKC Kwang Hwa in Penang in realising their school projects called “Magnetic Car”. This event provided the students an opportunity to showcase their project outcomes and interact with peers.



### Chung Ling High School Science Carnival

The Company sponsored the Chung Ling High School Science Carnival held at SMJK Chung Ling in September 2023. This event took place on the school grounds and aimed to engage students and teachers in a wide range of STEM-related activities. The event was designed to promote a deeper understanding and appreciation of science and technology.



## SOCIAL

### *STEM Future-Proofing (“SFP”) Initiative*

From June 2023, the Company's immediate holding company, PCB has stepped forward to sponsor MYR60,000 for two groups of students from SMJK Chung Ling to undergo a two-year foundation-learning programme for engineering and computer science. In collaboration with the appointed training institution, INTI International College Penang, the Company has jointly conducted the student enrolment drive and have shortlisted 25 students for engineering and 21 students for computer science to join the programme.



- **Uplifting Underprivileged Homes and Communities**

### *Charis Hospice Charity Run*

In March 2023, approximately 40 employees from the Group participated in the Charis Hospice Charity Run called, “together we care and share” to raise funds and awareness for Charis Hospice Penang. This organisation in Penang provides free palliative home care services to patients with cancer and other life-threatening diseases. This event aimed to raise funds and awareness for the hospice’s palliative care services while promoting health and fitness within the community.

### *Salvation Army Charity*

The Salvation Army in Penang organised an event in October 2023 to collect essential items such as clothing, household goods, non-perishable food items and monetary contributions. These contributions supported the organisation’s mission of providing aid to those in need within the local community. The event offered an opportunity for the Group and its employees a chance to contribute, supporting marginalised and vulnerable members of society.

## SOCIAL

- **Promoting Environmental Causes**

### *Penang Green Market*

Penang Green Market is a monthly Penang state-led initiative designed to serve as a platform for educating and promoting a zero-waste lifestyle. The Penang Green Council aims to increase public awareness of environmental issues and encourage the habit of using reusable containers for takeaway or dining at markets. The Company's immediate holding company, PCB is the Gold Sponsor, contributing MYR50,000 for the initiative which started in November 2023.

### *Bursa Bull Charge 2023*

The Company provided monetary contributions to support the Bursa Bull Charge 2023 ("BBC 2023") event organised by Bursa Malaysia in October 2023. The main goal of the BBC 2023 is to raise awareness on the consequences of climate change and to inspire proactive climate action among Malaysian capital market stakeholders. The funds raised during the event will be channelled towards impactful projects focused on climate action or environmental protection.

- **Animal Welfare**

### *TNR for a Sustainable Balik Pulau*

Trap-Neuter-Release (or Rehome) ("TNR") programme is a joint initiative by the International Aid for the Protection and Welfare of Animals ("IAPWA") Penang and the Penang Island City Council to manage the population of stray and 'free-roaming' dogs in Balik Pulau, Penang. The IAPWA is an international animal welfare charity organisation dedicated to improving the lives of animals in need. The Group has supported these efforts by contributing MYR40,000 to IAPWA in FY2023.

- **Health Research**

### *JDRF One Walk, Arizona USA*

The Company provided financial support for a charitable run organised by the Juvenile Diabetes Research Foundation ("JDRF"), a non-profit leading global organisation that funds type 1 diabetes ("T1D") research. JDRF's mission is to improve lives by accelerating life-changing breakthroughs to cure, prevent and treat T1D and its complications. The run aimed to raise funds for ongoing R&D of therapies.

In addition to the activities outlined above, the Group has also made monetary contributions to other charitable organisations, including Crystal Family Home and Pertubuhan Rumah Kebajikan Seri Cahaya in Penang, as well as providing support for a feeding the poor programme in Nepal.

We have not yet quantified the total number of beneficiaries who have benefited from the investments made in the communities selected by the Group. The Group intends to evaluate the most effective methods for measuring and monitoring the individuals or groups who benefit from these investments.

# SOCIAL



## Economic and Operating Practices

The Group is a leading provider of advanced automation equipment and systems and is committed to delivering excellence in every aspect of its operations. With a focus on its core technology, continuous and providing high quality of products and solutions, the Group strives to set industry standards for its economic and operating practices. Our dedication to operational excellence and customer-centric approach ensures that the Group meets the needs of our customers, driving economic growth and success for the Group and stakeholders alike.

