



SUSTAINABILITY
at Poh Kong

Sustainability at Poh Kong

THIS REPORT COVERS THE COMPANY'S SUSTAINABILITY EFFORTS AND INITIATIVES BETWEEN AUGUST 2022 AND JULY 2023 (FYE 2023) UNLESS OTHERWISE SPECIFIED. THE GROUP'S ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE DURING THE REPORTING PERIOD IS REPORTED IN ACCORDANCE WITH THE GLOBAL REPORTING INITIATIVE ("GRI") STANDARDS.

To ensure consistency in the implementation of sustainability measures, the Group's Environmental, Social and Governance (ESG) strategies rest at the highest level with the Board of Directors. Poh Kong's Sustainability Management System is kept clear, simple and easy to execute.



Poh Kong takes a holistic approach to operating a sustainable business. Our emphasis is on building sustainability-focused business practices that will benefit all our stakeholders, the community, the nation and the planet. We are committed to maintaining a strong focus on ESG initiatives which we see as critical to the health of our business.

Our sustainability goals are aligned with UN Sustainable Development Goals, particularly in regard to areas that are of the greatest importance to our business and its major stakeholder groups – employees, customers, suppliers - and where we believe we can make the greatest impact. Poh Kong's materiality matrix and key priorities are based on inputs from stakeholders. Poh Kong regularly reviews these issues to keep abreast of changes in the business environment and stakeholder opinions.

Poh Kong intends to future-proof its sustainability strategies and measures to stay relevant to its customers, investors and stakeholders.



Sustainability at Poh Kong (Cont'd)

We have been thoughtful about our sustainability agenda and based on a materiality assessment, we have prioritised five key areas: Governance, People, Quality & Service, Supply Chain and Environment.



ESG PERFORMANCE IN 2023

Poh Kong is committed to becoming a leader in sustainable practices within Malaysia's jewellery industry. Our vision is to create jewellery that is not only beautiful, but also ethically and environmentally responsible. Our efforts to date have led to reductions in our environmental footprint, improvements in employee well-being, minimising waste generation and ethical sourcing of materials.

In FYE2023, Poh Kong made substantial progress in achieving key milestones and contributing to a more sustainable and responsible jewellery industry. Our emphasis was on continuously improving our practices, working closely with all our stakeholders and embracing innovation to improve our environmental footprint and promote social responsibility.

In the past year, we intensified our commitment to transitioning from a disposable economy to one that prioritises waste reduction, resource circulation the rejuvenation of nature. The emphasis continued to be on actively repurposing, repairing or recycling existing items and materials.

Our corporate social responsibility (CSR) initiatives are aimed at safeguarding and preserving our coastal resources. We spearheaded a beach clean-up drive at Port Dickson, collecting over 500kg of rubbish. Poh Kong also joined forces with Kose Sekkisei to support efforts by a local NGO, Reef Check Malaysia, to restore and protect our nation's corals and beaches for future generations.

We firmly believe women's empowerment and gender-inclusive economic growth will pave the way for prosperity and progress. In FYE2023 Poh Kong sponsored the inaugural Malaysian Chapter of the Women's Economic Forum (WEF). WEF is a compelling platform that enables networking and collaboration and encourages enlightened exchange and partnerships for women worldwide.

The year also saw recognition of the visionary leadership and contributions of Dato' Alice Choon, Poh Kong's Director of Poh Kong Jewellers Sdn Bhd. She was named the "Most Influential Entrepreneur" in the Shanghai International Prestige Business Awards 2023.

We recognise that sustainability is not a destination but an ongoing journey. We are reviewing and re-evaluating our goals and strategies in response to the fast changing business and social environment. The emerging opportunities and challenges ahead will shape our future sustainability efforts. Together with our stakeholders, we will continue to make a positive impact while crafting beautiful jewellery for generations to come.

Sustainability at Poh Kong (Cont'd)

GOVERNANCE

A clear and effective corporate governance system is in place throughout the Group to ensure that our business complies with all relevant laws and regulations. The focus is on accountability, honesty and integrity across all the Poh Kong's activities and communications programmes. The Board of Directors and top leadership regularly evaluates compliance measures and assesses and improves risk management action plans.



