



SUSTAINABILITY REPORT



pg.046
INTRODUCTION



pg. **048**
**OUR
COMMITMENT**



pg. **051**
**STAKEHOLDER
ENGAGEMENT**



pg. **052**
**MATERIALITY
MATRIX**



pg. **054**
**SUSTAINABILITY
PERFORMANCE
– MATERIAL MATTERS**

INTRODUCTION

BHIC Group recognises the importance of adhering to sustainable principles in carrying out its business. In our drive to generate profit and to maximise our shareholders' value, we are mindful of the impact of our operations to the economies, environment and communities in which we operate.

The principle objective of our sustainability initiatives is to conduct our business and to grow in a way that benefits the local economy, environment and society.

Our sustainability efforts are guided by the following objectives in those three key areas:



Economic

Ensuring the sustainability of our business is in line with our drive towards attaining profitability and generating positive impact to the local economy while maintaining high ethical standards and acting in full adherence to all rules, regulations and laws.



Environment

Protecting the environment by embracing green and eco-friendly practices aimed at reducing our use of resources and minimising emissions and wastes generated by our business activities.



Social

Strengthening our reputation as an employer of choice and responsible corporate citizen by investing in our employees by upgrading their skills, developing their talents and taking care of their welfare and well-being.

Reaching out and giving back to society through assisting those in need, promoting youth development and actively engaging local communities through various social initiatives and Corporate Social Responsibility (CSR) activities.

Scope

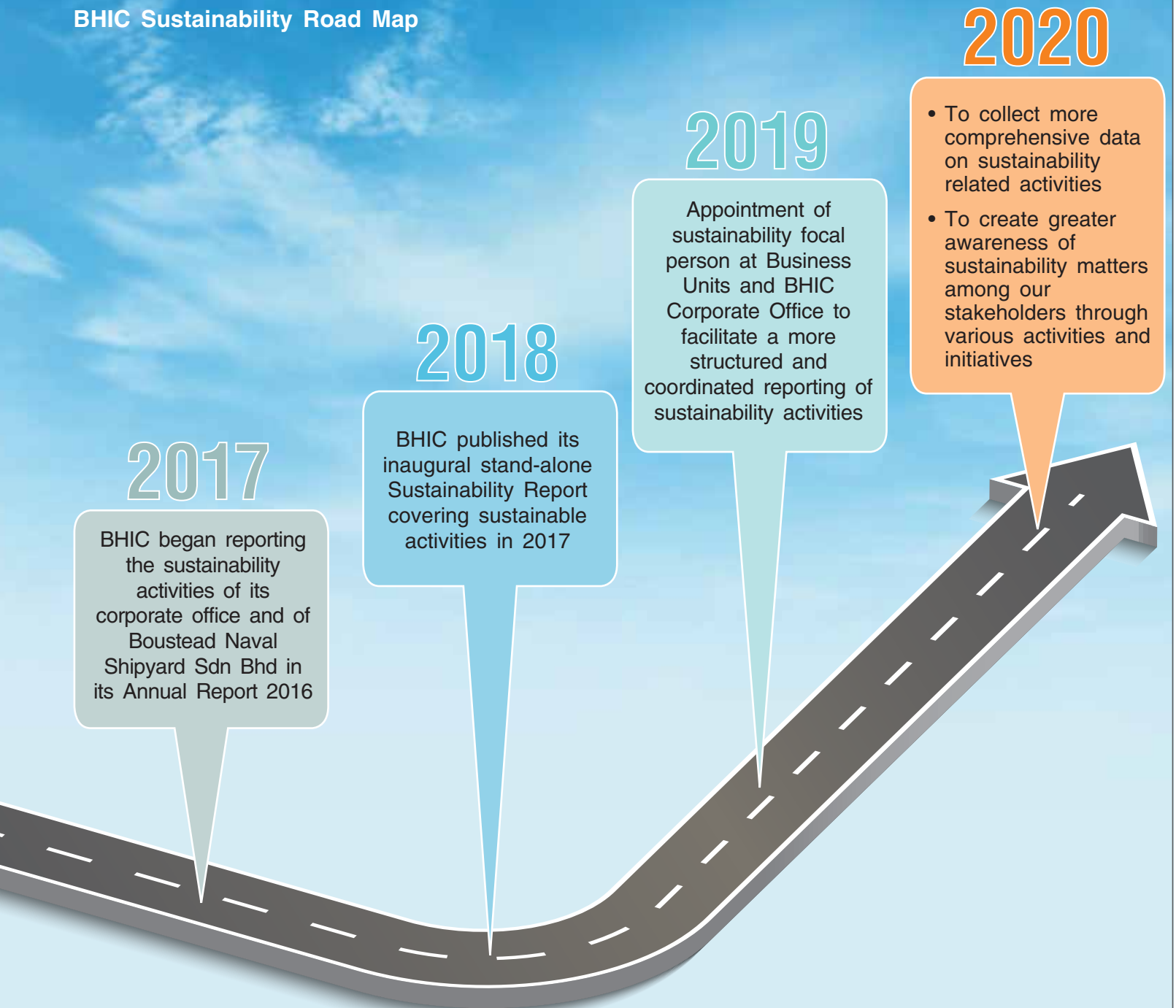
This report covers BHIC Group's sustainability activities undertaken between 1 January to 31 December 2019.

Approach

In preparing this report, we were guided by Bursa Malaysia Securities Berhad Listing Requirements, Bursa Malaysia Sustainability Reporting Guide and Global Reporting Initiative Standards. The reporting of our sustainability activities is also anchored on the 17 Sustainable Development Goals outlined by the United Nations Development Programme.



BHIC Sustainability Road Map

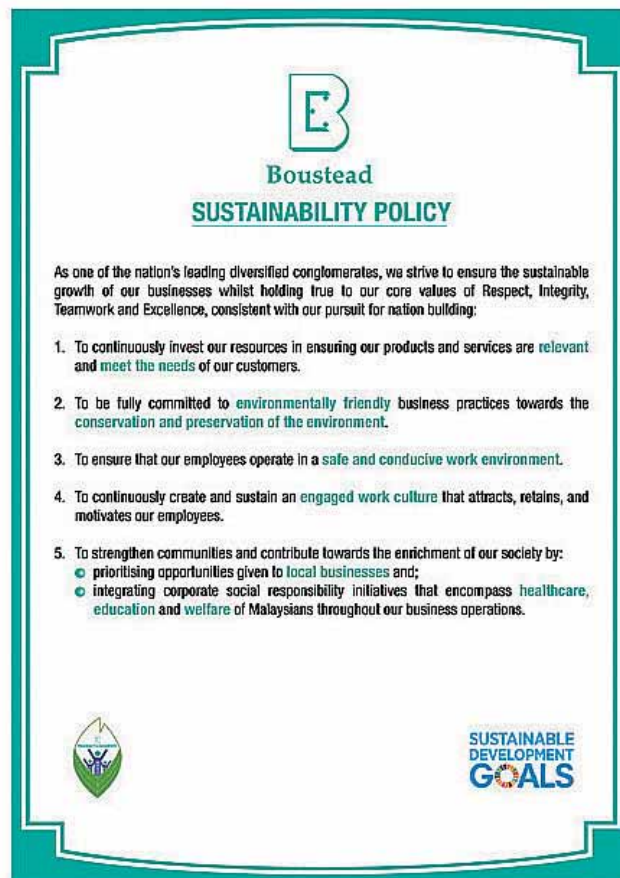


OUR COMMITMENT

“At BHIC, we are committed to Sustainable Development by ensuring Positive Impact on Economy, Environment and Society whilst carrying out our Business Activities”

As a member of the Boustead Group family, BHIC Group is committed to promoting sustainability in line with the Boustead Group’s Sustainability Policy.