## Supply Chain Management

We are committed to promote responsible and sustainable procurement practices including assessing suppliers based on established set of criteria. We recognise that collaborating with suppliers who do not adopt responsible and transparent business practices could potentially impact the Group's reputation and influence how the Group conducts its business. The Group has adopted into its business practices, the Responsible Business Alliance ("RBA") Code of Conduct, a set of standards on social, environmental and ethical issues in the electronics industry supply chain.

We have in place procurement procedures that outlines the procurement processes and sourcing strategies, including sourcing of materials and labour in line with the relevant requirements.

### Supplier Engagement and Procurement Activities

A majority of the Group's suppliers are manufacturers, agents and distributors for materials required under the respective business segments, which include, among others:

- fabricated parts made of metal or plastic;
- sheet metal parts for machine structure;
- medical devices components such as plastic resin needles, metal stamping parts and packing materials; and
- standard electronic components such as pneumatics, motors, sensors, switches and power supply.

The Group engages subcontractors to supply manpower for wiring and assembly tasks involved during the production process. We also engage third-party contractors for the maintenance and enhancements of the Group's Enterprise Resource and Planning ("ERP") system. Our collaboration with existing suppliers spans from 20 years to a one-year term, indicating our efforts to foster long-term relationships with our suppliers built on stable, reliable and shared values.

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### Approved list of suppliers

The Procurement department maintains a list of approved suppliers for each type of sourced items. The Approved Vendor List, Evaluation and Performance Assessment Work Instruction procedures outline the criteria for each supplier to be included in the approved list of suppliers, among others, the supplier must be:

- (a) legally registered business entity;
- (b) in stable financial condition;
- (c) provide service and respond to enquiries effectively; and
- (d) provide a sustainable supply.

The Group maintains a diverse list of suppliers to avoid dependence on a single source. As at 31 December 2023, the Group has more than 1,000 number of approved suppliers.

The suppliers are selected from the approved list for each purchase based on price, terms, minimum order of quantity, capability, service and support, warranty term, lead time and on-time delivery. To maintain the suppliers on the approved list, each supplier is assessed annually on the quality, timelines of deliveries, customer service and pricing provided throughout the year. The Group intends to review its current supplier selection and assessment process to incorporate environmental and social risks criteria in the future.

The Group enters into a Corporate Supply Agreement with its main suppliers to secure fair terms and pricing, allowing quicker access to products and services required for its customers. A sample of the Corporate Supply Agreement is published on the Company's website. Sourcing needs are based on individual projects and customer requirements. In accordance to the Corporate Supply Agreement, all suppliers must adhere to the labour standards outlined in Schedule 1 of the Corporate Supply Agreement. These standards encompass the suppliers' commitment to uphold the human rights of workers such as prevention of forced labour and child labour, promotion of freedom of association, prevention of harassment and unlawful discrimination and compliance with all applicable wage laws including those relating to minimum wages.

The Group strives to source materials and parts mainly from local suppliers. In FY2023, the Group's proportion of spending on local suppliers amounted to approximately 78.9% of its procurement spending, which is an increase from the 59.9% spent in FY2022 and 67.9% in FY2021.

The table below provides an overview of the number of suppliers for the Group by geographical region over the last three financial years:

Number of suppliers by geographical region	FY2023	FY2022	FY2021
Asia	923	892	849
United States	64	70	67
Europe	22	27	32
Oceania	4	5	4
<b>Total</b>	<b>1,013</b>	<b>994</b>	<b>952</b>

The information on the proportion of spending on local suppliers and the number of suppliers by geographical region for FY2022 and FY2021 are restated above with the refinement of the scope of the entities covered in this ESG Report. The data presented in this section reflects the number of suppliers by geographical region to align with the disclosure requirements in Hong Kong, rather than expressed as a percentage as previously reported.

## Product Quality and Responsibility

We strive to meet our customer requirements while ensuring compliance with applicable regulatory requirements and prioritising safety and health consideration to deliver high quality products. The Group's Quality Policy outlines a framework for setting measurable quality objectives that have been established for various function and levels of the Company, which includes a commitment to risk mitigation and continuous improvement of the quality management system.

As at 31 December 2023, the Group maintains the following certifications:

- ISO 9001: 2015 Quality Management Systems ("QMS")
- ISO 13485: Medical Devices – Quality Management
- Medical Device Registration Certificate issued by the Malaysian Medical Device Authority

The scope of the ISO 9001: 2015 QMS for the Group covers both the production plants in Bayan Lepas and Batu Kawan.



