

Chairman's Statement

DEAR SHAREHOLDERS,

PPB GROUP BERHAD ("PPB" OR "THE COMPANY") FACED AN UNPRECEDENTED YEAR IN 2020 CAUSED BY THE COVID-19 PANDEMIC AND SUBSEQUENT MOVEMENT CONTROL ORDER ("MCO") IMPOSED BY THE GOVERNMENT IN MARCH 2020. AS IN PREVIOUS YEARS, THE GROUP'S DIVERSIFIED STABLE OF BUSINESSES HAS HELPED US WEATHER THE STORM AND CONTINUE TO CREATE VALUE FOR SHAREHOLDERS AND OTHER STAKEHOLDERS. NOTWITHSTANDING THE CHALLENGING OPERATING ENVIRONMENT, WE REMAIN FOCUSED ON SAFEGUARDING THE HEALTH & SAFETY OF OUR EMPLOYEES, GROWING OUR BUSINESS SUSTAINABLY WITH GOOD GOVERNANCE WHILST STRENGTHENING THE LONG-TERM PROSPECTS OF PPB AND ITS SUBSIDIARIES ("THE GROUP").

Group Results

Revenue for the Group decreased by 11% to RM4.19 billion for the financial year ("FY") ended 31 December 2020. This was largely attributable to the revenue decline in our *Film Exhibition and Distribution* segment from RM556 million in 2019 to RM114 million in 2020; a result of the prolonged total and partial closure of cinemas, and deferment of major movie releases. However revenue recorded in our other businesses was mostly unchanged.

Group profit however increased by 12% for FY2020, supported largely by a 29% increase in contribution from our 18.6%-owned associate, Wilmar International Limited ("Wilmar"), and higher profitability in our *Grains and Agribusiness*, and *Consumer Products* segments. Profit attributable to shareholders totalled RM1.32 billion with earnings per share amounting to 92.57 sen, a 14.3% increase from the previous year.

Despite the current very challenging economic conditions, we are confident of the future of the Group and have continued to invest in our diverse business segments to further drive our growth. The Group has planned capital commitments amounting to RM930 million over the next four years, keeping in mind the present Covid-19 challenges. While we are concerned about the economic impact of the pandemic, we will continue to manage our assets efficiently and strengthen the Group's prospects by strategically taking advantage of opportunities in the market.

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Please refer to the Managing Director's Review in this Annual Report for a more detailed management discussion and analysis of our businesses, operations, and performance for FY2020.



TAN SRI DATUK OH SIEW NAM
Chairman

Chairman's Statement

Dividends

I am pleased to report that the Board has recommended the payment of a final dividend of 22 sen and a special dividend of 16 sen per share. The special dividend was recommended following the announcement by Wilmar of a proposed special dividend of SGD0.065 per share. Subject to approval by PPB shareholders at the 52nd Annual General Meeting to be held on 11 May 2021, both the final and special dividends are payable on 1 June 2021.

Together with the 8 sen per share interim dividend which was paid in September 2020, this brings the total dividends for FY2020 to 46 sen per share (FY2019: 31 sen per share) and total dividend payout of RM654 million.

The Board's Commitment to Corporate Governance

The Board is committed to upholding and ensuring the high standards of corporate governance. We continually strengthen our governance and internal controls that play a pivotal role in helping safeguard the integrity of the Group. Our corporate governance initiatives and internal control measures are detailed in the relevant sections of this Annual Report.

During the year, our Anti-Bribery and Corruption (ABAC) Framework encompassing the ABAC Policy and ABAC Manual was rolled out throughout the Group. A mandatory three-step ABAC training programme for all employees in the Group comprised the training session itself, a quiz and signing of an integrity pledge.

Sustainability

The Group will ensure that sustainability is incorporated in its business operations, for the overall benefit of its stakeholders.

Our Sustainability Statement on pages 32 to 60 of this Annual Report details the initiatives taken by the Group to achieve tangible outcomes in mitigating environmental impact, ensuring employee safety and wellbeing, increased marketplace engagement and investment back into the community. The Statement also continues to track our progress against our sustainability targets.