We believe practicing sustainability is not only a way to secure the future of our business but also to promote the economy, safeguard the environment and give back to society. We are committed to continue entrenching sustainability values in our operations as we pursue profitability in a socially responsible and environmental friendly manner.



POLICIES AND GUIDELINES

BHIC Group is supported by various policies and guidelines in undertaking its sustainability efforts and in reporting them in a transparent manner. The relevant areas covered by these policies and guidelines are as follows:

Policies and Guidelines in BHIC related to Sustainability



In addition to the above, we are also guided by internationally recognised sustainability principles and guidelines in undertaking our sustainability related activities.

OUR COMMITMENT

SUSTAINABILITY GOVERNANCE

BHIC Group's commitment to sustainability is underscored by the establishment of a well-defined structure within the Group to plan, carry out and report sustainability initiatives. This structure consists of a Board Sustainability Committee (BSC) made of several Board Members of BHIC and a Sustainability Management Committee (SMC) entrusted to provide advice to the BSC on sustainability matters and oversee sustainability activities within the Group.



- i. **BHIC Board of Directors** is the highest authority overseeing the Group's sustainability strategy and direction
- ii. **BSC** assists the Board of Directors in fulfilling its responsibilities in relation to the Group's sustainability objectives, policies and practices
- iii. **SMC** oversees sustainability initiatives and reporting within the Group and advises BSC on sustainability matters
- iv. **SPT** acts as the SMC Secretariat and the coordinator / focal point for sustainability initiatives and reporting within the Group

SUSTAINABILITY MANAGEMENT COMMITTEE (SMC)

Membership consists of Senior Management and Heads of various departments of BHIC, namely:

BOARD SUSTAINABILITY COMMITTEE (BSC)

Chairman:

Tan Sri Dato' Wira Aziah Ali

Membership:

- i. Admiral Tan Sri Dato' Seri Ramlan Mohamed Ali (Retired)
- ii. Dato' Maznah Abdul Jalil
- iii. Puan Hajah Saadatul Nafisah Bashir Ahmad
- iv. (Dr.) Salihin Abang

	Position	Role
1	Chief Executive Officer	Chairman
2	Head, Strategic Planning and Transformation	Secretariat
3	Chief Operating Officer	Member
4	Chief Financial Officer	Member
5	Head, Group Human Capital Management	Member
6	Head, Group Risk Management	Member
7	Head, Group Administration	Member
8	Head, Group Supply Chain and Vendor Development Management	Member
9	Head, Group Corporate Communications	Member



STAKEHOLDER ENGAGEMENT

At BHIC Group, we value the feedback of our stakeholders with regard to our business operations. Their views are not only important to us in gauging our performance in delivering products and services to them but also in assessing the impacts of our operations to the economy, environment and society at large.

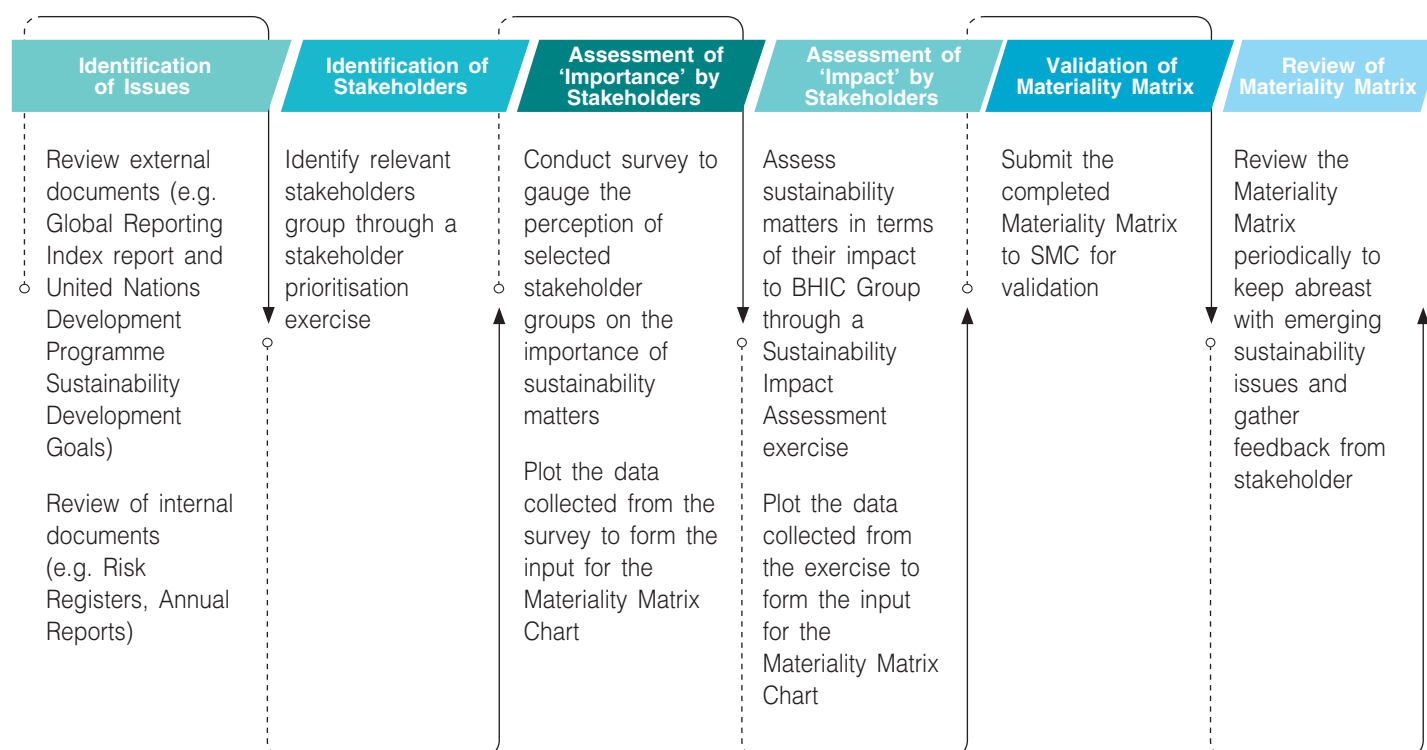
We continuously engage our stakeholders through various platforms throughout 2019 to gain insight into their interests and concerns on sustainability matters. Among the stakeholder engagement activities carried out during the year were:

Stakeholder Group	Engagement Method	Areas of Interest and Concern
Government Agencies	<ul style="list-style-type: none"> Meetings Correspondences On-site visits 	<ul style="list-style-type: none"> Legal and regulatory compliance Anti-corruption Vendor Development Health and Safety
Shareholders and Investors	<ul style="list-style-type: none"> Annual General Meeting Quarterly report Annual Report Bursa announcements Press releases 	<ul style="list-style-type: none"> Return on investment Market share Earning prospect
Customers	<ul style="list-style-type: none"> Meetings Feedback forms Correspondences 	<ul style="list-style-type: none"> Quality products and services Sustainability of the Company's operations Emergency response plan Delivery of projects that meets their expectation on cost, quality and time
Board of Directors	<ul style="list-style-type: none"> Meetings Correspondences Retreats 	<ul style="list-style-type: none"> Maximising shareholders value Governance Mitigating business risks Business strategies and directions Financial performance Engagement with stakeholders
Employees	<ul style="list-style-type: none"> Internal communications Employee engagement initiatives Sports and recreational activities 	<ul style="list-style-type: none"> Rewards and remuneration Training and development Company strategies and directions and objectives Career prospect Safe and conducive working environment
Vendors / suppliers business partners	<ul style="list-style-type: none"> Meetings Correspondences Events Training sessions Dialogue sessions 	<ul style="list-style-type: none"> Licensing and certification Legal and commercial issues Business opportunities Mitigating business risks Financial performance Sustainability of the Company's operations Shared growth through partnerships Emergency response management
Local communities	<ul style="list-style-type: none"> CSR programmes 	<ul style="list-style-type: none"> Safety and security of operations Employment and business opportunities Socio-economic spin-off Infrastructure development Social and welfare contribution





MATERIALITY MATRIX

In addressing economic, environmental and social issues deemed most significant to BHIC Group, we embarked on a comprehensive materiality assessment exercise in 2019. This exercise consisted the following process:

PROCESS TO DETERMINE MATERIAL SUSTAINABILITY MATTERS



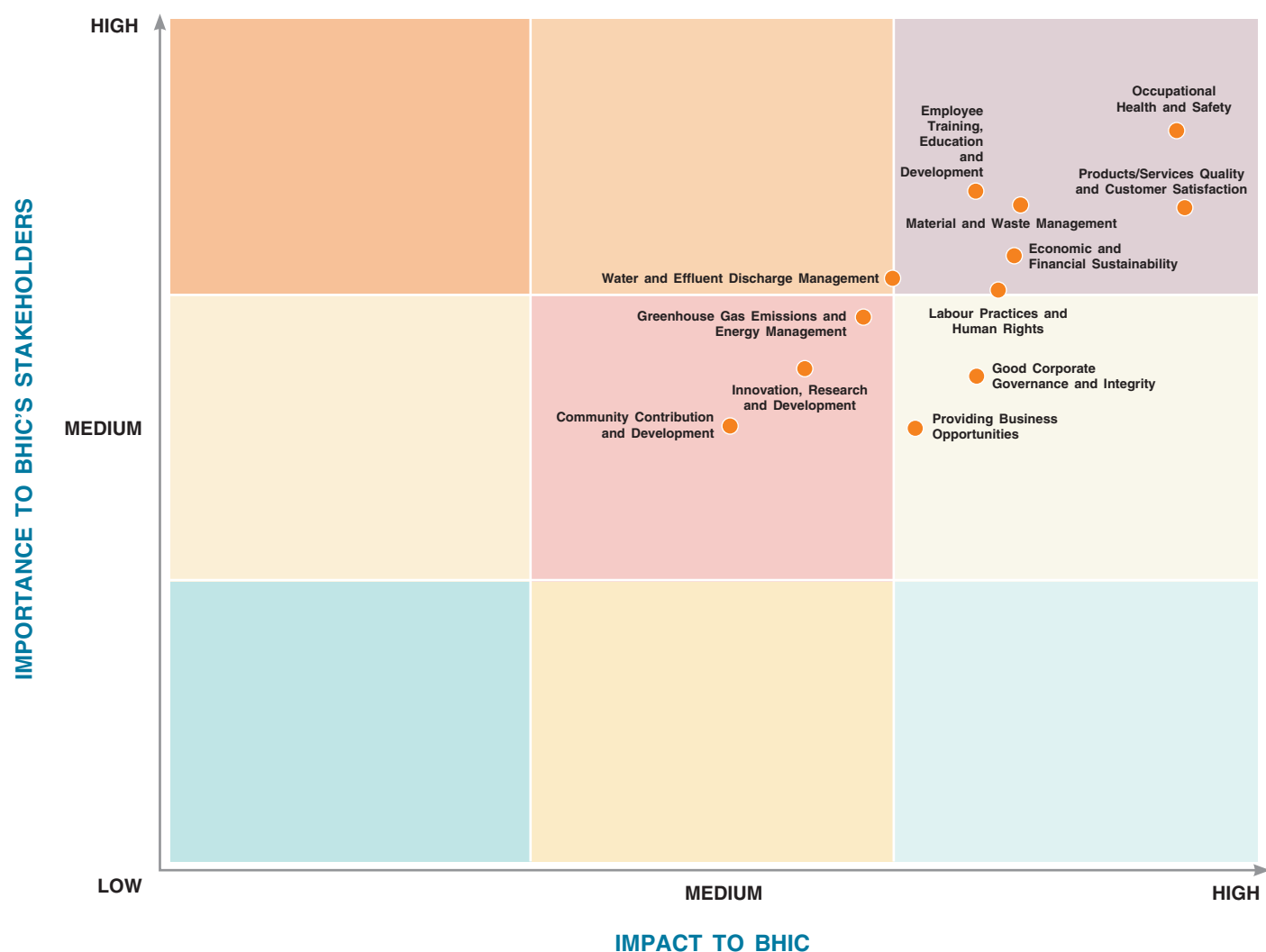
Through a structured stakeholder prioritisation exercise, we identified key internal and external stakeholder group for sampling of which a total of 66 respondents were from the following groups:

Board of Directors	9 members	
Management	25 personnel	
Employees	22 personnel	
Suppliers/Vendors	10 representatives of companies	



We were able to gauge the stakeholders' concern on sustainability issues with regards to the importance and impact to BHIC Group. We will expand our materiality-focused stakeholder engagement to other stakeholder groups in the coming years.

This process allows us to align the internal and external perspectives, to identify areas for potential optimisation and to periodically develop the sustainability-related management approach and reporting. The assessment was carried out in accordance to the methodology described in the Sustainability Reporting Guidelines published by Bursa Malaysia.



SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS



ECONOMIC

BHIC Group strives to inculcate sustainability principles into its strategies and business operations. This approach enabled us to achieve synergy and cost efficiency across the Group towards attaining profitability in a sustainable manner. It allows us to focus on the future with the objective of sustaining our business and contributing to the growth of local and national economy.

PRODUCTS / SERVICES QUALITY AND CUSTOMER SATISFACTION

Delivering products and services of high quality and meeting customer's satisfaction are among our key targets in doing business. To this end, we conducted regular engagements with our customers through meetings and satisfaction surveys to evaluate our performance in meeting their expectations. In this manner, we are able to improve our products and services delivery, attract new customers and enhance our competitiveness to maintain our position among the leading companies in the defence and marine industries in Malaysia.



Among the efforts undertaken to meet customer's expectation included putting in place Quality Management System at Business Units and conducting regular internal quality checks and scheduled supplier quality audits.