As part of the Group's efforts to uphold exceptional quality standards, its products may undergo rigorous testing to meet the specific requirements of our customers. Certain customers mandate adherence to RoHS (Restriction of Hazard Substances) compliance, a European Union ("EU") directive aimed to restrict use of certain hazardous substances in electrical and electronic equipment to safeguard the environment and public health. Additionally, some customers require the products, mainly machines, to be CE (European compliant) certified which is deemed to meet EU health and environmental protection requirements.



## SOCIAL

To control the quality of our products and solutions, the Group only procures from the approved list of suppliers who can meet the expected quality standards. In the quality assurance process, we initiate quality checks from the moment the materials sourced arrive at the respective production plant warehouses. This includes inspections on random sampling of the sourced materials to ensure they meet the Group's standards for product excellence. Mandatory checks are required on incoming materials for fabrication parts, sheet metal parts and critical components. The quality checks are conducted through visual inspection on the material appearance, dimensional check as well as fitting test with mating parts. Items that do not meet the specifications are rejected and returned. Further quality checks are conducted during the assembly or production stages. These internal measures provide assurance that only acceptable in-process products be allowed to process further and final buy-off products be allowed to ship to customers. Final checks are conducted by our quality team with a Factory Acceptance Test ("FAT") issued before products are shipped out to customers. A site acceptance test ("SAT") is issued after testing is conducted once the products are assembled and running at the customers' site. The Group's quality assurance processes are in line with the ISO 9001:2015 QMS standards.

### Customer Satisfaction and Complaints Handling

The Group acknowledges that its customers satisfaction and their feedback are key factors in ensuring long-term success and to maintain the Group's reputation as a renowned player in the industry. We strive to enhance our customer satisfaction and consider their feedback and concerns to ensure high quality standards are maintained across all our products and services.

The Group's customer complaints are handled by our project teams. We log in customer complaints and rectify the problems immediately during the project schedule. Guided by the Handling of Customer Complaint Procedure Policy, the relevant project teams are required to respond within two working days in the event of any product quality related issues. Upon investigation, the relevant teams are required to submit a containment action plan to customers and implement it accordingly. In most cases, the project teams work closely with the customers to work on a reasonable timeline to fix the issues. In FY2023, the Group received four complaints from customers, relating to damaged or missing parts after shipment and software and system failures. Corrective action was taken to resolve these issues promptly with the customers within the project schedule.

To assess our customers feedback and enhance their experience with our products and services, the Group conducts an annual customer satisfaction survey mainly on their key customers (platinum or gold categories). The survey covers few points, among others, such as:

- responsiveness to queries;
- product quality;
- reliability and stability;
- technical support and service response time; and
- overall satisfaction with the Group.

Customer engagements are mainly carried out through emails, physical meetings, phone or video calls.

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The table below provides an overview of the product recalls and customer complaints received by the Group over the last three financial years:

<b>Product Recalls and Customer Complaints</b>	<b>FY2023</b>	<b>FY2022</b>	<b>FY2021</b>
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0	0	0
Number of products and service-related complaints received	4	1	1

### Intellectual Property

The Group is committed in observing and protecting its IP rights. The rights to use technology behind the various design and manufacturing processes in the Group's business and industry as well as the protection of proprietary knowledge, technology and processes developed by the Group are crucial to its continuous success and development. If the Group's technology is infringed by way of unauthorised copying, use or imitation of technologies, this poses a significant risk and potential impacts on the competitive advantage, sales performance and overall reputation of the Group.

Based on the Group's business model, which focuses on core technology, continuous innovation and provision of customised high-value and technology products and solutions to customers, our R&D team work closely with the project teams to develop new solutions to meet customers' requirements. Such intensive R&D activities contribute to the high number of proprietary solutions with more IP being filed. The Group has submitted applications to register several of its trademarks and affirmed the relevant statutory declarations in respect of the copyrights of certain software products.

The Group takes all necessary action to ensure all information is kept confidential and secure. Under the Group's Code of Conduct, the Company must ensure all personal information on employees, customers, business partners or suppliers be used diligently and treated confidentially, respecting fully all privacy rights. The protection of such information is of the highest importance and must be discharged with the greatest of care to merit the continued confidence of the persons concerned. This applies specifically to intellectual property, such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing know-how, designs, inventions, database, records, salary information or any unpublished financial data and reports. All employees are required to sign a non-disclosure agreement ("NDA") to protect the Group's interest and safeguard the Group's proprietary information, trade secrets and confidential data. The NDAs are critical to safeguard against unauthorised disclosure, theft or misuse of sensitive information. The Group continuously reviews and enhances its IP protection strategies and procedures to adapt to changing business environments, emerging technologies and evolving threats.