Ethics & Compliance



During the year, the Board of Directors ensured the Group maintained a sound and transparent governance framework. The Audit and Risk Management Committee supported the Board and undertook oversight of regulatory compliance. At the operational level, the various business divisions and departments remained responsible for evaluating the adequacy and effectiveness of their risk management and mitigating measures on an on-going basis. Top management continued to urge all its stakeholders to uphold the highest ethical and professional standards.

Information Security



The trust of customers, employees and business partners is very important to Poh Kong. All data provided is protected by an efficient and continually strengthened information security system. An annual budget approved by the Board to specifically enhanced and upgrade the software and hardware pertaining to the information security system. In accordance with the Personal Data Protection Act 2010 to safeguard the privacy of customers, PKHB collects and maintains a minimal amount of their personal details. Even within Poh Kong, customer data is released on strictly a need-to-know basis, and never without their prior consent. During the year, Poh Kong continued to monitor and implement Data Leak Preventive measures in phases to further tighten data protection. Relevant details of PKHB's privacy policy are available on our website.

Anti-Bribery and Corruption



Poh Kong strongly believes that ethical leadership plays a critical role in preventing fraud, corruption and unethical practices. It has zero tolerance for fraud, bribery, corruption and violation of laws and regulations. This commitment is central to the Group's approach to corporate responsibility. Our values and Code of Conduct and Ethics are clearly communicated and implemented to ensure clear understanding throughout Poh Kong.

Sustainability at Poh Kong (Cont'd)

PEOPLE

People are Poh Kong's most valuable resource and drive the Group's success. Poh Kong is fully committed to providing our people with a supportive and dynamic work environment, and offering a strong sense of belonging to the Group. Poh Kong adopts a strong learning culture and channels significant resources towards developing and improving the abilities and leadership qualities of our employees. We have continuously invested in their well-being and performance through extensive training programmes including product knowledge, leadership skills and grooming to motivate them to achieve their highest aspirations. As a result, approximately 75% of our staff have been with Poh Kong for over 5 years and above.

Poh Kong is adopting strength-based management to nurture and develop its people by leveraging on their unique abilities. By giving employees a greater sense of purpose and motivation through this approach, Poh Kong will be in a strong position to attract more young people and add diversity to its workforce.



People Practices

Poh Kong prioritises employment practices that are fair, non-discriminatory and merit-based. It upholds human rights, offers competitive remuneration and develops its employees, based on performance, ability and skills. As of 31 July 2023, Poh Kong's 1,072 employees and staff turnover stood at 13.5%.



Poh Kong believes strongly that a diverse workforce with varying strengths, skills and experiences creates long term value for the business. Across Poh Kong, an equal opportunity policy offers the same possibilities for growth and development to all staff regardless of ethnicity, gender, nationality, age or disability. This has helped motivate employees, strengthened staff retention and boosted creativity.

Poh Kong maintains a zero tolerance for unethical human resource practices. Its Code of Business Conduct and Ethics provides the framework to guide the actions and behaviour of all employees. The Group's Human Resources team is expertly guided by an experienced legal team. Managers and heads of departments are regularly updated on employment and industrial issues.

Sustainability at Poh Kong (Cont'd)

PEOPLE



Health & Safety

Poh Kong is fully committed to providing a safe and healthy workplace environment. This is seen as fundamental to the future of its business. Its Health & Safety Environment Management System (HSEMS) provides an effective framework to foster a strong HSE culture throughout the Group. Processes and systems are in place to identify, mitigate and report risks and communicate best practices. A strong emphasis on engagement and collaborative working ensures that employees, contractors and subcontractors understand compliance with the Occupational Safety and Health Act, 1994. Our managers, employees and OSHA consultants continued to meet monthly to address occupational safety matters. During the year a Housing Amenities Committee was set up to look into safety conditions at hostels accommodating our employees. The Group is in the midst of submitting our application to the relevant authority for approval.

There were no Lost Time Injuries and Accidents recorded during FYE 2023.



