



## CORPORATE SUSTAINABILITY STATEMENT

### ABOUT THE COMPANY

HB Global Limited ("HBGL" or "the Group") is a reputable investment option renowned for its focus on processing, packaging, and manufacturing a diverse range of food products, all while upholding a dedication to sustainability. Our unwavering commitment to upholding the highest standards in product quality and service excellence persists, as our cohesive team collaborates closely to ensure customer satisfaction while remaining faithful to our principles of environmental stewardship.

#### Our Core Businesses

The Group's core operations centre on the processing, packaging, and manufacturing of a diverse range of ready-to-serve foods, frozen vegetables, and various food items through its subsidiary entities. Over time, the Group has cemented its position as a leading one-stop destination for gourmet convenience foods in China. By harnessing advanced food processing capabilities that include cleaning, slicing/cutting, blanching, boiling, frying, vacuum frying, steaming, smoking, stewing, and barbecuing, we ensure the highest quality in our offerings. Our company specialises in producing a wide array of food materials and quick-frozen products, primarily meeting the needs of our customers and distributors.

### ABOUT THIS STATEMENT

At HBGL, our resolve is to shape a brighter tomorrow through ethical business practices, unwavering focus on our objectives, and streamlined operational efficiency. This commitment embodies our dedication to making a constructive impact on the local economy, society, environment, and governance. Through concerted efforts and initiatives within our organisation, we strive to drive positive change and contribute meaningfully to the betterment of our communities and the world at large.

#### Scope and Basis of Scope

The reporting period corresponds with our fiscal year spanning from 1 January to 31 December 2023. This Statement comprehensively addresses the Group's sustainability performance and highlights the progress of our business operations in Malaysia.

Details of the Group's subsidiaries are shown in the table below.

Name of Company	Principal Activities	Country of Incorporation/Operation
<b>Held by the Group</b>		
Shandong Hengbao Foodstuff Co., Ltd.	Processing, packaging and producing various types of foods	People's Republic of China
Welltech Utopia Sdn. Bhd.	Producing, supplying and manufacturing food supplement product	Malaysia
Biztech Utopia Sdn. Bhd.	Business management consultancy services for supply chain management	
SLH Global Sdn. Bhd.	Business management consultancy and investment	
HB Global Capital Sdn. Bhd.	Investment holding	
SLH Group Capital Sdn. Bhd.	Business management consultancy and investment advisory services	
SLH Universe Sdn. Bhd.	Business management consultancy and investment advisory services	



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

HB Infrastructures & Technologies Sdn. Bhd.	Telecommunication services	
<b>Held by Shandong Hengbao Foodstuffs Co., Ltd.</b>		
Juxian Hengbao Farming Co., Ltd.	Rearing and trading of livestock, temporarily ceased operation	People's Republic of China
<b>Held by SLH Global Sdn. Bhd.</b>		
SLH Infra Sdn. Bhd.	Investment holding	Malaysia
Alphaverse Sdn. Bhd.	Business management consultancy	
<b>Held by SLH Infra Sdn. Bhd.</b>		
Forward Resources and construction Sdn. Bhd.	Civil, mechanical and electrical engineering service provider for telecommunication industry	Malaysia

### Reporting Framework and Standards

This report is prepared in accordance with the Bursa Malaysia Sustainability Reporting Guide 3<sup>rd</sup> Edition and is adopted in line with the IFRS Foundations - International Integrated Reporting Framework and Integrated Thinking Principles. The Company also decided to adopt the TCFD recommendations and Sustainable Development Goals ("SDGs") as part of the report as well.

### Feedback

We welcome and encourage our stakeholders to provide feedback pertaining to this Statement and the issues covered to our Sustainability Committee at [rizhaohengbao@126.com](mailto:rizhaohengbao@126.com).



# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## SUSTAINABILITY STRATEGY

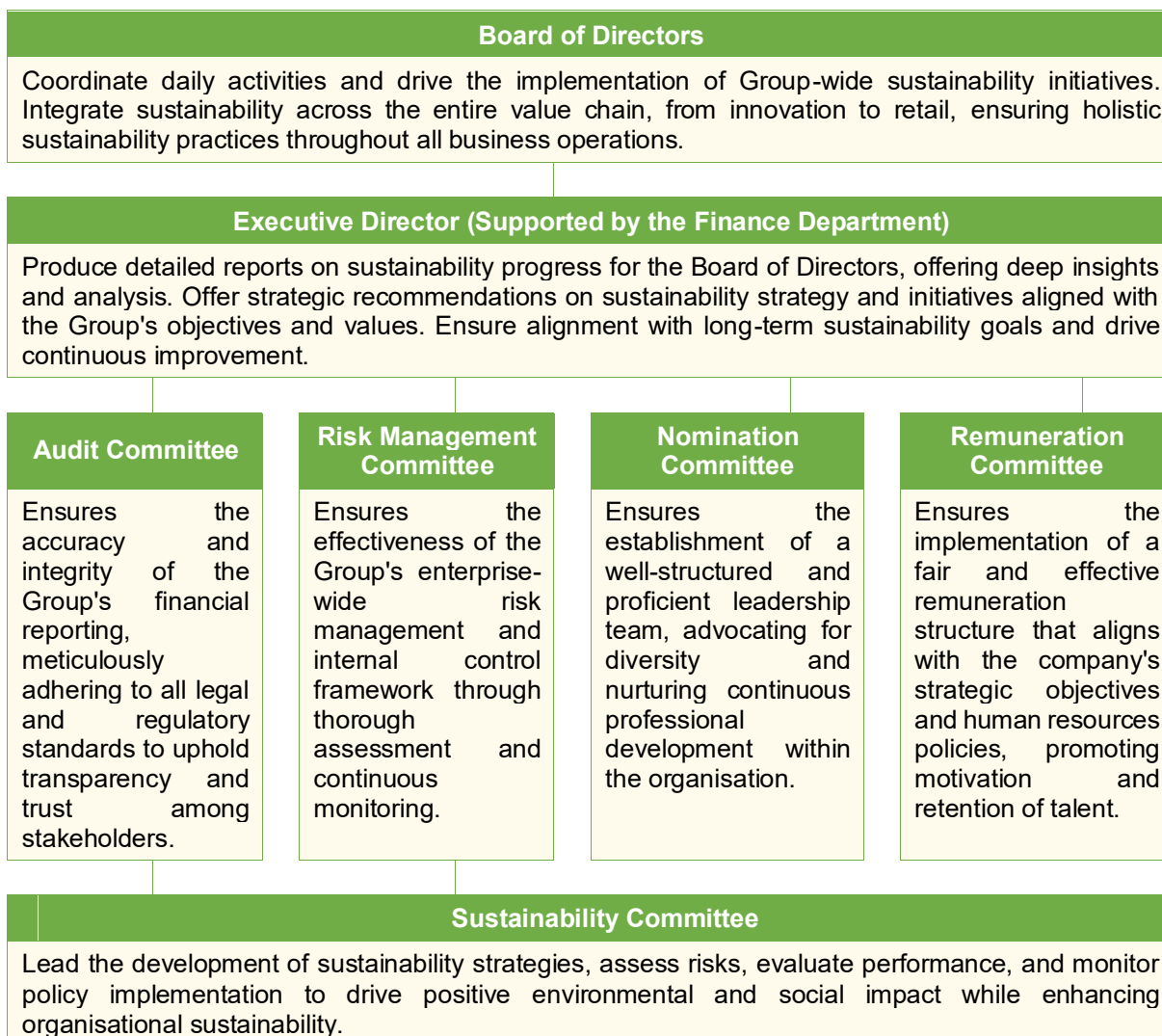
### Sustainability Governance

HBGL places significant emphasis on sustainability within our Group. Consequently, we have meticulously established a systematic and comprehensive governance framework to effectively achieve all our sustainability objectives and targets. Our governance structure adopts a two-tier approach, wherein the Executive Director, supported by the finance department, directly reports to the Board of Directors. The Board of Directors assumes leadership in shaping our sustainability journey and supervising its implementation throughout the Group.

To complement the Board's efforts, we have instituted various committees, including the Audit Committee, Risk Management Committee, Nomination Committee, and Remuneration Committee. These committees contribute significantly to monitoring performance and risk management within the organisation.

In addition to these committees, we have formed a specialised Sustainability Committee, which serves as an integral component of our governance framework. This committee is entrusted with the pivotal responsibility of formulating and executing the Group's sustainability strategy, ensuring alignment with our overarching goals and values.

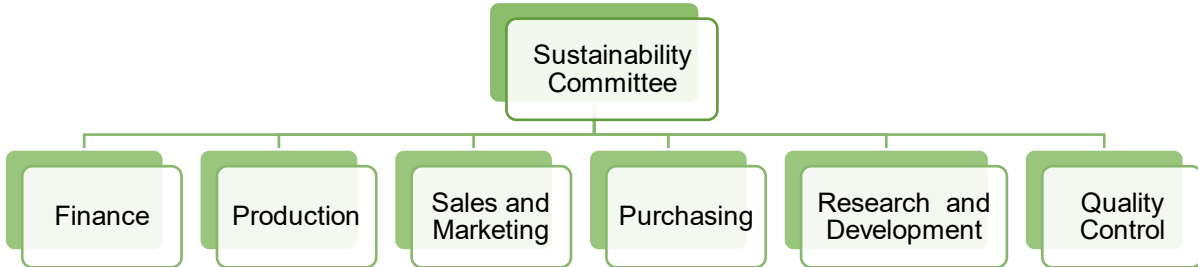
Our commitment to establishing a resilient governance framework is evident in the defined roles and responsibilities outlined in the table below.





# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Furthermore, our Sustainability Committee comprises individuals from various departments. We firmly believe that by involving different departments, we can harness diverse perspectives to develop more robust sustainability strategies. This approach enables us to consider a wide range of viewpoints and expertise, leading to more comprehensive and effective sustainability initiatives.



## Stakeholder Engagement

As HBGL positions itself as a sustainable business group, we recognise the potential impact of our operations on various stakeholders, including customers, employees, suppliers, investors, government agencies, and local communities. Understanding their perspectives is vital for comprehending our activities, identifying areas for improvement, and discovering potential opportunities.

To underscore our commitment to nurturing positive relationships with stakeholders and fostering sustainable business practices, we prioritise establishing open communication channels. This is achieved through regular engagements utilising both formal and informal approaches. These interactions are crucial for gathering feedback and effectively addressing the needs and concerns of our stakeholders.