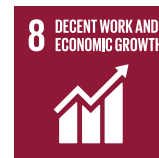
Underlining the high standards we uphold in our commitment to deliver quality products and services, several companies within the Group had attained the following ISO certifications:

ISO 9001:2015	ISO 45001:2018 / OHSAS 18001:2007
i. BHIC AeroServices Sdn Bhd	i. Boustead DCNS Naval Corporation Sdn Bhd
ii. BHIC Allied Defence Technology Sdn Bhd	ii. Boustead Naval Shipyard Sdn Bhd
iii. BHIC Bofors Asia Sdn Bhd	iii. Boustead Penang Shipyard Sdn Bhd
iv. BHIC Defence Techservices Sdn Bhd	
v. BHIC Marine Technology Academy Sdn Bhd	
vi. BHIC Navaltech Sdn Bhd	
vii. BHIC Submarine Engineering Services Sdn Bhd	
viii. Boustead DCNS Naval Corporation Sdn Bhd	
ix. Boustead Langkawi Shipyard Sdn Bhd	
x. Boustead Naval Shipyard Sdn Bhd	
xi. Boustead Penang Shipyard Sdn Bhd	



ECONOMIC AND FINANCIAL SUSTAINABILITY

BHIC Group is committed to deliver strong, sustainable economic and financial performance through effective implementation of its business strategies. In so doing, we are not only focused on achieving profitability but attaining continuous growth, generating value for our shareholders and operating in a sustainable manner.



GOOD CORPORATE GOVERNANCE AND INTEGRITY

Ethics, integrity and transparency have increasingly become among the key areas of focus in today's business world. We realise that embedding good corporate governance and integrity principles into our strategies and operations not only helps the Group to mitigate risks and reduce business malpractices but also enhances stakeholders' trust.



BHIC Group is committed to fulfil its business objectives in an honest, ethical and lawful manner. This approach is consistent with our core values of BELONGING, HONOUR, INTEGRITY and COMMITMENT. In addition to being guided by these four principles, we are always mindful of conducting ourselves in compliance with the laws, rules and regulations. We operate in a transparent, above-board manner and are uncompromising in fulfilling our fiduciary duties and responsibilities as a Public Listed and Government Linked Company.

We have put in place the following policies and processes to guide our employees to conduct business in an ethical way:



Code of Ethics and
Conduct Policy



Whistleblowing Policy



Due Diligence Process

The review and enforcement of our corporate governance practices and the monitoring of integrity matters are undertaken by the Group Internal Audit (GIA) of our holding company, Boustead Holdings Berhad. We also have an in-house Integrity Department and a Compliance Unit, under BHIC's Group Risk Management Department, which oversees integrity, ethics and compliance matters within the Group. In 2019, the Integrity Department conducted series of sharing sessions with all levels of employees within the Group to raise awareness of the new requirements of Corporate Liability Provision as per Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009).

In addition, we have adopted the Guidelines on Adequate Procedures as per Section 17A of the MACC Act 2009. Our existing policies and procedures shall be enhanced accordingly to meet the requirements of the Guidelines on Adequate Procedures through the following:

- i. conducting enterprise-wide risk assessment;
- ii. enhancing control measures;
- iii. undertaking systematic review, monitoring and enforcement of policies and procedures; and
- iv. creating awareness through frequent communications with employees on the importance of complying with laws, rules, regulations, policies and procedures.



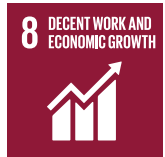
Several integrity sharing sessions were conducted throughout 2019 to raise awareness among the Group's employees

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS

ECONOMIC

PROVIDING BUSINESS OPPORTUNITIES

From an economic sustainability viewpoint, we continue to generate positive impact to our vendors who are an integral part of our supply chain. This is achieved through our Vendor Development Programme (VDP) which comes under the ambit of the Ministry of Entrepreneur Development and Cooperatives (MEDAC).



We nurtured and supported the development of vendors in our defence and marine industries by undertaking initiatives to provide them with training and skills upgrading. In doing so, we help build human capital capabilities among our vendors especially Small Medium Enterprises (SME) involved in highly skilled, high technology and innovative driven activities. These are accomplished by getting them involved in complex projects such as naval shipbuilding, MRO of defence assets and systems design and integration.

As at 31 December 2019, we have a total of 3,175 registered vendors under the VDP. The breakdown according to local and foreign companies are as follows:

REGISTERED VENDORS UNDER BHIC's VDP as at 31 December 2019	
LOCAL COMPANIES	FOREIGN COMPANIES
2,613	562



BHIC Group participated in Vendor Innovation Partnership Programme (VIP²), formerly known as GLC ExplorAce, organised by MEDAC held at Kuala Lumpur Convention Centre on 12 to 13 November 2019



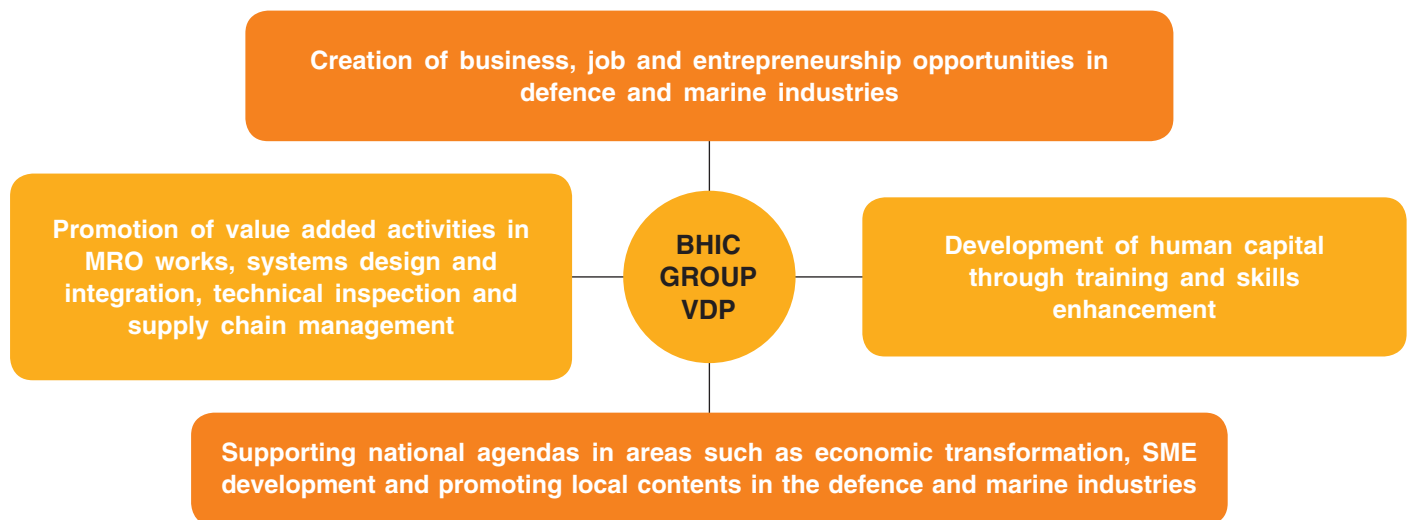
BENEFITS OF THE VDP

Our VDP goes beyond just generating economic benefits to our vendors. There are also many qualitative outcomes from our efforts to nurture and guide them. These included the following:



The VDP provides opportunities to our vendors to be involved in value added activities in the Malaysian defence and marine industries, in areas such as shipbuilding, ship repair and MRO. By engaging our vendors in these areas, we help generate many positive multiplier effects in these segments including creating job opportunities, upgrading their skills and helping them penetrate new markets.