Learning & Development

Poh Kong respects and supports each and every employee's ambitions and enables them to make the most of their individual strengths and capabilities. It believes it is crucial to ensure that they are equipped with future-proof skills and capabilities to help them meet the challenges of an evolving and changing business landscape. The Learning & Development Department evaluates training needs and recommends relevant programmes.

In FYE 2023, the Group had dedicated approximately 599 hrs on training for all its employees.

During FYE2023, Poh Kong continued with efforts to ensure that Poh Kong has staff with the mix of relevant knowledge and skills for business sustainability and future growth, while at the same time, taking into account their own career aspirations. Poh Kong has embarked on Group Career Development Programme – to screen and identify potential candidates for both classroom training and on-the-job training for 6 months. Qualified candidates will be placed in the appropriate job position within Poh Kong.

Last year, an investment of RM 486,200 gave employees at all levels the opportunities to upgrade their skills and craftsmanship.



Sustainability at Poh Kong (Cont'd)



QUALITY & SERVICE

Poh Kong is committed to excellence across its operations in the effort to build enduring relationships with its customers and other key stakeholders. It places top priority on customer satisfaction, and invests considerable resources, time and effort to improve product quality, designs, production techniques and service quality.

Poh Kong's range of products reflects creativity and experienced craftsmanship and has reinforced Poh Kong's reputation as a premier jewellery manufacturer in Malaysia. During the financial year, the Marketing team organised a series of design forums aimed at a cohesive effort to uphold the highest standards in producing exquisite, timeless pieces of jewellery to meet the wide-ranging expectations of Poh Kong's wide cross-section of customers. Front-liners, marketing, merchandising and production personnel came together to discuss customer preferences and fashion trends.

Poh Kong's emphasis during the financial year 2023 was to uphold its reputation for quality products and service excellence. It maintains its customer-centric approach, building on existing customer relationships and making every customer contact memorable. Our customer base stood at Poh Kong initiated a CSR project for employees' children as well as children of its cherished customers, providing full and partial merit-based scholarships to Saito University as well as a 30% fee waiver. Our customer base stood at more than 284,500 members during the year under review.

SUPPLY CHAIN

Poh Kong's emphasis is on optimising supply chain management to increase competitiveness and customer satisfaction. A stringent process of selection of suppliers is based on a solid reputation and track record of quality, reliability and competitive pricing. All suppliers are scrutinised for financial sustainability and strong principles of responsible corporate governance practices.



Poh Kong has a clear and transparent procurement policy that ensures business is conducted in an ethical, legal and socially responsible way. The Company believes that a strong local supply chain is vital to the long-term development of business and creates sustainable economic value for the nation as a whole. In cases where there is no alternative but to source internationally, Poh Kong selects partners with high standards in areas such as ethical behaviour, environmental stewardship and workplace practices.



Sustainability at Poh Kong (Cont'd)

ENVIRONMENT

Poh Kong looks at all possible mitigating measures to minimise the environmental impact of its operations. During the year it integrated the best sustainability practices and compliance across all its operations.



Waste Management at PKHB's Jewellery Manufacturing Facilities, Shah Alam

There is in place a stringent water management system to prevent the contamination of local water supplies. Wastewater may contain acids, alkali, various chemicals and heavy metals. Poh Kong's onsite facility is responsible for the neutralisation, deionisation and sedimentation of wastewater from the plants.



Treated water is certified safe before discharge in accordance with Peraturan-Peraturan Kualiti Alam Sekeliling (Efluen Perindustrian) 2009, and the slag is properly handled by licensed operators – Midas Utara Engineering Sdn Bhd. At the smaller plant, wastewater is safely stored for removal by Midas Utara Engineering at regular intervals.

Poh Kong has taken significant steps to reduce and recycle waste. Packaging and paper are re-used wherever possible and we are moving steadily towards a paperless work environment.

Energy Efficiency



Mindful of the need to boost the Poh Kong's energy efficiency, measures have been put in place to conserve energy that include the use of LED lightings in all our showrooms. Plans are underway to kick off further initiatives to reduce the use of energy across our operations.

Compliance



Poh Kong mandates compliance with all applicable local environmental laws and regulations. All our employees, contractors and consultants are encouraged to be proactive in managing and reporting environment related issues and complaints. During the year under review, there were no cases of non-compliance.