Outlined below are the key stakeholders of the Group, along with the different engagement methods and channels employed:

Stakeholder	Areas of Concern/ Interest	Engagement Approach	Our Responses
<b>Customers (End users)</b>	<ul style="list-style-type: none"> <li>• Product quality, safety and compliance</li> <li>• Customer service and experience</li> <li>• Efficient complaints resolution</li> <li>• Best practices in product pricing</li> </ul>	<p><b>Ongoing/Daily</b></p> <ul style="list-style-type: none"> <li>• Prompt after sales service</li> <li>• Prompt response to calls</li> </ul> <p><b>Ad hoc/As needed</b></p> <ul style="list-style-type: none"> <li>• Pricing product to commensurate with product quality</li> </ul>	<ul style="list-style-type: none"> <li>• Adhere to quality standards (i.e. ISO 9001 Quality Management Systems, ISO 22000 Food Safety Management System, etc.)</li> </ul>
<b>Customers (Dealers)</b>	<ul style="list-style-type: none"> <li>• Efficient complaints resolution</li> <li>• Customer-Company relationship management</li> <li>• Timely product delivery</li> </ul>	<p><b>Ongoing/Daily</b></p> <ul style="list-style-type: none"> <li>• Daily update of delivery details for outstation customers to sales personnel</li> </ul> <p><b>Monthly</b></p> <ul style="list-style-type: none"> <li>• Regular client meetings through sales team</li> <li>• Feedback channel through sales team</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure our dealers have direct access to our logistic team during the delivery process to ensure prompt delivery</li> <li>• Ensure good relationship is fostered between the customer and the Group</li> </ul>



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Stakeholder	Areas of Concern/ Interest	Engagement Approach	Our Responses
		<b>Annually</b> <ul style="list-style-type: none"> <li>Community and networking events</li> </ul>	
<b>Employees</b>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Welfare and remuneration</li> <li>Workplace diversity</li> <li>Training and career development</li> <li>Value equal opportunities</li> </ul>	<b>Ongoing/Daily</b> <ul style="list-style-type: none"> <li>Training programmes</li> </ul> <b>Ad hoc/As needed</b> <ul style="list-style-type: none"> <li>Management and staff meeting</li> </ul> <b>Annually</b> <ul style="list-style-type: none"> <li>Performance appraisal</li> <li>Annual event</li> </ul>	<ul style="list-style-type: none"> <li>Encourage transparent communication with employees</li> <li>Ensure equal employment opportunities for all individuals without discrimination</li> <li>Provide reasonable benefits and remuneration package</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Transparent procurement practices</li> <li>Payment schedule</li> <li>Anti-bribery</li> <li>Timely delivery of products</li> <li>Pricing of services</li> </ul>	<b>Ad hoc/As needed</b> <ul style="list-style-type: none"> <li>Contract negotiation</li> <li>Vendor registration</li> <li>Timely delivery</li> <li>Payment to supplier</li> </ul> <b>Annually</b> <ul style="list-style-type: none"> <li>Evaluation on performance</li> <li>Anti-bribery commitment</li> </ul>	<ul style="list-style-type: none"> <li>Prioritise the establishment of transparent procurement processes</li> <li>Require suppliers to undergo a Due Diligence procedure</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Business strategy</li> <li>Shareholder value</li> <li>Corporate governance</li> <li>Corporate developments</li> <li>Sustainable and stable distribution</li> </ul>	<b>Ongoing/Daily</b> <ul style="list-style-type: none"> <li>Corporate website</li> </ul> <b>Ad hoc/As needed</b> <ul style="list-style-type: none"> <li>Company announcements</li> <li>Investor relations activities</li> </ul> <b>Quarterly</b> <ul style="list-style-type: none"> <li>Quarterly interim financial reports</li> </ul> <b>Annually</b> <ul style="list-style-type: none"> <li>Annual report</li> <li>Annual general meeting</li> </ul>	<ul style="list-style-type: none"> <li>Provide timely updates on the Group's strategy and financial performance through investor briefings and announcements</li> <li>Uphold good governance practices across the Group, and supply chain</li> </ul>
<b>Government Agencies</b>	<ul style="list-style-type: none"> <li>Governance compliance</li> <li>Environment management and compliance</li> <li>Fair labour practices</li> <li>Policy matters (public, health safety)</li> </ul>	<b>Ad hoc/As needed</b> <ul style="list-style-type: none"> <li>Direct meetings</li> </ul> <b>Annually</b> <ul style="list-style-type: none"> <li>Annual report</li> <li>Public announcement</li> <li>Inspection/audit by local authority</li> <li>General meeting between management and regulators</li> </ul>	<ul style="list-style-type: none"> <li>Full compliance with regulatory requirements</li> <li>Adoption of practices outlined in the Malaysian Code on Corporate Governance ("MCCG")</li> </ul>



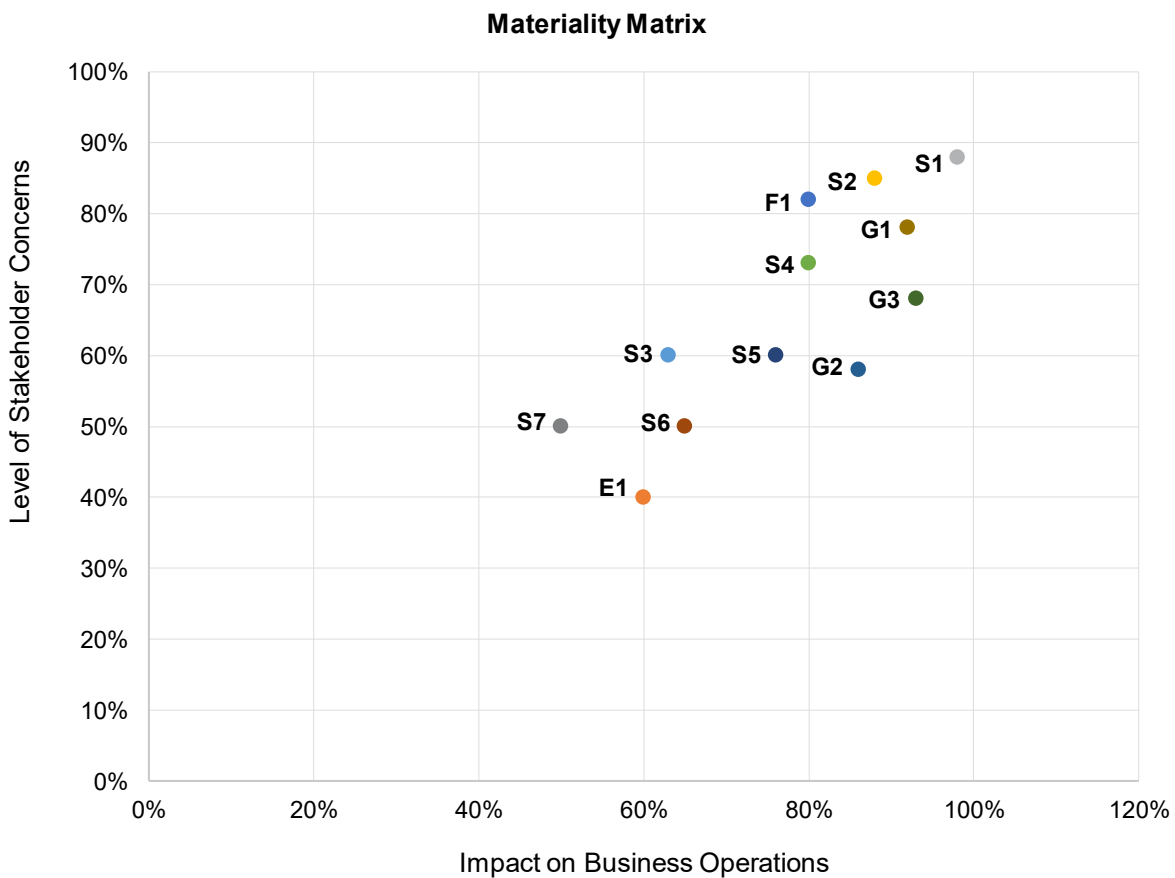
# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Stakeholder	Areas of Concern/ Interest	Engagement Approach	Our Responses
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Impact of business operation</li> <li>• Social issue</li> <li>• Transparency and quality products and services</li> </ul>	<p><b>Ongoing/Daily</b></p> <ul style="list-style-type: none"> <li>• Customer relationship &amp; engagement</li> </ul> <p><b>Annually</b></p> <ul style="list-style-type: none"> <li>• Community programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in welfare to enhance community well-being</li> </ul>

## Materiality Matrix

Since 2021, we have been conducting materiality assessments to identify sustainability issues of significant importance to our business and stakeholders. HBGL acknowledges that these material issues can significantly impact our ability to create enduring value for stakeholders, whether directly or indirectly. To underscore our commitment to sustainable practices, we intend to reevaluate these material impacts. This initiative is aimed at identifying the most impactful sustainability developments relevant to both our business and stakeholders. It encompasses assessing industry dynamics, progress, and both global and local sustainability challenges.

Outlined below are the material topics identified in 2023:





## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Material Sustainability Matter	Relevant Stakeholders
F1 – Financial/Economic Performance	Investors and Customers
E1 – Climate Change	Employees, Regulatory Agencies and Local Communities
S1 – Customer Experience	Investors and Customers
S2 – Brand Reputation	Investors, Suppliers/Contractors/Vendors, Customers, and Local Communities
S3 – Cybersecurity and Data Protection	Employees and Customers
S4 – Labour Standards and Human Right	Employees and Regulatory Agencies
S5 – Occupational Health and Safety	Employees and Regulatory Agencies
S6 – Training and Development	Employees and Regulatory Agencies
S7 – Social Contribution	Investors and Public
G1 – Business Ethics and Compliance	Regulatory Agencies and Local Communities
G2 – Governing Purpose	Regulatory Agencies and Local Communities
G3 – Risk Management	Regulatory Agencies and Local Communities

The table below provides a detailed analysis of the materiality level of sustainability matters:






High Priority Materiality	
F1 – Financial/Economic Performance	<p>HBGL considers these significant sustainability issues crucial for ensuring compliance and advancing sustainability initiatives, ultimately delivering lasting value to stakeholders. We understand that customer experience is our primary concern and recognise its potential impact on our brand reputation. Therefore, we are firmly dedicated to prioritising these critical sustainability issues to ensure the smooth functioning of our operations and the enhancement of stakeholder value.</p> <p>Furthermore, as an ethical enterprise, obtaining proper licensing and promoting good governance are pivotal elements of our business practices. Our overarching purpose includes:</p> <ul style="list-style-type: none"> <li>• Board Charter and Terms of Reference</li> <li>• Anti-Bribery and Corruption Management</li> <li>• Anti Money Laundering</li> <li>• Conflict of Interest</li> <li>• Executive Pay</li> </ul>
S1 – Customer Experience	
S2 – Brand Reputation	
S4 – Labour Standards and Human Right	
G1 – Business Ethics and Compliance	
G2 – Governing Purpose	
G3 – Risk Management	
Medium Priority Materiality	
E1 – Climate Change	<p>Even though these material sustainability issues may presently be categorised as medium in terms of materiality, they nevertheless hold substantial importance for the Group. We firmly believe that by prioritising each of these sustainability concerns, we can positively influence and enhance the overall performance of the organisation.</p>
S3 – Cybersecurity and Data Protection	
S5 – Occupational Health and Safety	
S6 – Training and Development	
S7 – Social Contribution	



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### Sustainability Framework

HBGL places a strong emphasis on maintaining a balanced approach that encompasses economic, environmental, and social responsibilities, while sincerely prioritising the well-being of our stakeholders for a brighter future. To adapt to the rapidly changing business landscape, we have embraced the International Integrated Reporting Framework and Integrated Thinking Principles established by the IFRS Foundation. Through the utilisation of the Six Capitals model, we effectively evaluate and derive financial insights from our sustainability performance. This model enables us to consistently create value for our business and stakeholders, reinforcing our sustainability strategy, policies, and practices, and aligning with global standards such as the UN Sustainable Development Goals ("SDGs"). The Six Capitals represent the essential sources of value crucial for the Group's value creation, defined as follows:

Capitals	Aspects	Main Focus Areas
 Financial	<i>Funds available to firm from operations and financing</i>  <b>Financial Highlight</b> Resources to support the Group's operation and implement other Capitals	<ul style="list-style-type: none"> <li>• Economic Performance</li> </ul>
 Manufactured	<i>Manufactured physical objects used in value creation</i>  <b>Marketplace</b> Implementing sustainability through product quality and compliance	<ul style="list-style-type: none"> <li>• Cybersecurity and Data Protection</li> <li>• Sustainable Supply Chain Management</li> <li>• Sustainable Operation Management</li> <li>• Product Quality and Compliance</li> </ul>
 Governance	<i>Governance, internal control system and procedures</i>  <b>Governance</b> Board engagement on strategy, internal control to enhance the sustainability initiative	<ul style="list-style-type: none"> <li>• Anti-corruption</li> </ul>
 Human	<i>Skills, motivation, alignment with organisational goals</i>  <b>Workplace</b> Creating a safe and supportive working environment, training, and self-development	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Employee Management</li> <li>• Diversity, Equity and Inclusion</li> </ul>
 Social	<i>Relations with key institutions, stakeholder groups, shared norms and values, trust and confidence, and its social license to operate</i>  <b>Community</b> Contributing to local community development	<ul style="list-style-type: none"> <li>• Contributing to Local Communities/CSR</li> <li>• Customer Satisfaction and Service</li> </ul>
 Natural	<i>Renewable and non-renewable natural elements, and the eco-system, used as inputs by the firm now or in the past or future, and impact of firm on them</i>  <b>Environment</b> Improving our environment by utilising greener alternatives	<ul style="list-style-type: none"> <li>• Climate Change (Energy Management and Emissions)</li> <li>• Waste Management</li> <li>• Water Management</li> </ul>

<sup>1</sup>The Integrated Reporting Framework and Integrated Thinking Principles are maintained under the auspices of the IFRS Foundation, a global not-for-profit, public interest organisation established to develop high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards. (<https://integratedreporting.ifrs.org/the-iirc-2/>)





## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### Management Approach for Material Matters

#### Economic

*Resources to support the Group's operation and implement other Capitals*

#### Economic Performance

At HBGL, our primary objective is to ensure long-term resilience through proficient management of our assets and equitable distribution of generated wealth among stakeholders. We recognise that our financial performance forms the cornerstone for achieving enduring value and advancing sustainability goals across the Group. Committed to fostering economic development and providing exceptional employment opportunities, we prioritise collaboration within local communities.