Multiplier Effects of BHIC's VDP



Our projects such as the construction of LCS, the provision of In-Service Support and refit services for surface ships and submarines provided our vendors with the exposure to activities involving high technologies and highly skilled services.

Through the multiplier effects created by our VDP, we also help enhance the BHIC Group brand and increase its profile as a responsible corporate citizen that helps promote local companies especially among SMEs. Indirectly, we contributed to the fulfilment of various national agendas such as economic transformation, SMEs development and promoting local content in the defence and marine industries.

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS

ECONOMIC

RESEARCH AND DEVELOPMENT (R&D) AND INNOVATION

BHIC Group acknowledges that promoting Research and Development (R&D) and innovation is important in helping the organisation to stay ahead of the competition. We are very much aware that an organisation which is innovative and puts strong emphasis on R&D has a competitive edge over its rivals, as we continuously develop new products, services and solutions.



There are several outcomes of being innovative and in carrying out R&D. These included producing highly desirable products and services of high quality which guarantees continuous demand from the market, contributing to the development of industries and generating positive multiplier effects in the economy, as the innovations and R&D outcomes are commercialised.

We aim to ensure that all our products and services are relevant to the needs of our customers and industries. This is in line with the national agenda of transforming Malaysia's economy into a fully developed nation through high income, innovative driven and high technology based activities.

Leading BHIC Group in R&D activities is our associate BNS, which undertake construction and repair of naval assets. In 2019, BNS spent a total of **RM29.7 million** on R&D, mainly on engaging consultants for the design of new navy ships and in shipbuilding related activities.

Our involvement in the LCS and LMS projects generates opportunities in innovation and R&D. These included the adoption of high technology in conceptual and basic design development of the ship construction. In these activities, we benefit from the transfer of technology and know-how from our project partners and industry experts. The knowledge and experience gained from these projects are subsequently

utilised in various areas. Examples included the provision of ISS of naval assets post-delivery as well as MRO services. R&D initiatives were conducted to improve the design of the second batch of the New Generation Patrol Vessels (NGPV) for the RMN.

Through innovation and R&D, we cultivated a culture of continuous improvement to always do things better and more efficiently to produce quality results. These entails a constant review of our processes and procedures to attain improvements, enhance efficiency and productivity, and save cost.

Through continuous innovative and improvement efforts in areas such as MRO, supply chain management and austerity measures, BNS managed to save a total of **RM6.3 million** in 2019 mainly in the area of shiprepair.

We endeavour to optimise our growth by tapping on the knowledge and experience of established companies in the defence, marine and aviation industries. This is attained through collaborating and establishing strategic alliances with carefully chosen partners which are among the leading players in their respective fields. They include Naval Group from France, a renowned global defence contractor and manufacturer of Scorpene Submarines and Gowind Class Frigates, and Airbus Helicopters Malaysia a division of Airbus Group, a global pioneer in aerospace and defence related services.

During the Langkawi International Maritime and Aerospace Exhibition (LIMA) 2019, four companies within the BHIC Group signed collaboration agreements with several higher organisation of learning institutions. With the collaboration agreements signed, innovative new ideas and products can be explored / developed through information and knowledge sharing.



Agreements signed by companies within BHIC Group during LIMA 2019

Company	Signatory	Description
Boustead Langkawi Shipyard Sdn Bhd	Istanbul Shipyard, Turkey	Collaboration Agreement for the design, concept, technology and construction of Fast Interceptor Craft
BHIC Marine Technology Academy Sdn Bhd	National Institute of Occupational, Safety and Health (NIOSH)	Collaboration Agreement to promote and coordinate training courses conducted by NIOSH
Boustead Naval Shipyard Sdn Bhd	Universiti Teknologi Malaysia Universiti Malaysia Terengganu Universiti Kuala Lumpur International Islamic University Malaysia	Collaboration Agreement to develop design and engineering capabilities for future naval shipbuilding projects
Boustead Heavy Industries Corporation Berhad	National Defence University of Malaysia	Collaboration Agreement on maritime technology



Signing of Collaboration Agreement between BHIC Marine Technology Academy Sdn Bhd and National Institute of Occupational Safety and Health (NIOSH) Malaysia to promote and coordinate training courses during LIMA 2019

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS



ENVIRONMENT

Safeguarding the quality of life for future generations is paramount to BHIC Group. We are committed to have in place business processes, procedures and practices that deliver products and services which are environmentally friendly. We also strive to minimise our carbon footprint by reducing greenhouse gas (GHG) emissions in our operations. We are committed in ensuring that all our activities complies with acts, rules, laws and regulations on the environment while encouraging our employees to embrace sustainable and environmentally friendly practices.

Testimony to our commitment to safeguard the environment we have put in place a Health, Safety and Environment (HSE) Policy Statement to guide us. The statement spells our intent to ensure the safety of our employees, vendors, contractors and visitors in our facilities.



WASTE AND WATER MANAGEMENT

Among the efforts we have undertaken to protect the environment is in the area of management of water usage and scheduled wastes. They can pose substantial threats to public health and the environment if not handled, managed and disposed of responsibly.

The hazardous wastes in metric tonnes generated by BHIC Group and our associates BNS are as follows:

Hazardous wastes generated by BHIC Group in 2019

BHIC	BNS
325.33 metric tonnes	21.26 metric tonnes

6 CLEAN WATER AND SANITATION



14 LIFE BELOW WATER



15 LIFE ON LAND



At BHIC Group, we pay keen attention to safeguarding environment in undertaking business activities and in our pursuit of profit our growth