With the Group's commitment to good governance, sustainability practices, and investment in human capital, we are confident the Group is well-positioned to weather the uncertainty and economic headwinds as we continue to be market leaders reputed for our quality products and services.

Prospects and Challenges For 2021

Malaysia's economic growth is expected to rebound in 2021, as the economy recovers from the contraction in 2020. While the impact of the Covid-19 pandemic both locally and globally has not yet fully

abated, there are promising and optimistic signs on the horizon. As it progresses, the vaccination initiative here in Malaysia would allow the domestic economy to function more normally and restore consumer confidence. Global vaccination efforts will also benefit our domestic economy and help restore our *Film Exhibition and Distribution* business. Our *Grains and Agribusiness*; *Consumer Products*; and *Environmental Engineering and Utilities* segments are expected to continue to generate stable revenues for the Group.

While the longer-term impact of the pandemic on our *Film Exhibition and Distribution* and *Property* businesses will continue to weigh down their performance, we are confident that the Group will be able to remain resilient amidst the volatility, and capitalize on growth opportunities. Our market exposure is limited as most of our goods and services comprise essentials and basic food products. We expect that the Group's financial performance will depend on and be significantly bolstered by Wilmar's business performance.

COVID-19 INITIATIVES

To support the community during the Covid-19 pandemic, the Group undertook various initiatives in 2020 and spent a total of RM2.6 million in food products; personal protective equipment (PPE) (coveralls; facemasks; sanitising and cleaning products etc). In addition, the Group distributed 1.5 million pieces of Massimo Primo sandwich rolls and assisted welfare homes and needy families in paying electricity bills that were in arrears.

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Detailed information on the Group's Covid-19 initiatives are set out in the Sustainability Statement.

Acknowledgements

On behalf of the Board and management, I would like to sincerely thank all our employees across the entire Group for their continued dedication and support, without which we would not have been able to deliver strong results amidst one of the most challenging economic and business conditions.

My sincere appreciation extends to our shareholders, customers, business partners, and other stakeholders; I thank you on behalf of the Board for your continued trust in the Group.

25 March 2021

Managing Director's Review

DEAR SHAREHOLDERS,

PPB GROUP BERHAD FACED AN UNPRECEDENTED YEAR IN 2020 BROUGHT ABOUT BY THE COVID-19 PANDEMIC. DESPITE THE CHALLENGING BUSINESS AND OPERATING ENVIRONMENT, WE REMAINED RESILIENT AND DELIVERED SUSTAINABLE PROFITS SUPPORTED BY OUR DIVERSE PORTFOLIO OF BUSINESSES, AND OUR 18.6% STAKE IN WILMAR INTERNATIONAL LIMITED ("WILMAR").

GROUP REVENUE WAS 11% LOWER AT RM4.19 BILLION (2019: RM4.68 BILLION), LARGELY DUE TO A REVENUE DECLINE IN THE FILM EXHIBITION AND DISTRIBUTION SEGMENT. HOWEVER GROUP PROFIT BEFORE TAXATION WAS 12% HIGHER AT RM1.42 BILLION (2019: RM1.27 BILLION), MAINLY DUE TO HIGHER CONTRIBUTION FROM WILMAR OF RM1.24 BILLION (2019: RM960 MILLION).



LIM SOON HUAT
Managing Director

Economic and Operating Environment in 2020

The Malaysian economy contracted by 5.6% in 2020. The impact on consumer and business sentiment was particularly pronounced in the first half of the year when the Movement Control Order ("MCO") was in effect, although there were indications of recovery towards the fourth quarter of 2020.

The Group generally performed well despite challenges from supply chain disruptions and new health standard operating procedures ("SOPs") that impacted production capability, increased costs, and affected consumer demand. Our *Film Exhibition and Distribution* segment was the most affected with cinema closures during the MCO period, and we take cognisance of the continuing uncertainty surrounding the reopening of cinemas operating in reduced capacity.

Our businesses responded by optimising and managing costs, focusing on operational excellence and introducing new business initiatives for additional revenue streams.

GRAINS AND AGRIBUSINESS SEGMENT

The *Grains and Agribusiness* segment is one of our core businesses and the largest contributor to Group revenue and profits. The segment comprises Flour Milling, Feed Milling and Livestock Farming, and contributed 76% of Group revenue and 19% of profit in 2020.