#### Our approach and performance

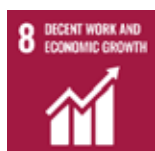
In FY 2023, the Group experienced a slight increase in economic value generated compared to FY 2022, accompanied by a significant decrease in operating expenses from RMB 169.5 million to RMB 52.3 million, marking a reduction of RMB 117.2 million. FY 2023 posed notable challenges driven by inflationary pressures, particularly impacting input costs such as raw materials, transportation, labour, and overhead. Additionally, the current upcycles in interest rates and a weakened macroeconomic outlook further compounded these challenges. These factors may potentially undermine consumer spending ability, leading to a possible decrease in demand for ready-to-eat and frozen food products in the future.

Nevertheless, the Group remains steadfast in its commitment to maintaining and enhancing economic performance. Through diligent monitoring of financial metrics and the implementation of strategic business initiatives, we continually strive to create enduring value for our stakeholders. These outcomes underscore our dedication to delivering value while concurrently maintaining a resilient financial position and pursuing opportunities for sustainable growth.

Below are the financial results of HBGL:

	2021 RMB'000	2022 RMB'000	2023 RMB'000
Economic value generated (e.g., revenue and other operating/comprehensive income)	205,592	90,215	90,229
Economic value distributed:			
• Cost of sales	110,171	85,498	80,240
• Operating expenses (e.g., selling and distribution expenses, administrative expenses)	130,331	169,495	52,278
• Finance costs	3,627	2,920	1,711
• Payment to government (e.g., tax)	1	-	-
• Other comprehensive loss	375	3,302	-
Economic value retained	-38,913	-171,000	-44,000

#### Related UNSDGs:





# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## Marketplace

*Implementing sustainability through product quality and compliance*

### Cybersecurity and Data Protection

HBGL recognises the opportunities and risks associated with digital technologies, particularly in light of remote work, e-commerce, and automation trends. With the increasing adoption of digital infrastructure, cybersecurity vulnerabilities are amplified. Therefore, HBGL prioritises protecting customer data from cyber threats by implementing robust security measures to mitigate risks and maintain stakeholder trust.

#### Our approach and performance

Despite the absence of significant threats to operations from cybersecurity risks, the Group maintains vigilance and proactivity in addressing them. Implemented as a protective measure, the company adheres to a Personal Data Protection Act (“PDPA”) policy compliant with PDPA 2010 provisions. While efforts may seem modest, HBGL is fully committed to fulfilling all regulatory obligations.

Furthermore, as part of our dedication to ensuring network security, the company adopts the CIA triad—Confidentiality, Integrity, and Availability. These principles serve as the foundation of information security practices, guiding the design, implementation, and evaluation of security controls in network environments. By comprehensively addressing these principles, we can safeguard our network infrastructure, data, and resources against diverse security threats and risks.

#### Confidentiality

- Confidentiality ensures that sensitive information is only accessible to authorised users, processes, or systems. It aims to prevent unauthorised disclosure or exposure of data to unauthorised individuals or entities.



#### Integrity

- Integrity ensures that data remains accurate, complete, and trustworthy throughout its lifecycle. It guards against unauthorised modification, alteration, or destruction of data, whether accidental or intentional.



#### Availability

- Availability ensures that information and resources are accessible and usable when needed by authorised users. It involves ensuring that network services, applications, and data are reliably accessible and performant, even in the face of disruptions or attacks.

As of 31 December 2023, no substantiated complaints regarding breaches in customer privacy or data loss have been reported.

	2021	2022	2023
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

#### Related UNSDGs:





## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### Sustainable Supply Chain Management

At HBGL, we prioritise the establishment of sustainable, ethical, and equitable supply chains, achieved through collaborative efforts with suppliers, spanning from smallholder farmers to large enterprises. Our commitment extends to fostering responsible procurement practices and enhancing the resilience of our supply chain by integrating sustainability considerations into our procurement processes. We aim to prioritise sourcing from local suppliers and actively seek opportunities to enhance their livelihoods through business collaborations. Our steadfast belief in supporting local enterprises aligns with our commitment to fostering economic development within the communities where we operate.

#### Our approach and performance

To maintain the high-quality standards in our products and services, HB Global collaborates exclusively with approved and reputable suppliers. Prospective suppliers undergo a rigorous due diligence process, including submission of their business and production licenses, along with product test reports. These documents are meticulously assessed by our quality inspection department before any collaboration is confirmed.

Throughout the years, we have steadfastly upheld this stringent due diligence process, ensuring a sustainable and dependable supply chain. Looking ahead, the Group remains steadfast in evaluating all new suppliers against our sustainability criteria.

HB Global is also committed to bolstering local businesses and fortifying supply chain resilience. While prioritising quality, we predominantly engage with local suppliers to ensure prompt delivery, mitigate freight costs, and enhance cost-effectiveness. Our relationships with suppliers are nurtured through transparent communication, regular site visits, annual performance evaluations, and supplier satisfaction surveys. Concurrently, we guarantee integrity and confidentiality by maintaining strict confidentiality regarding suppliers' technology and performance.

We take pride in achieving a growing percentage of spending on local suppliers over the years, underscoring our dedication to supporting local enterprises. This commitment will persist as we strive to generate more value for local businesses and the community.

	2021	2022	2023
Proportion of spending on local suppliers (%)	96	97	98

HB Global firmly believes that establishing fair and transparent supply chains is not only ethically responsible but also strategically imperative for mitigating risks within our supply networks. By upholding ethical and transparent practices, we aim to safeguard the security and integrity of our products, thereby fostering long-term value for all stakeholders involved.

#### Related UNSDGs:





# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## Sustainable Operation Management

HBGL maintains an unwavering focus on excellent quality control and sustainable operational management, which are paramount priorities for the company. To this end, we regularly assess our operational processes to ensure they align with current standards and contribute to a sustainable future. Acknowledging the urgency of addressing climate change, our commitment extends to environmental protection, regulatory compliance, and continuous research aimed at enhancing sustainability strategies. We firmly believe that adopting proactive measures is essential for both adapting to and mitigating potential future risks.

### Our approach and performance

In our pursuit of a net-zero future, the Group is deeply committed to reducing carbon emissions through a comprehensive approach. We are actively working to enhance energy efficiency, integrate renewable energy sources, and adopt cost-effective strategies for long-term sustainability. Furthermore, we envision transitioning towards a circular economy model, wherein resources are utilised, reused, recycled, and regenerated to minimise waste and maximise resource efficiency.

Our sustainable operations strategy is anchored on three fundamental pillars: sustainable resource procurement, responsible process management, and maintaining product quality while minimising environmental and community impacts. We are resolute in aligning our practices with these objectives, continuously monitoring and reporting our progress to ensure accountability.

Moreover, we adhere strictly to relevant laws and regulations, including:

Environmental Protection Law	Air Pollution Prevention and Control Law	Water Pollution Prevention and Control Law	Solid Waste Environmental Prevention and Control Law	Acoustic Noise Environmental Prevention and Control Law
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By prioritising sustainability in our operations, we strive to make a positive contribution to the environment and society, while also safeguarding our long-term business interests. This commitment underscores our dedication to shaping a better future for all stakeholders, both present and future generations alike.

### Related UNSDGs:



## Product Quality and Compliance

The Group places significant emphasis on maintaining high standards of product quality, recognising that access to safe and nutritious food is vital for sustaining life and promoting good health. Unsafe food, which may contain harmful bacteria, viruses, parasites, or chemical substances, can lead to over 200 different diseases, ranging from diarrhoea to cancers, according to the World Health Organisation. Globally, an estimated 600 million people, almost 1 in 10, fall ill each year after consuming contaminated food, resulting in approximately 420,000 deaths and the loss of 33 million healthy life years. In light of these statistics, HBGL is dedicated to upholding and delivering exceptional standards of product quality as a core component of its commitment to value creation and sustainable business growth.



**CORPORATE SUSTAINABILITY STATEMENT  
(cont'd)**

**Our approach and performance**

To ensure high standards of product quality, HBGL implements rigorous quality management procedures throughout its operations. Upon receipt at our facilities, products undergo thorough inspections conducted by our Quality Control team, adhering to established Standard Operating Procedures. Our subsidiary, Shandong Hengbao Foodstuff Co. Ltd, which specialises in processing, packaging, and producing ready-to-serve foods and frozen vegetables, strictly follows prescribed work instructions and Standard Operating Procedures to uphold quality standards.

At HBGL, we recognise our responsibility as a reliable and trustworthy organisation, thus prioritising top-notch quality across all facets of our operations. We are committed to compliance with relevant legislations and directives, underscoring our dedication to responsible food manufacturing.

Our commitment to quality control is evidenced by the attainment of various certifications and awards, including:

<b>ISO 9001:2015 Quality Management System</b>
<b>ISO 22000:2018 Food Safety Management System</b>
<b>Hazard Analysis and Critical Control Points ("HACCP")</b>
<b>BRCGS Food Safety Global Standard</b>
<b>China Business Federation Science and Technology Award (Special Prize)</b>

These certifications not only affirm our unwavering commitment to stringent quality standards but also underscore our dedication to being a safe and dependable organisation, focused on delivering exceptional products and services to our esteemed customers.

By adhering to these robust quality control measures and continually striving for excellence, HBGL aims to strengthen its reputation as an industry leader in delivering superior quality food products.

**Governance**

*Board engagement on strategy, internal control to enhance the sustainability initiative*





# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## Anti-corruption

HBGL is strongly dedicated to upholding exceptional corporate governance principles, maintaining strict adherence to ethical business practices and compliance standards throughout the organisation. The Board recognises the crucial importance of having a robust risk management framework and a comprehensive internal control system in fostering a culture of solid corporate governance in line with the Malaysian Code on Corporate Governance ("MCCG") 2021. By transparently disclosing relevant sustainability-related information, our goal is to increase the transparency of our management processes, thereby building greater confidence and trust among our esteemed customers, stakeholders, and the wider community.