As at 31 December 2023, no action has been instituted against the Group on any infringement of IP rights.

## GOVERNANCE

We believe in doing the right thing for our stakeholders, upheld through the highest standards of corporate governance and best practices that reflect our commitment towards accountability. Further details on the Company's corporate governance practices are set out in the Corporate Governance Report in the Company's Annual Report 2023.

The Group places a strong emphasis on compliance with laws and regulations in ensuring our commitment to sustainable practices and strategy. We recognise the importance of adhering to all applicable laws and regulations governing our operations. We maintain rigorous internal processes and procedures to monitor and ensure compliance across all aspects of our business activities. As at 31 December 2023, no incidents of non-compliance were reported or made against the Group in relation to any permits, standards or relevant laws and regulations.

### Anti-Corruption and Bribery

The Company recognises the importance of establishing and upholding good corporate governance and is committed to conducting business in accordance with the highest ethical standards in full compliance with all applicable laws, regulations and standards. The Group's reputation for integrity and honesty is based on this commitment and helps ensure its long-term success.

The Company has a zero-tolerance approach towards any form of corruption and bribery in conducting its business. The Company's Anti-Corruption and Bribery Policy provides guidance to prevent the occurrence of bribery and corrupt practices in the conduct of the Group's business. The Board has oversight over the Anti-Corruption and Bribery Policy. All existing employees must receive regular and adequate training on the Company's position regarding anti-corruption and bribery, integrity and ethics to ensure their thorough understanding of this Policy. New employees are briefed during the onboarding sessions on the Company's position on anti-corruption and bribery practices. The Group's Code of Conduct also reinforces the expectations of the Board, managers and employees not to conduct themselves in practices that seek to obtain business through improper means. In FY2023, 202 employees (FY2022: 256) participated in anti-corruption and bribery training. All our operations are assessed for corruption risks. In higher risk areas of the operations, the Group has stringent internal controls to effectively mitigate such risks.

Over the last three financial years, there were no confirmed incidents or concluded legal cases regarding corrupt cases brought against the Company and its employees.

To ensure that the high standards of openness, probity and accountability are maintained in the conduct of businesses and operations, the Company has in place a whistle-blowing channel as outlined under the Whistleblowing Policy and Procedures, for all employees, customers, suppliers and other stakeholders to raise concerns or any suspected misconduct, or malpractice within the company through confidential means. There were no reports made via the whistleblowing channels over the last three financial years.

Both the Anti-Corruption and Bribery Policy and the Whistleblowing Policy and Procedures are available on the Company's website.

# GOVERNANCE

Percentage of employees who have received training on anti-corruption by employee category (%):	FY2023	FY2022	FY2021
(i) Management	7.0	6.0	62.0
(ii) Executive	22.0	39.0	9.0
(iii) Non-executive/Technical Staff	40.0	50.0	4.0
(iv) General Workers	10.0	78.0	0.0

## Data Privacy and Security

With cybersecurity concerns becoming more prevalent and complex, it is vital for the Group to constantly enhance its preventive measures. The Group is committed to consumer data protection and privacy in compliance with the laws and regulations such as the Personal Data Protection Act 2010. Each employee is required to acknowledge PCB's Personal Data Protection notice, which covers the employees of the Group, regarding the collection, use, disclosure, holding and storing of the employee's data.

The Group backs up its operational data regularly and procedures are handled by its management information system operational team. Backup data are programmed on a daily basis to offsite server and tested on a quarterly basis to ensure the backup data is working appropriately. Backup data is available offsite and can be called on immediately in the event of system disruption. The Business Continuity and Disaster Response and Recovery Plan provides the support to sustain critical business processes during an unplanned interruption event.

As at 31 December 2023, there were zero substantiated complaints concerning breaches of customer privacy or loses of customer data. This is consistent with the results reported over the last three financial years.