Managing Director's Review



FFM's storage warehouse in Pulau Indah, Selangor

The FFM Berhad ("FFM") Group owns and operates nine flour mills, five in Malaysia, two in Vietnam and one each in Indonesia and Thailand, with a total flour milling capacity of 7,040 mt/day. FFM Group also has 20% interest in eight associates in China with a combined flour milling capacity of 17,550 mt/day.



Livestock farming operations consist of a layer farm in Trong, Perak, and two breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah. The production capacity of the Trong layer farm is about 21 million eggs per month, while the two breeder farms in Sua Betong and Gurun have a combined production capacity of about 3 million chicks per month.



FFM Group's five feed mills in Malaysia have a total production capacity of 67,200 mt/month.



Flour Milling

FFM Group's revenues for the year 2020 were slightly lower due to lower flour sales volumes in Malaysia and Indonesia. Vietnam recorded higher sales volume; however selling prices were lower in the midst of challenging conditions.

While the cost of wheat was marginally lower year-on-year, our price competitiveness was affected by price volatility and the weak Malaysian Ringgit. We have however existing mechanisms in place to mitigate the impact of this uncertainty through hedging of both our wheat and foreign currency requirements.

FFM invested further in the expansion of two of its associates in China by contributing additional proportionate equity share capital and shareholders' loans.

Going forward, consumption of flour is expected to sustain, notwithstanding challenging conditions due to the disruptions caused by the pandemic. There are growth opportunities in institutional buyers and developing export markets.

Increasing capacity in Vietnam

Our 51%-subsidiary, VFM-Wilmar Flour Mills Limited, in Quan Ninh Province in northern Vietnam, is expanding its current 500 mt/day capacity to 1,000 mt/day by constructing a new 500 mt/day wheat flour mill at an estimated cost of USD19.7 million. The expected date of completion is in the third quarter of 2021.

Managing Director's Review

Livestock Farming

The pandemic had affected livestock farming as consumption of chicken dropped, resulting in lower demand for day-old-chicks ("DOC"), broilers and eggs. There was a glut in the industry production and a change in Singapore's food import policy, impacted the export of eggs to the city-state.

The Livestock division explored new markets, and created more selling channels by focusing on areas where there is a logistical advantage, offering more product varieties, and branding its products like pasteurised liquid eggs and washed eggs, to deal with industry challenges.

Looking ahead, while Malaysia's per capita poultry meat and egg consumption is historically among the highest in the world, assuring us of a solid recovery once the pandemic subsides, structural issues in the industry still persist. The livestock farming business landscape continues to be challenged by over-production, price controls during festive seasons and import of frozen chicken from neighbouring countries. Stringent Government and environmental regulations, and independent farmers joining contract farming schemes, also add pressure on the industry.

The division believes market sentiment to remain weak until the second quarter of 2021, although some recovery can be expected as the pandemic situation improves and the Government rolls out the Covid-19 vaccination programme.



FFM Farms' layer farm in Trong, Perak

Animal Feed Milling

The lower demand for poultry products affected the livestock farming business which led to lower feed sales. With the uncertain economic environment and weaker consumer demand, broiler producers were also either forced to downsize or delay expansion plans, limiting growth prospects for this segment of our business.

Nonetheless, we have benefited from the actions taken long before the pandemic began to reduce costs, particularly in actively sourcing for alternative lower cost feed ingredients, which has enabled us to remain profitable despite the challenging operating environment. As part of our strategy to mitigate the supply chain disruption risk, the division activated alternative sources of supply and maintained higher buffer stocks whenever possible.

Going forward, the industry landscape continues to consolidate as more farmers either downsize, enter into coordinated production partnerships, or contract farming schemes. These will lead to the continued contraction of the commercial feed market, and thus serious consequences for standalone independent feed suppliers. However, we remain cautiously optimistic that 2021 will be a better year as business and economic conditions recover.