### Our approach and performance

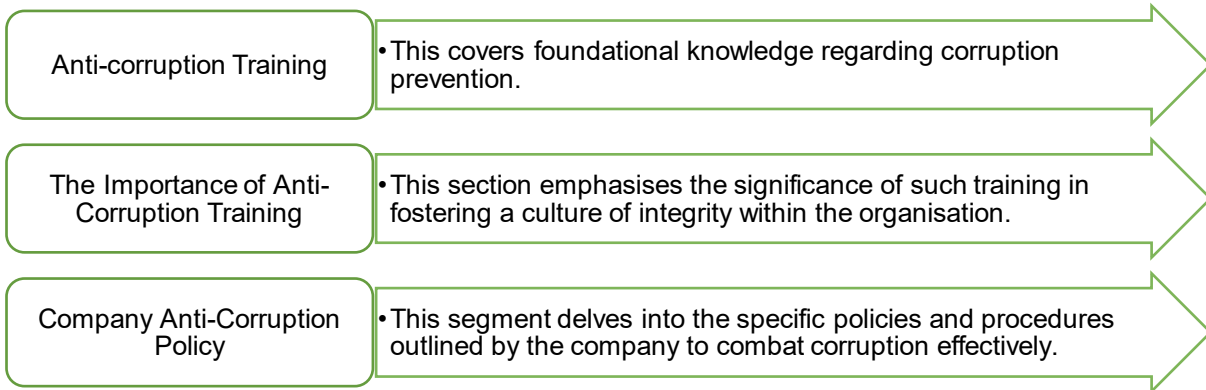
The Group maintains an unwavering dedication to conducting business with the highest level of integrity, guided by our comprehensive Code of Conduct ("CoC"), which outlines fundamental principles and guidelines for all employees. As part of this commitment, we uphold a zero-tolerance stance towards fraud, bribery, corruption, money laundering, and insider trading. Our Anti-Bribery and Corruption ("ABC") Policy, alongside our Whistleblowing Policy, are integral tools in promoting transparency and fostering a governance-friendly environment. These policies are readily accessible on our website, ensuring accessibility for all stakeholders.

A robust Whistleblowing Policy is also in place to facilitate the reporting of concerns, including clear information on reporting channels. We encourage all employees to raise any concerns directly with the designated officer, who will then escalate the matter to the Audit Committee Chairman and Chairman of the Board. Additionally, for external stakeholders, a Whistleblowing Report Form is available for submission to the Group's Manager in cases of suspected unethical behaviour. These procedures are conducted with the utmost assurance of strict confidentiality for the reporter.

As of 31 December 2023, we have recorded zero incidents of corruption across the Group's business operations.

	2021	2022	2023
Number of confirmed corruption incidents	0	0	0

Furthermore, the Group consistently communicates and provides training for employees on anti-corruption and bribery prevention. The training programme is structured into three segments:



Through these training initiatives, the Group aims to equip employees with the necessary knowledge and tools to identify, prevent, and report instances of corruption and bribery in their professional endeavours.



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

The table below provides details on the completion rate of trained employees at HBGL.

Employee Category	Completion Rate (%)		
	2021	2022	2023
Management	100	100	100
Executive	100	100	100
Non-executive/Technical Staff	80	80	80
General Workers	60	60	60

In addition to the initiatives mentioned, we remain vigilant and steadfast in our dedication to identifying any unethical or corruption-related cases within the organisation. However, we recognise the need to further enhance our practices in assessing corruption-related risks in the future. We view this as a vital step in building sustainable operational management processes.

	2021	2022	2023
Percentage of operations assessed for corruption-related risks (%)	1	1	0.8

By continuously improving our methods for identifying and mitigating corruption risks, we aim to strengthen our commitment to ethical conduct and integrity throughout the organisation. This proactive approach not only helps safeguard against potential instances of corruption but also contributes to the overall sustainability and longevity of our business operations.

### Related UNSDGs:



### Workplace

*Creating a safe and supportive working environment, training, and self-development*

### Health and Safety

The Group places the utmost importance on the health and safety of our employees. We are firmly dedicated to nurturing a work environment that is healthy, secure, and conducive to the well-being of our workforce. Our primary goal is to prevent injuries and illnesses among our employees, demonstrating our unwavering commitment to their well-being. By prioritising the health and safety of our employees, we directly contribute to increased efficiency and productivity across our organisation. This holistic approach to employee well-being underscores our commitment to creating a workplace where our employees can thrive and excel.

### Our approach and performance

At HBGL, we have established a dedicated Safety Committee tasked with overseeing and implementing robust safety measures across our organisation. These committee members, carefully selected and collaborating, spearhead safety initiatives to ensure a secure working environment for all employees within the Group.



# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

By prioritising safety, our employees can focus on productivity without concerns for their well-being at work. Our proactive approach to occupational health and safety not only positions us as a practical and progressive workplace but also facilitates the establishment of operations in new jurisdictions.

We strive to set an example of best practices in health and safety within our industry, surpassing regulatory requirements. Our comprehensive Safety and Health Policy outlines safety standards for daily operations, distributed to all employees, with new hires informed during the Occupational Safety and Health (“OSH”) induction programme.

To foster a culture of safety awareness and adherence, we have implemented safety measures at the workplace, including safety signs and regulations. Additionally, we organise comprehensive health and safety training sessions for employees. In fiscal year 2023, 398 participants underwent these sessions, reflecting our steadfast commitment to workforce well-being.

	2021	2022	2023
Number of employees trained on health and safety standards	269	306	398

Our paramount objective is ensuring every employee returns home safely each workday, without injury. Over the past three years, we have maintained zero reported injury cases, a testament to our dedication to prioritising workforce well-being and fostering a safe working environment.

	2021	2022	2023
Total hours worked	1,050,000	1,120,000	1,190,000
Number of work-related fatalities	0	0	0
Number of lost time injuries	0	0	0
Lost time incident rate	0	0	0

Looking ahead, we are committed to sustaining and enhancing our occupational health and safety performance. By refining safety protocols, investing in training, and nurturing a safety-first culture, we aim to provide utmost protection for our employees, enabling them to perform their duties confidently and securely.

### Related UNSDGs:



### Employee Management

At our Group, we hold our employees in high regard, recognising them as integral to our organisation's success. Prioritising their well-being and satisfaction is central to our management strategy. This dedication is evident in our efforts to attract, nurture, and retain top-tier talent within a supportive and nurturing work environment. We invest significantly in comprehensive development programmes to ensure our employees remain competitive, forward-thinking, and equipped for the future. Our approach acknowledges that a motivated and skilled workforce is essential for fostering innovation, achieving operational excellence, and sustaining long-term growth. By promoting employee well-being and professional growth, we cultivate an engaged and high-performing team that consistently delivers exceptional value to our stakeholders.





# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## Our approach and performance

Our Human Resources department is dedicated to three critical aspects of employee management: Training and Development, Remuneration Packages and Performance Management, and Employee Engagement and Initiatives. We firmly believe that these pillars are essential for enhancing employee productivity and fostering ongoing performance improvement in the workplace.

### • Training and Development

HBGL is committed to prioritising its human capital, recognising that investing in employee training and development is essential for organisational growth and success. The company allocates resources to provide various learning opportunities tailored to employees at different career stages, ensuring they acquire the necessary skills to excel in their roles. By offering comprehensive training programmes, HBGL aims to attract and retain top talent, ultimately enhancing its financial performance.

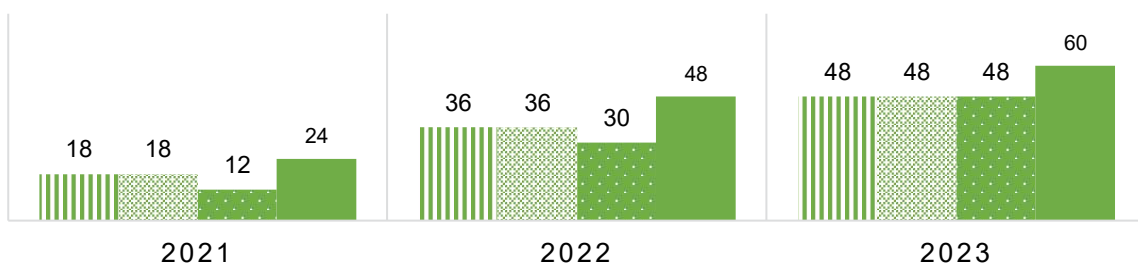
The company's objective is to deliver a holistic training experience that empowers employees to realise their full potential and effectively contribute to the organisation's goals. Additionally, HBGL ensures that training is implemented whenever there are changes in products or when new personnel are recruited, emphasising the importance of continuous learning and adaptation.

In HBGL, we strive to cultivate an environment that fosters talent development, encourages continuous improvement, and equips employees with the skills and knowledge needed to navigate the evolving business landscape successfully. By nurturing our workforce and promoting a culture of learning and growth, HBGL aims to sustain its competitive edge and drive long-term success.

In total, HBGL invested MYR 50,000.00 in training initiatives, resulting in employees receiving a total of 48 to 60 training hours. The breakdown of employees' training hours is as follows:

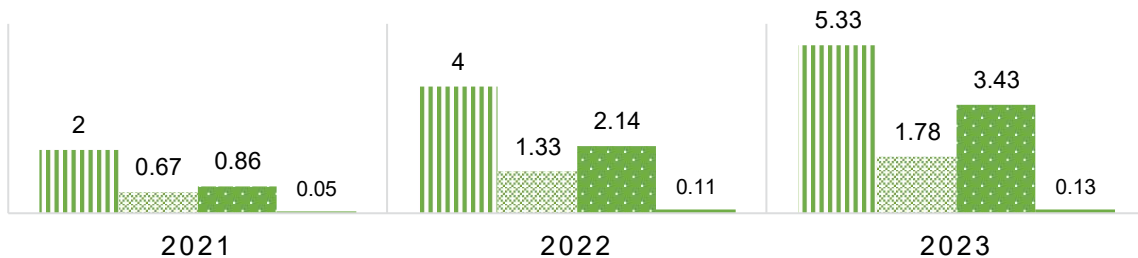
### TOTAL TRAINING HOURS

Management Executive Non-executive/Technical Staff General Workers



### AVERAGE TRAINING HOURS PER EMPLOYEE

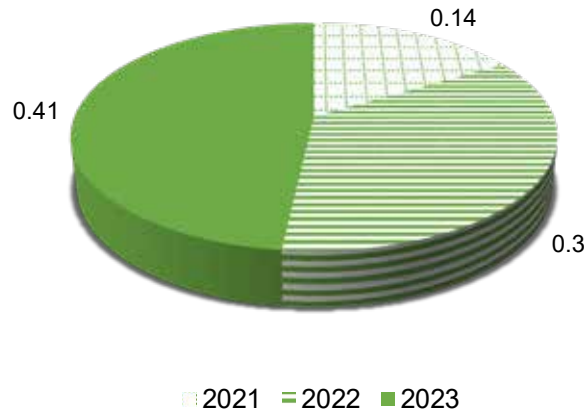
Management Executive Non-executive/Technical Staff General Workers





# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## OVERALL AVERAGE TRAINING HOURS PER EMPLOYEE



### • Remuneration Packages and Performance Management

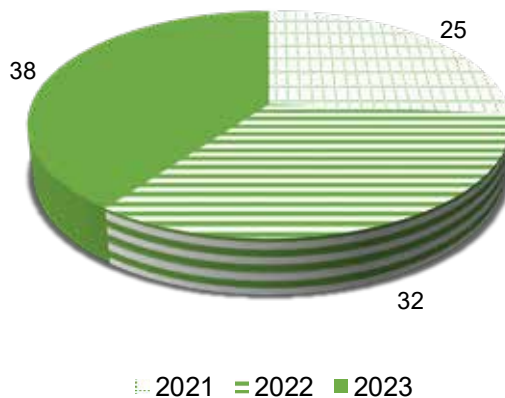
HBGL places utmost respect on its employees, recognising them as the cornerstone of the Group's enduring growth and remarkable achievements. Guided by principles of results-orientation, accountability, collaboration, and shared success, we are committed to elevating individual and team performance to unprecedented levels. To instil a culture of excellence, we conduct monthly performance reviews, ensuring continual feedback and improvement.