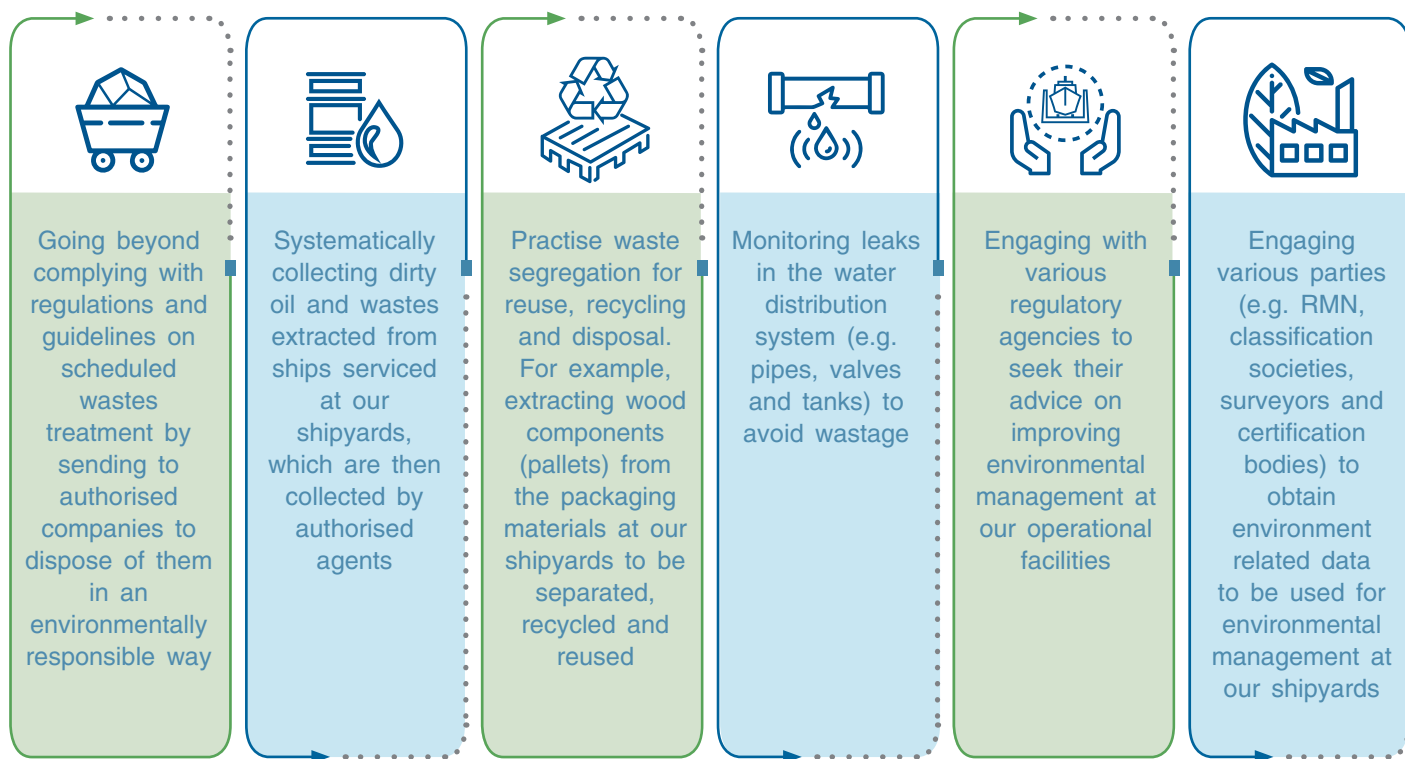
In 2019, BHIC Group used a total of 264,012 m³ of water. We continuously strive to reduce our water consumption by encouraging our staff to conserve water at our offices and operational facilities.

Leading the way in environmentally friendly and 'going green' efforts within the Group is our associates BNS. The shipyard has put in place various measures and made several improvements to safeguard the environment.

BHIC Group practices zero burning at our facilities. In addition, our shipyards have in place procedures and the required infrastructure to prevent oil spillages to contaminate the local water ways, in line with environmental regulations and guidelines.

All equipment, machineries and vehicles used at our shipyards and other premises are maintained on a regular basis to minimise emissions and maximise energy efficiency.

Among our efforts to safeguard the environment are listed below:



We are committed to continuously monitor the impacts of our operations on the environment with the view to reduce our carbon footprint and minimise our emissions.

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS

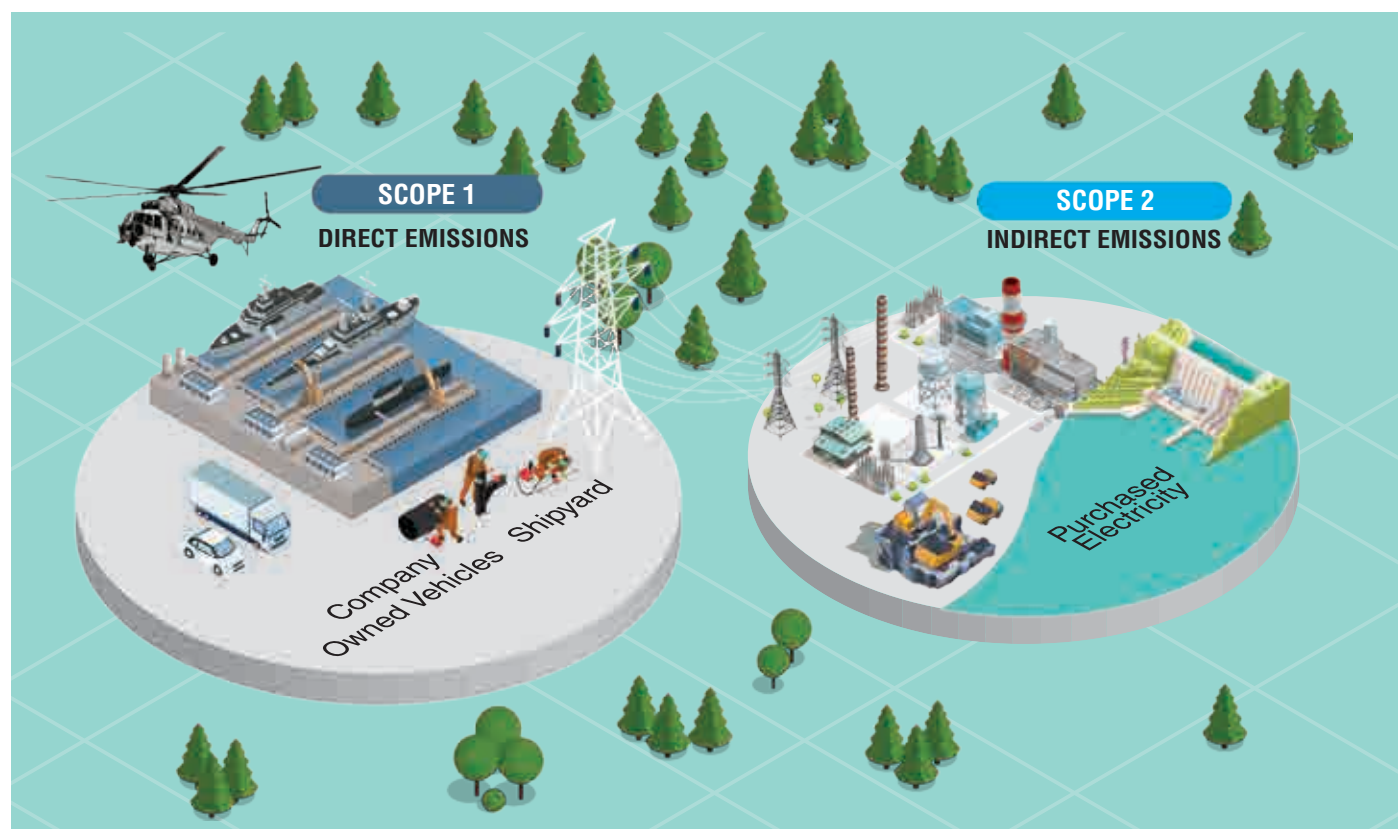
ENVIRONMENT

GREENHOUSE GAS EMISSIONS AND ENERGY MANAGEMENT

Following the inaugural Sustainability Report published by BHIC in 2019, we have taken a step further to track and report more indicators related to our environmental performance. This is done to measure our energy consumption and the impacts of our activities on the environment more accurately and extensively. This entails collecting data from our Business Units and departments which contributed to GHG emissions in 2019 which is our baseline year of reporting.