## Key Performance Indicators

Indicators	Unit	FY2023	FY2022	FY2021	Target
<b>ENVIRONMENTAL</b>					
<b>Use of Resources</b>					
Total purchased electricity consumption	kWh '000	6,040.32	6,464.24	5,576.63	
Purchased electricity intensity	per MYR' million in revenue	8.73	10.76	10.98	
Total energy consumption	Gigajoules	21,745.14	23,271.26	20,075.87	
Energy consumption intensity	per MYR' million in revenue	31.43	38.75	39.51	Reduce by 20.0% by 2030
Total water consumption	megalitres	30.03	30.29	30.05	
Total water consumption	m <sup>3</sup>	30,033	30,293	33,048	
Water consumption intensity	per MYR' million in revenue	43.41	50.44	65.04	Reduce by 20.0% by 2030
<b>Packaging Materials</b>					
Total packaging materials	tonnes	148.39	117.09	108.39	
Packaging materials intensity	per MYR' million in revenue	0.21	0.19	0.21	
<b>Other Materials</b>					
Paper Consumption	tonnes	1.37	2.35	2.43	
<b>Emissions</b>					
Total GHG emissions	tCO <sub>2</sub> eq	4,785.00	5,038.44	4,309.31	
GHG emissions intensity	per MYR' million in revenue	6.92	8.39	8.48	Reduce by 20.0% by 2030
Indirect Scope 2 GHG emissions	tCO <sub>2</sub> eq	4,578.56	4,899.89	4,227.09	
Scope 2 GHG emissions intensity	per MYR' million in revenue	6.62	8.16	8.32	
Indirect Scope 3 GHG emissions (Business travel)	tCO <sub>2</sub> eq	206.44	138.55	82.22	
Scope 3 GHG emissions intensity	per MYR' million in revenue	0.30	0.23	0.16	
<b>Waste Management</b>					
Total waste generated	tonnes	30.52	24.03	18.45	Reduce by 20.0% by 2030
Total waste consumption intensity	per MYR' million in revenue	0.044	0.040	0.036	
Total hazardous waste	tonnes	0.75	0.21	0.59	
Hazardous waste intensity	per MYR' million in revenue	0.0011	0.0003	0.0012	
Total non-hazardous waste	tonnes	29.77	23.82	17.86	
Non-hazardous waste intensity	per MYR' million in revenue	0.043	0.040	0.035	

## Key Performance Indicators

Indicators	Unit	FY2023	FY2022	FY2021	Target
<b>SOCIAL</b>					
<b>Employee Management</b>					
Turnover Rate of employees	%	10.3	30.3	N/A	
Turnover Rate by gender					
-Male	%	84.0	82.0	N/A	
-Female	%	16.0	18.0	N/A	
Turnover Rate by age group					
-Below 30	%	62.0	54.0	N/A	
-Between 30-50	%	36.0	45.0	N/A	
-Above 50	%	2.0	1.0	N/A	
Turnover Rate by geographical region					
-Malaysia	%	100.0	100.0	N/A	
-Others	%	0.0	0.0	N/A	
Total number of employee turnover by employee category					
-Management	No.	5	13	N/A	
-Executive	No.	56	154	N/A	
-Non-executive/Technical Staff	No.	26	49	N/A	
-General Workers	No.	0	1	N/A	
Number of incidents or substantiated complaints concerning human rights violations or any instances of non-compliance with any labour standards	No.	0	0	0	
<b>Diversity and Equal Opportunities</b>					
Total number of employees	No.	844	717	682	
By gender					
-Male	No.	690	587	558	
	%	81.8	81.9	81.8	
-Female	No.	154	130	124	
	%	18.2	18.1	18.2	
Employees by employment type					
-Permanent (full-time)	No.	825	703	N/A	
	%	97.7	98.0	N/A	
-Contract	No.	19	14	N/A	
	%	2.3	2.0	N/A	

## Key Performance Indicators

Indicators	Unit	FY2023	FY2022	FY2021	Target
Employees by age group					
-Below 30	No.	488	407	N/A	
-Between 30-50	No.	313	271	N/A	
-Above 50	No.	43	39	N/A	
Employees by geographical region					
-Malaysia	%	100	100	N/A	
-Others	%	0.0	0.0	N/A	
Employees by gender and age group for each employee category					
(i) Management					
-Male	%	12.6	14.0	N/A	
-Female	%	3.8	4.5	N/A	
-Under 30	%	0.4	0.4	N/A	
-Between 30-50	%	13.4	15.2	N/A	
-Above 50	%	2.6	2.8	N/A	
(ii) Executive					
-Male	%	49.2	51.9	N/A	
-Female	%	8.3	8.6	N/A	
-Under 30	%	36.5	40.3	N/A	
-Between 30-50	%	19.3	19.2	N/A	
-Above 50	%	1.8	1.7	N/A	
(iii) Non-executive/Technical Staff					
-Male	%	19.4	15.3	N/A	
-Female	%	5.5	4.3	N/A	
-Under 30	%	20.0	15.2	N/A	
-Between 30-50	%	4.4	3.3	N/A	
-Above 50	%	0.5	0.7	N/A	
(iv) General Workers					
-Male	%	0.6	0.7	N/A	
-Female	%	0.6	0.7	N/A	
-Under 30	%	0.9	0.9	N/A	
-Between 30-50	%	0.0	0.1	N/A	
-Above 50	%	0.2	0.2	N/A	