The Group firmly upholds the evaluation of human resource practices, including employment, talent development, and advancement, solely based on merit, without any discrimination. We believe in acknowledging and celebrating outstanding performance, superior results, and exemplary conduct through our compensation and recognition system. Our goal is to cultivate a motivating and supportive environment by providing competitive benefits and compensation packages, attracting and retaining top talent in the industry.

In alignment with our commitment to safeguarding the welfare of our workforce, our current employment terms adhere to standard industry practices. Through our steadfast dedication to nurturing a high-performance culture and prioritising employee well-being and recognition, we strive to create an environment conducive to growth, innovation, and a profound sense of shared success. This, in turn, contributes to the long-term sustainability and prosperity of our organisation.

Moreover, we take pride in maintaining a highly engaged workforce. The charts provided below illustrate the total number of new hires, employee turnover, and turnover rate over the past three years:

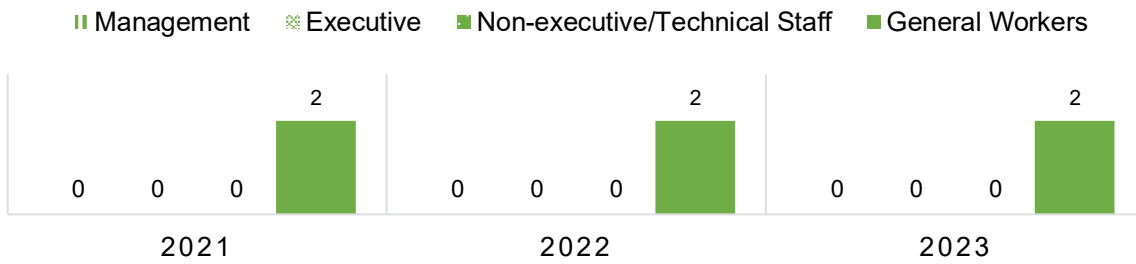
## TOTAL NUMBER OF NEW HIRES



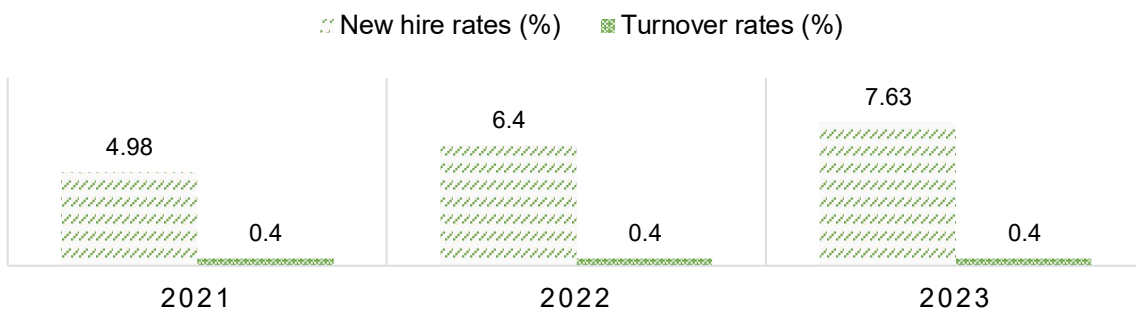


CORPORATE SUSTAINABILITY STATEMENT  
(cont'd)

TOTAL NUMBER OF EMPLOYEE TURNOVER



RATES OF NEW HIRES AND TURNOVER IN FY 2023



• **Employee Engagement and Initiatives**

In addition to safeguarding the physical health and safety of our employees, HBGL places significant emphasis on their mental well-being. We are strong advocates of achieving a balanced work-life harmony and strive to organise a diverse array of engagement initiatives aimed at fostering camaraderie and enhancing work productivity.

With our primary focus on cultivating a positive and dynamic workplace culture that supports the holistic development of our workforce, we annually host a meeting with our employees. In FY 2023, this gathering served as a pivotal platform for nurturing collaboration, alignment, and engagement across our organisation. Throughout the event, we shared crucial insights, celebrated milestones, and outlined our strategic direction for the future.





# CORPORATE SUSTAINABILITY STATEMENT (cont'd)



*HBGL Annual Meeting*

Through our unwavering dedication to prioritising the health and well-being of our employees, both physically and mentally, HBGL is committed to establishing an environment where individuals can thrive personally and professionally. This commitment ultimately translates into heightened satisfaction, productivity, and overall success within our organisation.

**Related UNSDGs:**



### Diversity, Equity & Inclusion

The Group's commitment to fostering a nurturing work environment that strongly opposes all forms of unlawful discrimination is unwavering. Regardless of factors such as race, colour, gender, religion, age, disability, or any other legally protected classification, we are dedicated to cultivating a culture that promotes inclusivity and provides equal opportunities for all our employees. We firmly believe in empowering every individual to thrive and excel to their fullest potential, irrespective of background or identity. Through our policies, practices, and initiatives, we strive to create a workplace where diversity is celebrated, and differences are embraced as strengths.

By upholding these principles of fairness, respect, and inclusivity, the Group remains committed to fostering a work environment where every employee feels valued, respected, and supported in their professional growth and development.

### Our approach and performance

The Group unwaveringly upholds principles of fairness and equity in all its interactions, extending this commitment to the treatment of employees, shareholders, customers, suppliers, and competitors alike. We are dedicated to fostering an inclusive environment where employees from diverse backgrounds feel respected, valued, and empowered to contribute their unique perspectives and talents.



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

In the fiscal year 2023, we are pleased to report that we recorded zero cases of complaints regarding human rights violations. This achievement reflects our ongoing commitment to upholding human rights standards and ensuring the well-being and dignity of all individuals associated with our operations.

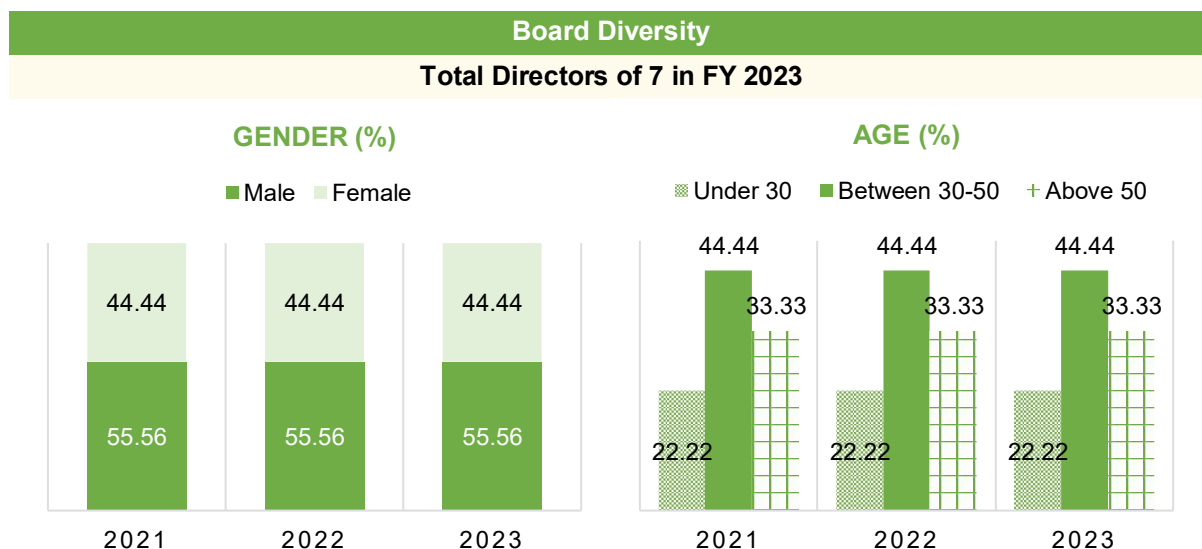
	2021	2022	2023
Number of substantiated complaints concerning human rights violation	0	0	0

Moving forward, we remain steadfast in our efforts to maintain a workplace culture characterised by fairness, respect, and inclusivity, as we believe these values are fundamental to our success as an organisation and to our positive impact on society.

Furthermore, we are committed to ensuring equal access to career advancement opportunities and leadership roles for all employees, irrespective of their individual characteristics. Our talent management process includes regular skills assessments and career development planning for all employees, fostering equal chances for professional growth and advancement.

By promoting a merit-based approach to talent management, we not only attract and retain exceptional individuals but also enhance overall business performance. This commitment to equal opportunity strengthens our organisational culture, fosters innovation, and drives sustainable growth. Thus, we will continue to prioritise diversity, equity, and inclusion in all aspects of talent management, reaffirming our dedication to creating a workplace where every employee has the opportunity to thrive and succeed.

The charts below showcase the Group’s board diversity performance and workforce profile.





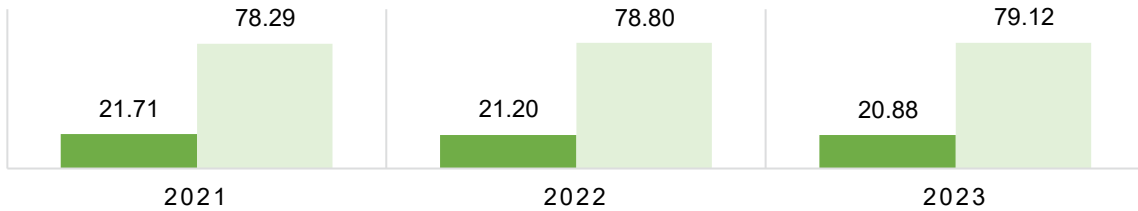
# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## Workforce Profile

Total Employees of 498 in FY 2023

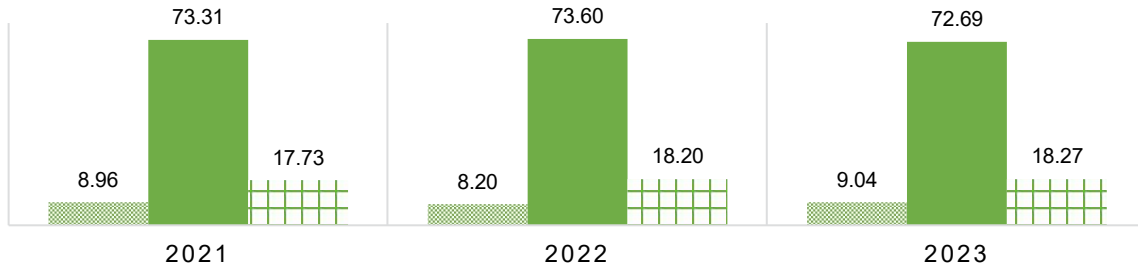
### GENDER DIVERSITY (%)

■ Male ■ Female



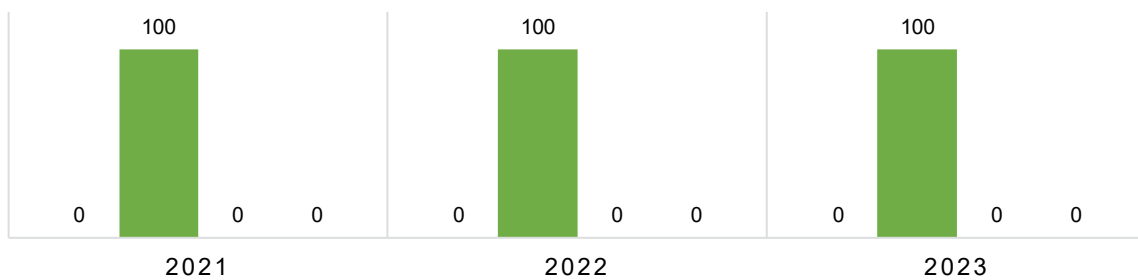
### AGE DIVERSITY (%)