This Sustainability Report covers Scope 1 and Scope 2 emissions of GHG (as defined by GHG Protocol issued by World Research Institute) as represented in the diagram below:



Definitions

Scope 1: Direct emissions from assets and sources owned or controlled by the company

Scope 2: Indirect emissions from the generation of purchased energy (e.g. electricity)

Source:

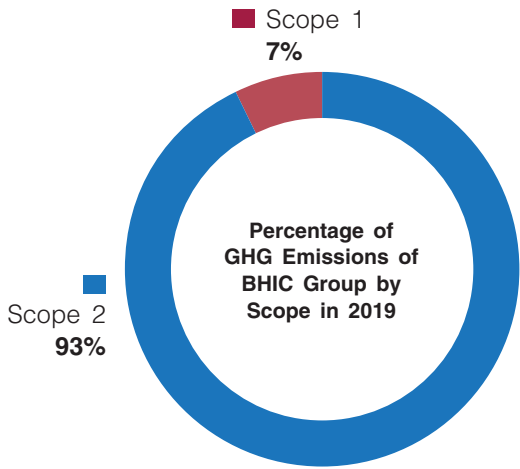
Scope 1 and Scope 2 GHG Inventory Guidance available at https://ghgprotocol.org/sites/default/files/Guidance_Handbook_2019_FINAL.pdf



We track emissions based on the internationally acknowledged and widely used GHG Protocol Corporate Accounting and Reporting Standard in Scope 1 and Scope 2. The following is the total GHG emissions of BHIC Group by scope in 2019:

Total GHG Emissions of BHIC Group by Scope (*tCO ₂ e) in 2019	
Scope 1	Scope 2
727.15 tCO ₂ e-	10,214.37 tCO ₂ e-

*tCO₂e = Tonnes of Carbon Dioxide Equivalent









Since 2019 is our base year, we can only make comparison with data to be collected in the next reporting period.

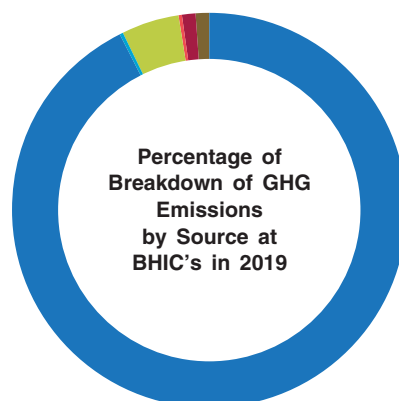
The operations at our shipyards involve activities that require high energy consumption, in shipbuilding and ship repair in the use of heavy machineries and equipments. In addition, street lighting, office buildings, hangars, warehouses and stores also consume significant amount of electricity. We are mindful of the need to be prudent about our energy use as lower energy consumption can contribute to both cost savings and to the reduction of our carbon footprint.

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS

ENVIRONMENT

Breakdown of GHG Emissions by Source at BHIC's Shipyards (in tonnes) in 2019





	Electricity Generation	5.37
	Heavy Machineries	571.39
	Welding & Oxygen-Cutting	7.23
	Cars	86.22
	Light Goods Vehicles	56.94
	Purchased Electricity	10,214.37

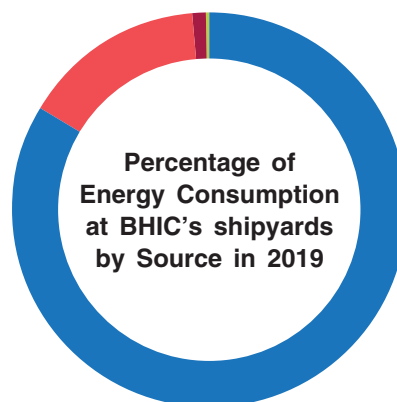


- **93.3%** Purchased Electricity
- **0.1%** Electricity Generation
- **5.2%** Heavy Machineries
- **0.1%** Welding & Oxygen-Cutting
- **0.8%** Cars
- **0.5%** Light Goods Vehicles

The breakdown of energy consumption at our shipyards according to sources are as follows:

Energy Consumption at BHIC's Shipyards by Source (in GigaJoules) in 2019

	Diesel	9,230.21
	Petrol	446.49
	Acetylene	77.79
	Purchased Electricity	53,413.00



- **84.6%** Purchased Electricity
- **14.6%** Diesel
- **0.7%** Petrol
- **0.1%** Acetylene





SOCIAL

OCCUPATIONAL SAFETY AND HEALTH

We believe that, our strong commitment to occupational, health and safety (OSH) is beneficial to our employees and stakeholders. The fewer lost time injury (LTI) incident and medical leave among our employees, the more productive our organisation will be.

We provide a safe and healthy working environment for our employees by adhering to OSH standards. This is done through the following:

- i. ensuring compliance with local regulatory requirements;
- ii. complying with health and safety management systems (e.g. OSHAS 18001, ISO 45001);
- iii. continuously improving our OSH practices and performance; and
- iv. ensuring workplace configuration, layout, processes and procedures contribute to safeguarding the health and safety of employees and protecting the environment.

The use of personal protection equipment is mandatory for high risk activities undertaken at our facilities. In addition, we regularly engage outside parties such as NGOs and health consultants to provided awareness and training on OSH for our employees.

Being a health conscious organisation, we also conducted several activities in 2019 to promote awareness about good health to our employees. These include safety briefings to our staff especially in areas where heavy equipment are used such as shipyards and Cardiopulmonary resuscitation (CPR) demonstration. In addition, our staff participated in blood donation drive carried out by our parent company Boustead Holdings Berhad.



Among the OSH related initiatives carried out in 2019 were, safety briefings, CPR training and blood donation drive

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS

SOCIAL

In cementing our commitment to OSH best practices, our associate BNS was certified for ISO 45001:2018 on 27 November 2019. Despite having safety measures and established OSH compliant policies and procedures, an unfortunate incident occurred, resulting in a casualty. A thorough investigation was carried out to identify the cause of this incident. Based on the findings, we took immediate actions to prevent the possibility of such incident from recurring. Some of the preventive measures put in place following the investigation are as follows:



Ensuring all manholes and holes are covered before undertaking work at the blasting chamber



Making it compulsory to use 'dead man's switch' on the nozzles of hoses during blasting work



Developing exhaustive safety checklist and adhering to them meticulously, and undertaking Job Safety Analysis prior to commencing of blasting work



Undertaking declaration of health of workers prior to doing blasting work



Providing additional lighting at blasting area and mounting torchlights on nozzles to improve visibility



Improving ventilation system at blasting chamber



Undertaking scheduled monitoring during blasting work



Enlarging passageways for hoses and cables to avoid workers from tripping

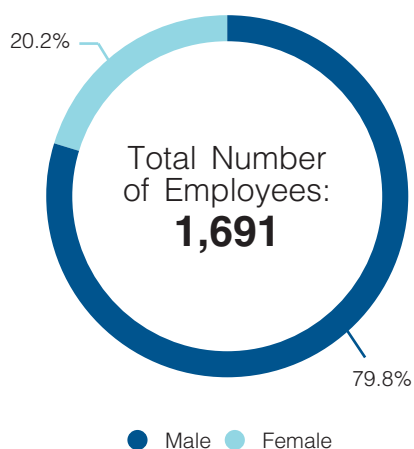


DIVERSITY OF WORKFORCE

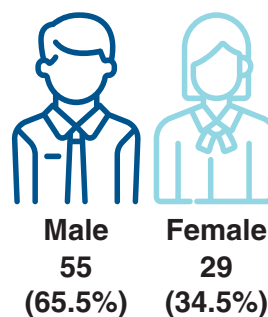
BHIC Group practices workforce diversity and equal opportunity in our recruitment policy. We believe in the concept of strength in diversity and inclusivity as employees from different backgrounds and experiences can offer a multitude of strengths to the organisation.