## Key Performance Indicators

Indicators	Unit	FY2023	FY2022	FY2021	Target
<b>Directors by Gender and Age</b>					
-Male	%	66.7	66.7	66.7	
-Female	%	33.3	33.3	33.3	
-Under 30	%	0.0	0.0	0.0	
-Between 30-50	%	33.3	33.3	33.3	
-Above 50	%	66.7	66.7	66.7	
<b>Development and Training</b>					
Total number of training hours	Hours	8,793	6,357	N/A	
Percentage of employees who received training	%	75.1	48.1	N/A	
<b>Total employees who training by gender</b>					
-Male	%	74.8	79.7	N/A	
-Female	%	25.2	20.3	N/A	
<b>Number of training hours and percentage by employee category</b>					
-Management	Hours	2,591	1,741	N/A	
	%	83.3	62.4	N/A	
-Executive	Hours	5,796	4,112	N/A	
	%	84.0	54.3	N/A	
-Non-executive/Technical Staff	Hours	322	343	N/A	
	%	15.2	13.5	N/A	
-General Workers	Hours	84	161	N/A	
	%	60.0	88.9	N/A	
Average training hours per employee (overall)	Hours	10.4	8.9	N/A	
<b>Average training hours by gender</b>					
-Male	Hours	9.8	8.6	N/A	
-Female	Hours	13.3	10.3	N/A	
<b>Average training hours by employee category</b>					
-Management	Hours	22.5	21.0	N/A	
-Executive	Hours	14.2	17.7	N/A	
-Non-executive/Technical Staff	Hours	10.1	17.2	N/A	
-General Workers	Hours	14.0	20.1	N/A	



## Key Performance Indicators

Indicators	Unit	FY2023	FY2022	FY2021	Target
<b>Health and Safety</b>					
Number of work-related fatalities	No.	0	0	0	
Rate of work-related fatalities	%	0.0	0.0	0.0	
Lost-time incident rate ("LTIR")	%	0.0	0.0	0.0	
Lost-days due to work injuries	No. of days	6	0	65	
Total hours worked	Hours	1,654,240	1,399,584	1,261,488	
Total number of work-related injuries	No.	1	0	2	
Number of employees trained on health and safety standards	No.	22	16	N/A	
<b>Community Investments</b>					
Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	332,000.00	256,000.00	152,000.00	
<b>Supply Chain Management</b>					
Total number of suppliers	No.	1,013	994	952	
Proportion of spending on local suppliers	%	78.9	59.9	67.9	
<b>Product Quality and Responsibility</b>					
Total products sold or shipped subject to recalls for safety and health reasons	%	0.0	0.0	0.0	
Number of complaints received on products and services	No.	4	1	1	
<b>Intellectual Property</b>					
Number of actions instituted for any infringement of IP rights	No.	0	0	0	

## Key Performance Indicators

Indicators	Unit	FY2023	FY2022	FY2021	Target
<b>GOVERNANCE</b>					
Percentage of employees who have received training on anti-corruption by employee category					
-Management	%	7.0	6.0	62.0	
-Executive	%	22.0	39.0	9.0	
-Non-executive / Technical Staff	%	40.0	50.0	4.0	
-General Workers	%	10.0	78.0	0.0	
Percentage of operations assessed for corruption-related risks	%	100.0	100.0	100.0	
Confirmed incidents or concluded legal cases regarding corrupt practices and action taken	No.	0	0	0	
Employees participated in anti-corruption and bribery training	No.	202	256	102	
Whistleblowing reports via whistleblowing channels	No.	0	0	0	
Number of incidents of non-compliance with any permits, standards or relevant laws and regulations	No.	0	0	0	
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	No.	0	0	0	

Note:

N/A - means not available. Data that is not provided in FY2021 indicates it was not tracked.

**PENTAMASTER INTERNATIONAL LIMITED**


**檳傑科達國際有限公司**

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