■ Under 30 ■ Between 30-50 ■ Above 50



### ETHNIC DIVERSITY (%)

■ Bumiputera ■ Chinese ■ Indian ■ Others

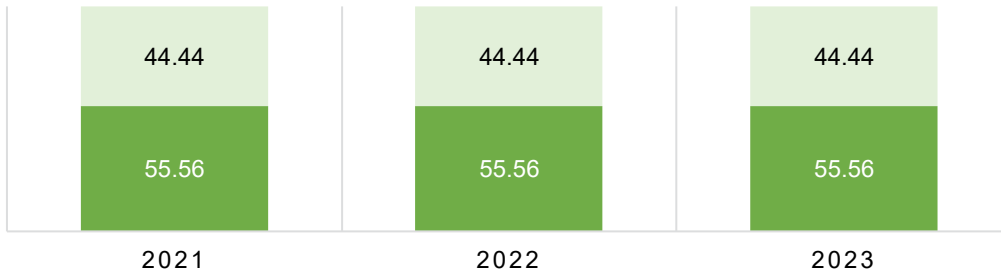




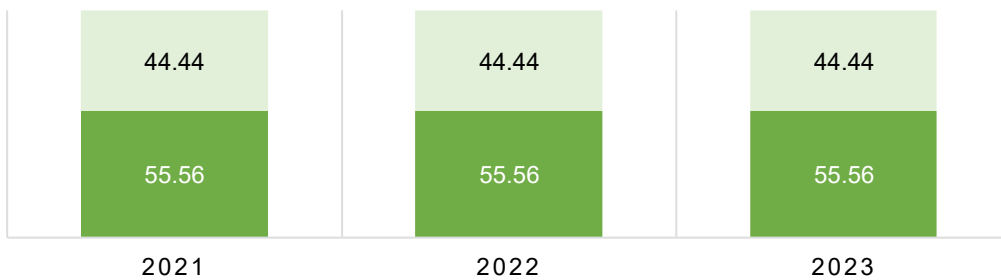
CORPORATE SUSTAINABILITY STATEMENT  
(cont'd)

**Gender Diversity by Employee Category (%)**

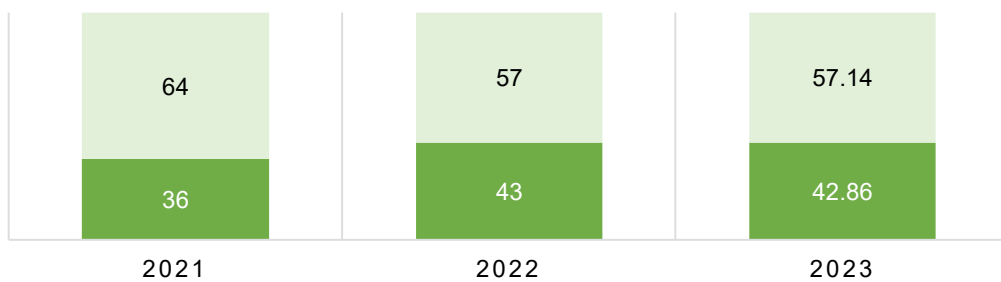
**MANAGEMENT**



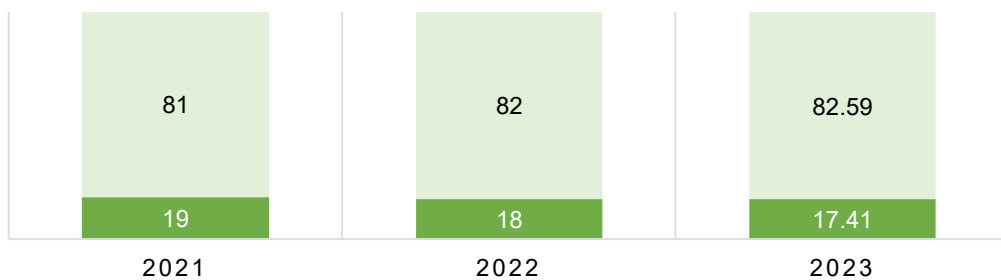
**EXECUTIVE**



**NON-EXECUTIVE/TECHNICAL STAFF**



**GENERAL WORKERS**



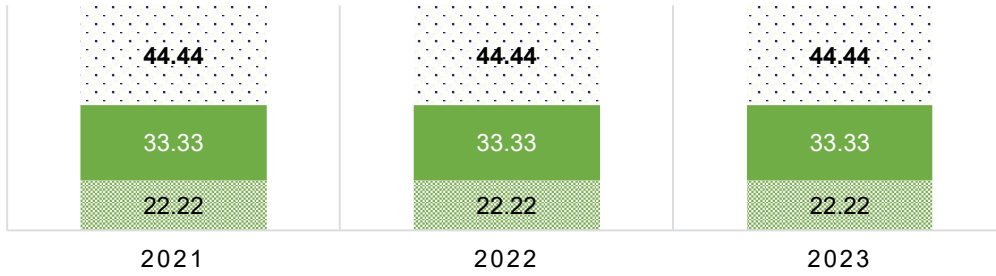
■ Male    ■ Female



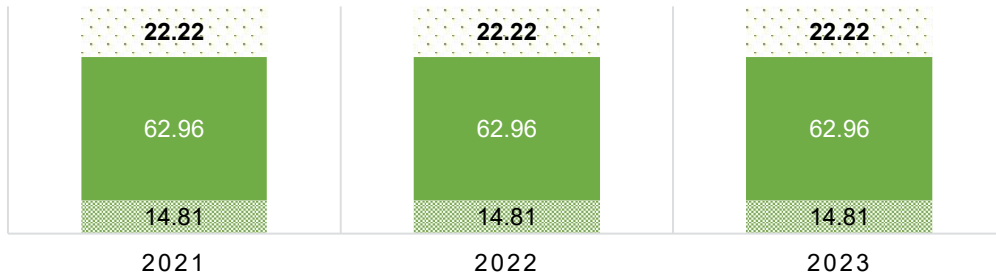
# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## Age Diversity by Employee Category (%)

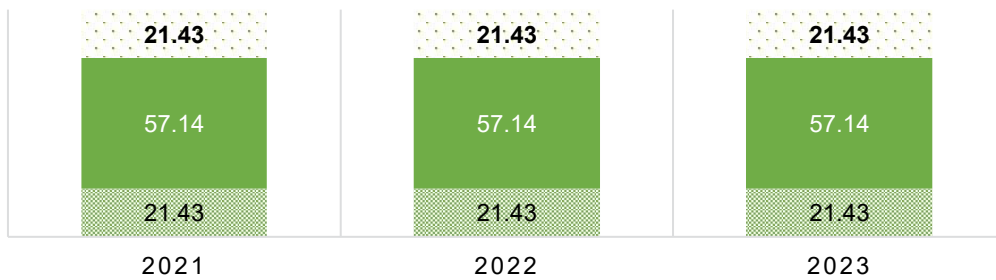
### MANAGEMENT



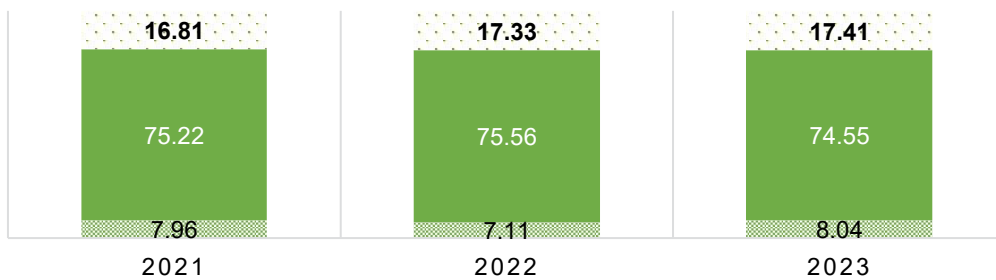
### EXECUTIVE



### NON-EXECUTIVE/TECHNICAL STAFF



### GENERAL WORKERS



Under 30      Between 30-50      Above 50





## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### Related UNSDGs:



### Community

*Contributing to local community development*

#### Contributing to Local Communities/CSR

In recognition of the crucial importance of fostering strong connections between businesses and communities to promote social inclusion and sustainable progress, HBGL is dedicated to actively engaging with communities through a diverse range of programmes. Our primary objective is to enhance our brand image and reputation while effectively addressing community needs and concerns. Our commitment aims to extend beyond merely meeting expectations and delivering exceptional products and services; it involves educating communities about our core business principles and building trust in our endeavours. Additionally, our participation in welfare-driven initiatives is aimed at improving local communities further strengthens our relationship with them.

#### Our approach and performance

Over the past three years, our community initiatives faced restrictions due to the emergence of Covid-19. However, in fiscal year 2023, with the lifting of Covid-19 restrictions in China, we found the need to adapt our strategies, leading to the postponement of community initiatives. Despite this, as we enter a new year, we are fully committed to adjusting our approaches. Our dedication to supporting communities remains steadfast, and we are actively exploring alternative methods to engage and contribute meaningfully during these uncertain times. We firmly believe that our efforts not only directly benefit communities but also strengthen the relationship between our company and the community.

Looking ahead, our focus remains on identifying opportunities to support community initiatives and programmes aligned with our core values and mission. Our overarching objective is to build upon our previous efforts, creating lasting impacts, and reinforcing the bond between HBGL and the communities we proudly serve.

	2021	2022	2023
Total amount invested in the community where the target beneficiaries are external to HBGL (RMB)	0	0	0
Total number of beneficiaries of the investment in the communities	0	0	0
Number of employees participated in community impact programmes	0	0	0
Total hours spent on community impact	0	0	0

### Related UNSDGs:





## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### Customer Satisfaction

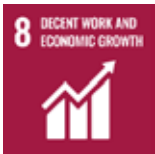
At HBGL, our management philosophy revolves around two core values: Quality and Safety. These values embody our dedication to serving society through our products and services, always with a focus on prioritising the customer. Our continuous pursuit of improving customer satisfaction drives us to deliver products, solutions, and services that enrich the lives of individuals globally. Central to our approach is providing customers with products they can trust, promoting peace of mind and fulfilment. This steadfast commitment to offering dependable and reliable products is foundational to our philosophy and underpins all our endeavours at HBGL. With this in mind, we are dedicated to enhancing customer satisfaction by actively seeking and incorporating their feedback.

### Our approach and performance

HBGL remains steadfast in its dedication to enhancing our customers' experience by actively engaging with them. This includes regularly collecting feedback and conducting surveys to gauge customer satisfaction with our sales and purchasing processes. These initiatives serve as invaluable tools, providing insights into our customers' needs and expectations, which in turn inform the improvement of our product and service offerings.

Furthermore, we are committed to aligning our offerings with sustainability principles. This not only enhances customer satisfaction but also contributes positively to environmental and social outcomes. By integrating sustainability into our business practices, we aim to demonstrate our commitment to responsible corporate citizenship while meeting the evolving expectations of our customers in an increasingly sustainability-conscious world.

### Related UNSDGs:



## Environment

*Improving our environment by utilising greener alternatives*

### Climate Change (Energy Management & Emissions)

As passionate advocates of environmental stewardship, our foremost priority lies in fostering tangible advancements for the betterment of our planet. Recognising the substantial impact of energy consumption and greenhouse gas emissions on climate change, we are steadfast in conducting our operations sustainably and responsibly. We actively pursue opportunities to transition towards a low-carbon economy and strive to reduce our carbon footprint by implementing and advocating for environmentally friendly initiatives.