BHIC Group's Workforce Statistics as at 31 December 2019

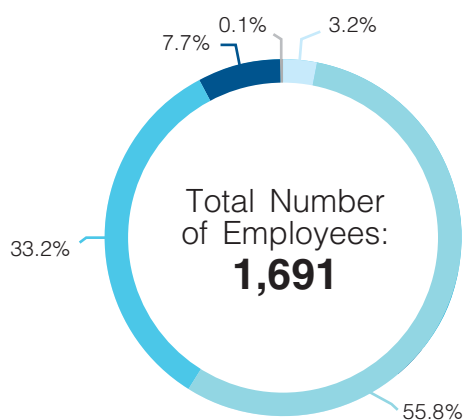
GENDER



NUMBER OF INTAKE UNDER PROTEGE PROGRAMME (formerly known as Skim Latihan 1Malaysia)



AGE



- **Gen Z**
Born after 1995
- **Millennials**
Born between 1981 to 1994
- **Gen X**
Born between 1965 to 1980
- **Baby Boomers**
Born between 1946 to 1964
- **Traditionalists**
Born between 1909 to 1945

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS

SOCIAL

TRAINING, EDUCATION AND DEVELOPMENT

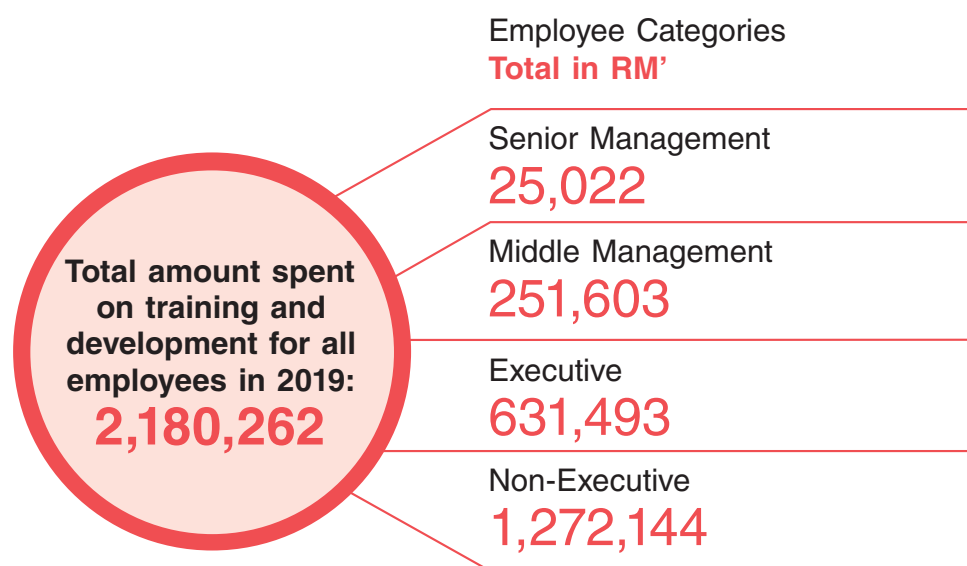
In addition to respecting universal principles such as human rights, equal opportunities and meritocracy, we strive to promote personal and professional growth of our employees.

We believe our investments and efforts in the areas of training, education and development of our employees have contributed to their job satisfaction, morale and motivation. We felt strongly that employees with such characteristics and who are well taken care off by their employers can be more efficient and productive.

Underlining our commitment to human capital development, we continuously focus on providing training to our employees and investing in their skills development. This helps them to acquire new knowledge and skills plus gain exposure to new technologies and methods to perform their job more efficiently. We spent a considerable amount sending them to attend training courses, seminars and workshops throughout 2019. In addition, we also promote lifelong learning among our employees by encouraging them to pursue further studies, for example supporting those enrolled in industrial PhD programme.

We promote healthy living by encouraging them to be involved in sporting activities through our in-house sports club activities and to participate in events such as BHP Orange Run, Hari Sukan Negara and futsal and bowling tournaments.

Below is the amount spent by the Group in 2019 on training and development:



Our sustainability efforts in the social category included promoting human capital development and providing training to young people through our corporate social responsibility programmes such as Protege Programme and Young Engineers Scheme (YES). We also continue to invest in upgrading the skills of our employees, for example in project management, risk management and professional engineer certification.



Key areas of training conducted for BHIC Group employees in 2019



Various training courses held in 2019, for BHIC Group employees helped expose them to new skills and knowledge to prepare them to move up the corporate ladder, assume higher responsibilities in the organisation and undertake more complex task

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS

SOCIAL

LABOUR PRACTICES AND HUMAN RIGHTS

Respect for internationally acknowledged labour practices and human rights is an integral part of our social responsibility as a corporate entity. These included implementing labour practises that protect the rights of our employees. Adhering to such practices contributes to enhancing our corporate image as a socially responsible organisation.



Among the actions taken in the areas of labour practices and human rights were:



We provide an open platform for our employees to interact with the company's leadership through employee engagement sessions such as townhall meetings








COMMUNITY CONTRIBUTIONS AND DEVELOPMENT

In keeping with our social sustainability agenda, we undertook continuous efforts to giving back to society.

We believe that our involvement in social activities can contribute to the wellbeing of the local communities and society at large. Through our CSR initiatives, we also enhance the BHIC brand and public profile in the eyes of the communities in which we operate.



The following are the community activities in which we were involved in 2019:

-  Donations to orphanages and associations
-  Treating orphans and army veterans to *iftar* (buka puasa) and Hari Raya open house
-  Blood Donation
-  Partaking in *gotong royong* at orphanages, old folks home etc.
-  Sports and recreational activities



Extending a helping hand to the needy and worthy causes is a key part of our CSR initiative that portrays our 'sharing is caring' side. This includes inviting orphans to our *iftar* and Hari Raya open house events and donating to army veterans' associations and sports events

SUSTAINABILITY PERFORMANCE – MATERIAL MATTERS

SOCIAL



BNS employees partaking in ibadah korban during Hari Raya Aidil Adha 2019 as part of its CSR activities

CONCLUSION

We are very much aware of our responsibilities in conducting our business and creating wealth for our shareholders in a sustainable manner. We are committed to conduct and grow our business in a sustainable manner befitting our stature as one of Malaysia's leading players in the defence and marine industries, in support of the national agenda on sustainable development.

The principles of sustainability are integral to our pursuit of profitability. We are conscious of the need to embed sustainable practices in our business strategies not just for the economy and society in which we operate but also for our own sustenance and survival.

In pursuing economic growth, BHIC Group is committed to attain economies of scale and generate innovative solutions in a sustainable way for the benefit of our industries. In the area of environment, we strive to adopt sustainable practices and environmentally friendly methods to minimise our carbon footprint. In the social aspect, we are committed to cultivate a positive relationship with our stakeholders and the communities in which we have a presence and serve.

We reiterate our commitment to make sustainability practices a part of our philosophy and a way of life as a responsible corporate citizen.

TAN SRI DATO' WIRA AZIAH ALI

Chairman, Board Sustainability Committee