### Our approach and performance

HBGL recognises the significant impact of diesel and electricity on our energy consumption, leading to the emission of greenhouse gases ("GHG") like carbon dioxide, with adverse effects on the environment. Thus, we are fully committed to reducing our carbon footprint and conserving energy. This involves advocating for the adoption of renewable energy sources and enhancing energy efficiency across our operations.

Within our organisation, the Shandong Hengbao Foodstuff Co. Ltd (manufacture division) stands out as a major contributor to GHG emissions. To address this, our logistics management department



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

meticulously plans delivery routes to optimise logistics and minimise carbon emissions. Our dedication to mitigating climate change and reducing environmental impacts remains steadfast, ensuring lasting value for our business and stakeholders.

At HBGL, we embrace a proactive approach that combines preventive actions with robust policies, including the polluter-pay principle, strengthened environmental management policies, and environmental protection training. These measures underscore our unwavering commitment to environmental responsibility and sustainable practices throughout our operations. As a result of our concerted efforts, we have consistently achieved low total energy consumption over the years.

	2021	2022	2023
Total energy consumption (GJ)	1.44	1.43	1.65

Additionally, we have diligently monitored our scope 1, 2, and 3 emissions, revealing consistently low figures.

Total emissions by scope (tCO <sub>2</sub> e)	2021	2022	2023
Scope 1	39.80	37.36	40.15
Scope 2	0.31	0.31	0.36
Scope 3	5.49	4.96	6.66

### Related UNSDGs:



### Waste Management

Improper disposal of effluents, which carry high levels of chemicals and nutrients such as nitrogen, phosphorus, and potassium, can significantly harm water quality and the biodiversity of marine and freshwater ecosystems. Similarly, insufficient waste management methods can lead to pollution of air, water, and soil, posing considerable risks to both the environment and human health. Moreover, the excessive generation of waste from industrial processes exacerbates pressure on natural resources, ultimately accelerating environmental degradation.

### Our approach and performance

In HBGL, we promote the principles of reducing, reusing, and recycling, particularly within our office and factory premises, as integral components of efficient waste management practices. Our commitment involves managing scheduled waste in a manner that minimises the environmental footprint of our operations while safeguarding natural resources and human health. As part of our efforts, we prioritise the reuse of corrugated boxes within our warehouses whenever feasible.



# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Below is a table illustrating the waste generated by our operations over the past three years:

	2021	2022	2023
Waste diverted from disposal	200	180	220
Waste directed to disposal	170	160	150
Total waste generated (MT)	370	340	370

### Related UNSDGs:



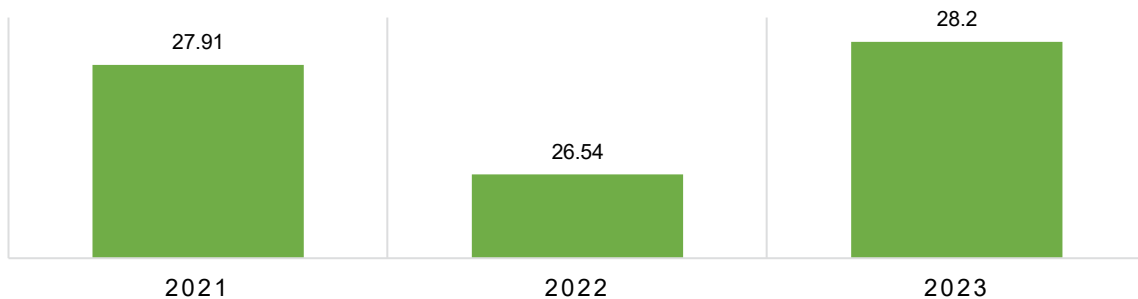
### Water Management

Acknowledging that excessive water usage can strain water resources and contribute to wastewater contamination, thereby endangering water quality and ecosystem integrity, we are committed to mitigating these risks. Our dedication to reducing overall water consumption involves advocating and implementing water-saving practices to preserve this vital resource. By actively promoting efficient water management strategies, we aim to minimise environmental impact and safeguard the well-being of local communities and ecosystems.

### Our approach and performance

In the fiscal year 2023, our company recorded an average annual water consumption of 28,201 m<sup>3</sup>, equivalent to 28.2 megalitres. We remain steadfast in our resolve to further reduce our water usage through the adoption of effective water management tactics. As a demonstration of this commitment, we have implemented a rainwater harvesting system alongside two sewage treatment tanks. Furthermore, we will persist in raising awareness among our employees regarding the critical importance of water conservation. These proactive measures underscore our dedication to positively impacting water resource preservation and protecting local ecosystems and communities.

### TOTAL VOLUME OF WATER USED (MEGALITRES)



### Related UNSDGs:





## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### Performance Data Table

Indicator	Unit	2021	2022	2023	Target
<b>Economic Performance</b>					
<i>Economic value generated (e.g., revenue and other income)</i>	MYR'000	205,592	90,215	90,229	
<i>Economic value distributed (e.g., cost of sales, operating costs, payment to providers of capital, and payment to government)</i>	MYR'000	244,505	261,215	134,229	
<i>Economic value retained</i>	MYR'000	-38,913	-171,000	-44,000	
<b>Cybersecurity and Data Protection</b>					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer	Number	0	0	0	
<b>Sustainable Supply Chain Management</b>					
Bursa C7(a) Proportion of spending on local suppliers	Percentage	96	97	98	
<b>Anti-Corruption</b>					
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category					
Management	Percentage	100	100	100	
Executive	Percentage	100	100	100	
Non-executive/ Technical Staff	Percentage	80	80	80	
General Workers	Percentage	60	60	60	
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	1	1	0.8	
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	
<b>Health and Safety</b>					
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	
Bursa C5(b) Lost Time Incident Rate ("LTIR")	Rate	0	0	0	



**CORPORATE SUSTAINABILITY STATEMENT**  
**(cont'd)**

Indicator	Unit	2021	2022	2023	Target
Bursa C5(c) Number of employees trained on health and safety standards	Number	269	306	398	
<b>Labour Practices and Standards/Employee Management</b>					
Bursa C6(a) Total hours of training by employee category					
Management	Hours	18	36	48	
Executive	Hours	18	36	48	
Non-executive/ Technical Staff	Hours	12	30	48	
General Workers	Hours	24	48	60	
Bursa C6(c) Total number of employee turnover by employee category					
Management	Number	0	0	0	
Executive	Number	0	0	0	
Non-executive/ Technical Staff	Number	0	0	0	
General Workers	Number	2	2	2	
<b>Diversity, Equity &amp; Inclusion</b>					
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	
Bursa C3(a) Percentage of employees by gender and age group by employee category					
Gender group by employee category					
Management - Male	Percentage	55.56	55.56	55.56	
Management - Female	Percentage	44.44	44.44	44.44	
Executive - Male	Percentage	55.56	55.56	55.56	
Executive - Female	Percentage	44.44	44.44	44.44	
Non-executive/ Technical Staff - Male	Percentage	36	43	42.86	
Non-executive/ Technical Staff - Female	Percentage	64	57	57.14	



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Indicator	Unit	2021	2022	2023	Target
General Workers - Male	Percentage	19	18	17.41	
General Workers - Female	Percentage	81	82	82.59	
Age group by employee category					
Management - Under 30	Percentage	22.22	22.22	22.22	
Management - Between 30-50	Percentage	33.33	33.33	33.33	
Management - Above 50	Percentage	44.44	44.44	44.44	
Executive - Under 30	Percentage	14.81	14.81	14.81	
Executive - Between 30-50	Percentage	62.96	62.96	62.96	
Executive - Above 50	Percentage	22.22	22.22	22.22	
Non-executive/ Technical Staff - Under 30	Percentage	21.43	21.43	21.43	
Non-executive/ Technical Staff - Between 30-50	Percentage	57.14	57.14	57.14	
Non-executive/ Technical Staff - Above 50	Percentage	21.43	21.43	21.43	
General Workers - Under 30	Percentage	7.96	7.11	8.04	
General Workers - Between 30-50	Percentage	75.22	75.56	74.55	
General Workers - Above 50	Percentage	16.81	17.33	17.41	
Bursa C3(b) Percentage of directors by gender and age group					
Male	Percentage	55.56	55.56	55.56	
Female	Percentage	44.44	44.44	44.44	
Under 30	Percentage	22.22	22.22	22.22	
Between 30-50	Percentage	44.44	44.44	44.44	
Above 50	Percentage	33.33	33.33	33.33	
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage				
<i>Gender diversity - Male</i>	Percentage	21.71	21.20	20.88	
<i>Gender diversity - Female</i>	Percentage	78.29	78.80	79.12	



**CORPORATE SUSTAINABILITY STATEMENT**  
**(cont'd)**

Indicator	Unit	2021	2022	2023	Target
<i>Age diversity - Under 30</i>	Percentage	8.96	8.20	9.04	
<i>Age diversity - Between 30-50</i>	Percentage	73.31	73.60	72.69	
<i>Age diversity - Above 50</i>	Percentage	17.73	18.20	18.27	
<i>Ethnic diversity - Bumiputera</i>	Percentage	0	0	0	
<i>Ethnic diversity - Chinese</i>	Percentage	100	100	100	
<i>Ethnic diversity - Indian</i>	Percentage	0	0	0	
<i>Ethnic diversity - Others</i>	Percentage	0	0	0	
<b>Contributing to Local Communities/CSR</b>					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0	0	0	
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	0	0	
<b>Climate Change (Energy Management &amp; Emissions)</b>					
Bursa C4(a) Total energy consumption	Gigajoules	1.44	1.43	1.65	
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	39.80	37.36	40.15	
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	0.31	0.31	0.36	
Bursa C11 (c) Scope 3 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	5.49	4.96	6.66	
<b>Waste Management</b>					
Bursa C10(a) Total waste generated	Metric tonnes	370	340	370	
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	200	180	220	
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	170	160	150	
<b>Water Management</b>					
Bursa C9(a) Total volume of water used	Megalitres	27.91	26.54	28.20	

<b>Internal assurance</b>	<b>External assurance</b>	<b>No assurance</b>	<b>(*) Restated</b>
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Note: *Italicised fonts represent indicators other than those under the common material matters.*





## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### ASSURANCE STATEMENT

To bolster the credibility of our Sustainability Statement, specific sections have been subjected to the following:

- a) Internal Review by the Group's Management Internal Audit Team
- b) Independent Assurance in accordance with recognised standards for selected indicators and has been approved by the Group's Audit and Risk Management Committee

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below:

Type of Assurance	Material Matters	Subject Matter	Scope	Conclusion
Review by Independent Assurance Auditor	Climate Change	Total energy consumption	Operations assessed: China	Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter as presented in HBGL's Sustainability Statement 2023 have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.
		Scope 1 emissions in tonnes of CO <sub>2</sub> e		
		Scope 2 emissions in tonnes of CO <sub>2</sub> e		
		Scope 3 emissions in tonnes of CO <sub>2</sub> e		
Internal Review by Management Internal Audit Team	Economic Performance	Direct economic value generated and distributed	Operations assessed: China	Currently in review by the management team
	Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category		
		Percentage of operations assessed for corruption-related risk		
		Confirmed incidents of corruption and action taken		
	Cybersecurity and Data Protection	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data		
	Employee Management	Total hours of training by employee category		
		Total number of employee turnover by employee category		



# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Please refer to the following page for the Independent Limited Assurance Statement provided by ASAP Advisory PLT.

Moving forward, we are committed to enhancing the accuracy and quality of our data to bolster our disclosures. We aim to achieve this by subjecting all indicators to independent assurance over the next five years. This proactive approach underscores our dedication to transparency and accountability in our sustainability reporting practices.

*\*Note: In preparing the Subject Matter mentioned above, HB Global applied the following criteria:*

- *IFRS Foundations - International Integrated Reporting Framework and Integrated Thinking Principles*
- *Task Force on Climate related Financial Disclosures (“TCFD”)*
- *HB Global’s relevant policies and procedures*

## INDEPENDENT LIMITED ASSURANCE STATEMENT

### Independent Limited Assurance Statement

Independent Limited Assurance Statement to the Directors of HB Global Limited on Sustainability Metrics within the Sustainability Report 2023.

### Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter as presented in HB Global’s Sustainability Statement 2023 have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.

### Scope of Work

ASAP Advisory PLT (“ASAP” or “we”) was engaged by HB Global Limited (“HB Global”) to perform a ‘limited assurance engagement,’ as defined by the International Standard on Assurance Engagements (“ISAE”) 3000 Revised, Assurance Engagement other than Audits or Review of Historical Financial Information, on selected subject matters (“Subject Matter”) included in HB Global’s 2023 Sustainability Statement (“SS2023”) for the financial year ended 31 December 2023.

### Subject Matter

Our limited assurance engagement was performed for the Subject Matter listed in the table below, as presented in the SS2023:

Material Matters	Subject Matter	Scope
Climate Change	Total energy consumption	Operations assessed: China
	Scope 1 emissions in tonnes of CO <sub>2</sub> e	
	Scope 2 emissions in tonnes of CO <sub>2</sub> e	
	Scope 3 emissions in tonnes of CO <sub>2</sub> e	

The scope of our work was limited to the Subject Matter presented in the SS2023 and did not include coverage of data sets or information unrelated to the data and information underlying the Subject Matter and related disclosures; nor did it include information reported outside of the SS2023, comparisons against historical data, or management’s forward-looking statements.

### Criteria applied by HB Global



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

In preparing the Subject Matter mentioned above, HB Global applied the following criteria:

- IFRS Foundations - International Integrated Reporting Framework and Integrated Thinking Principles Task Force on Climate related Financial Disclosures (“TCFD”)
- HB Global’s relevant policies and procedures

### ***HB Global’s Responsibilities***

HB Global’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

### ***ASAP’s responsibilities***

Our responsibility is to express our conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter and related disclosures as presented in the SS2023 are not prepared, in all material respects, in accordance with the Criteria.

We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with HB Global, including performing the engagement in accordance with the ISAE 3000, issued by the International Auditing and Assurance Standards Board. This Standard requires that we plan and perform our engagement to obtain limited assurance about whether the Subject Matter and related disclosures as presented in the SS2023 are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of HB Global’s use of the criteria specified as the basis of preparation used for the selected Subject Matter and related disclosures presented in the SS2023, assessing the risks of material misstatement thereof, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter and related disclosures in the SS2024. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### ***Our Independence and Quality Control***

This assurance has been conducted at a limited level according to International Professional Practices Framework (“IPPF”), the IIA2, at a minimum the internal audit function should provide the following assurance over ESG reporting;

- 1) Review reporting metrics for relevancy, accuracy, timeliness and consistency;
- 2) Review reporting for consistency with formal financial disclosure filings;
- 3) Conduct materiality or risk assessments on ESG reporting;

including the Principles contained within the International Integrated Reporting Council (“IIRC”), Task Force on Climate related Financial Disclosures (“TCFD”).

### ***Statement Of Independence and Competence***

ASAP provides a range of services, including internal audit, internal control review, risk management, and environmental, social, and ethical auditing and training. Additionally, we offer assurance services for environmental, social, sustainability, and ESG reports.

We affirm our independence from HB Global, ensuring freedom from bias and conflicts of interest with the organisation, its subsidiaries, and stakeholders. The assurance team was carefully assembled based on their knowledge, experience, and qualifications for this assignment. The team members included:



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Ong Tian Soon (Charlie)	Lead Auditor
Koh Chee Keng	Auditor

### **Description of Procedures Performed**

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Gaining an understanding of HB Global's business, internal processes and approach to sustainability
- Conducting interviews with key personnel and collating evidence to understand HB Global's process for reporting performance indicators and disclosures, including inquiring regarding risks of misstatement and quality controls to address risks
- Conducting limited assurance procedures over the selected Subject Matter and disclosures, including:
  - Undertaking analytical procedures to support the reasonableness of the data
  - Checking that the calculation Criteria have been applied as per the methodologies for the Subject Matter within the Statement
  - Identifying and testing assumptions supporting calculations
  - Testing, on a sample basis, underlying source information to check accuracy of the data
  - Performing recalculations of performance indicators using input data
  - Checking that measurements made at the end of the reporting period are timely entered in the records and the sustainability statement
  - Obtaining appropriate representations from management, in the form of a management representation letter addressed to us to confirm that the management believes that it has fulfilled its responsibilities

We also performed such other procedures as we considered necessary in the circumstances.

### **Inherent Limitations**

Inherent limitations of assurance engagements include use of judgement and selective testing of data, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement. Accordingly, there is some risk that a material misstatement may remain undetected. Further, our limited assurance engagement is not designed to detect fraud or error that is immaterial.

There are additional inherent risks associated with assurance engagements performed for non-financial information given the characteristics of the subject matter and associated with the compilation of source



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

data using definitions and methods for determining, calculating, and estimating such information that are developed internally by management. The absence of a significant body of established practice on which to draw, allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

### ***Other Matters***

Information relating to prior reporting periods has not been subject to assurance procedures. Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the SS2023. The maintenance and integrity of HB Global's website is the responsibility of HB Global's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to the Subject Matter and related disclosures, the SS2023 or to our independent limited assurance report that may have occurred since the initial date of presentation on the HB Global's website.

### ***Restriction of use***

Our work has been undertaken to enable us to express a limited assurance conclusion on the matters stated above in our report provided to the directors of HB Global in accordance with the terms of our engagement, and for no other purpose.

Our report is intended solely for the directors of HB Global and should not be used by any other parties. To the fullest extent permitted by the law, we do not accept or assume liability to any party other than the directors of HB Global, for our work, for this report, or for the conclusion we have reached.

We agree to the publication of this assurance report in HB Global's SS2023 for the financial year ended 31 December 2023, provided it is clearly understood by recipients of the SS2023 that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of this report.

### **ASAP Advisory PLT**

201804000474 (LLP0014854-LGN)

Johor Bahru, Malaysia

29 March 2024



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### LOOKING FORWARD

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As a publicly listed company, we are deeply committed to conducting our business with transparency and integrity. This Sustainability Statement serves as a crucial platform for us to engage with our stakeholders and disseminate information regarding our sustainability initiatives. In accordance with this commitment, we implemented policies such as the Anti-Bribery and Corruption Policy and the Whistleblowing Policy in 2020. We maintain a zero-tolerance stance towards fraudulent activities, bribery, corruption, money laundering, and the financing of terrorism. Upholding these values and principles, we aim to foster trust and confidence among our stakeholders and uphold our responsibilities as a responsible corporate entity.

Looking forward, we are dedicated to supporting the transition to a more sustainable future and aiding in the rebuilding of the economy. We understand that the pandemic has presented both challenges and opportunities for businesses and society as a whole. With the easing of restrictions in China, we anticipate expanding our growth and thriving in our endeavours. Moving forward, we will continue to prioritise the health and safety of our employees, customers, and communities, while remaining adaptable and innovative in response to evolving circumstances.

Furthermore, our management is fully committed to enhancing our digital capabilities to better serve customers and champion sustainable practices across our operations. Our sustained emphasis on sustainability builds upon our efforts to minimise our environmental footprint and engage stakeholders on crucial social and ethical issues. Together, we embark on a journey of innovation and achievement, poised to generate enduring value for our stakeholders, transform global landscapes, and make meaningful contributions to society and the environment.



## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

### RELATIONSHIP WITH UNSDGS

Sustainable Development Goals		Main Activity	Detailed Information
	No Poverty	Providing equal work opportunities	• Workplace
	Zero Hunger	-	-
	Good Health and Well-being	Safe working environment	• Workplace
	Quality Education	Training and development for employees	• Workplace
	Gender Equality	Employment policy of no discrimination	• Workplace
	Clean Water and Sanitation	Promoting water conservation	• Environment
	Affordable and Clean Energy	-	-
	Decent Work and Economic Growth	Good management	• Economic • Marketplace • Workplace • Community
	Industry, Innovation, and Infrastructure	Fostering innovation	• Marketplace • Community
	Reducing Inequality	Employment policy of no discrimination	• Workplace
	Sustainable Cities and Communities	Implementation of pollution prevention initiatives	• Environment
	Responsible Consumption and Production	Promise to deliver safe and quality products	• Marketplace • Environment
	Climate Action	Reduce CO <sub>2</sub> emission	• Environment
	Life Below Water	-	-
	Life On Land	-	-
	Peace, Justice, and Strong Institutions	Anti-corruption, cybersecurity and data protection	• Marketplace • Governance
	Partnerships for the Goals	Sustainability report initiative	• Looking Forward



# CORPORATE SUSTAINABILITY STATEMENT (cont'd)

## TCFD-ALIGNED DISCLOSURES

(As recommended by IFRS1 and IFRS2, we can continue using the TCFD recommendations)

TCFD Recommendation	HB Global Disclosure	Reference
<b>Governance – Disclose the organisation’s governance around climate-related risks and opportunities</b>		
a) Describe the Board’s oversight of climate -related risks and opportunities	<ul style="list-style-type: none"> <li>• Risk management Board skills and experience – climate change</li> <li>• Sustainability Committee – role and focus</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman Statement</li> <li>• Governance</li> </ul>
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>• Risk management Climate change – managing risk and opportunity</li> <li>• Sustainability Committee – role and focus <b>FY 2023</b></li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Supply Chain Management</li> <li>• Environment</li> </ul>
<b>Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material</b>		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<ul style="list-style-type: none"> <li>• Risk management – Risk factors (climate change, greenhouse gas emissions and energy)</li> <li>• Climate change – managing risk and opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• Materiality Matrix</li> </ul>
b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	<ul style="list-style-type: none"> <li>• Risk management – Risk factors (climate change, greenhouse gas emissions and energy)</li> <li>• Climate change – managing risk and opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• Materiality Matrix</li> </ul>
c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> <li>• Climate change – evaluating the resilience of our portfolio</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Management &amp; Emissions</li> </ul>
<b>Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks</b>		
a) Describe the organisation’s processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Materiality Matrix</li> </ul>
b) Describe the organisation’s processes for managing climate-related risks.	<ul style="list-style-type: none"> <li>• Risk management – Risk factors (climate change, greenhouse gas emissions and energy)</li> </ul>	<ul style="list-style-type: none"> <li>• Materiality Matrix</li> <li>• Energy Management &amp; Emissions</li> </ul>
c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation’s overall risk management.	<ul style="list-style-type: none"> <li>• Risk management non-financial KPIs – sustainability KPIs</li> <li>• Risk management – Risk factors (climate change, greenhouse gas emissions and energy)</li> </ul>	<ul style="list-style-type: none"> <li>• Materiality Matrix</li> <li>• Energy Management &amp; Emissions</li> </ul>
<b>Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> <li>• Non-financial KPIs – sustainability</li> <li>• KPIs Climate change – Operational emissions</li> <li>• Climate change – Scope 3 emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Management &amp; Emissions</li> </ul>
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> <li>• Non-financial KPIs – sustainability KPIs</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Management &amp; Emissions</li> </ul>





## CORPORATE SUSTAINABILITY STATEMENT (cont'd)

TCFD Recommendation	HB Global Disclosure	Reference
	<ul style="list-style-type: none"> <li>Climate change – operational emissions performance</li> <li>Climate change – Scope 3 emissions performance Climate change data</li> </ul>	
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> <li>Non-financial KPIs – sustainability KPIs</li> <li>Climate change – operational emissions performance FY2023 performance outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Energy Management &amp; Emissions</li> </ul>