Managing Director's Review

CONSUMER PRODUCTS SEGMENT

The Group's *Consumer Products* segment under FFM Marketing Sdn Bhd ("FMSB") is engaged in the marketing and distribution of fast-moving consumer goods ("FMCG") comprising both in-house and agency products. Our businesses during the year covered bakery goods, edible oils, chilled and frozen foods.

FMSB has 13 fully integrated marketing and distribution warehouses nationwide, with more than 300,000 sq ft of storage space and reaches more than 42,000 retailers in Malaysia.

Our bakery business produces the Massimo brand of products which are recognised for their quality, taste and consistency, and continue to enjoy strong consumer demand. We are committed to ensuring that our breads reach our customers through over 20,000 outlets nationwide, supported by our direct distribution capabilities.

During the year, FFM acquired from BRF Foods GmbH its 70% interest in FFM Further Processing Sdn Bhd which manufactures processed food, for a total consideration of RM31.5 million, making FFP a wholly-owned subsidiary of FFM.

NAVIGATING THE PANDEMIC

The Consumer Products segment faced higher operating costs across all our businesses as a result of increased logistical requirements, and additional expenses on health and safety SOPs. Raw material and logistics costs increased due to a production capacity shortfall in the market. The bakery business was unable to operate at full capacity during the initial MCO stage, as our workforce was reduced to meet physical distancing guidelines.

To manage the impact, this division had accelerated the adoption of e-commerce to widen the sales and distribution channels. Brand awareness activities continued through digital channels, and stock and production levels were adjusted in view of the shifting trends in consumer demand.

On a positive note, there was higher demand for packaged/canned products such as flour and frozen food, and basic bread products during the MCO period as consumers stocked up on necessities. This has indirectly created a new group of consumers for our in-house FMCG brands and we note that demand has continued to be encouraging after the MCO.

For the bakery business, a unique set of factors during most of 2020, had a positive effect on the business. This included lower return of goods, lower distribution costs due to lower fuel costs, and lower advertising expenses.

Gearing up to take on the challenges

The FFM Group will continue to execute its strategic objectives to enable us to garner greater market share and achieve our long-term goals. We will continue to build our own brands and actively pursue new business opportunities to complement our current distribution reach.

The Group will also work closely within the brands it already represents to ensure better integration of the products we can showcase to the food service sector in particular, to unlock more value. Revenue can also be improved further by taking on lifestyle-related products such as health and functional foods, nutraceuticals and pharmaceutical products.

The FMCG business activities will focus on expanding the market share of our own brand of products such as canned food, edible oils and frozen foods, diversify to the food service sector and tap on opportunities in the e-commerce space. In 2020, the Group launched the new Marina Pasta Sauce with Tuna range of canned food products.

Our bakery business introduced two new products, the inexpensive Massimo Primo Sandwich Bun and Massimo Favorito Lemon Krunch Cream Roll during the year, to cater to demand for more basic bread products. It will be responsive to market trends and continue to drive improvement in quality and efficiency, as we gear up to face an increasingly competitive market in 2021. The business will continue to be impacted in 2021 by higher demand for basic bread products compared to more premium priced items. However, together with the reduction in our production and distribution costs, and introduction of new product variants, we remain cautiously optimistic of a better year ahead.

Managing Director's Review

FILM EXHIBITION AND DISTRIBUTION SEGMENT

Golden Screen Cinemas Sdn Bhd ("GSC") continues to be the leading exhibitor in the local cinema industry with 33 locations showing movies on 339 screens in Malaysia. In Vietnam, the Group owns 40% stake in Galaxy Studio Joint Stock Company, which extends our income stream beyond Malaysian shores. Galaxy Studio is the third largest exhibitor in Vietnam, operating in 18 locations with 108 screens nationwide.

An Unprecedented Market Landscape

The Covid-19 pandemic has taken an unprecedented toll on the global and local film industry as cinemas were forced to shut for prolonged periods, and film releases were deferred or diverted to other distribution channels. Cinemas in Malaysia have struggled to recover as operators were unable to reliably predict the timing and duration of government-mandated movement restrictions.

Malaysia's box office collections fell by 85% to RM138 million in 2020 (2019: RM905 million), largely mirroring the revenue performance of the global film industry, which dropped by 71%. Cinema closures which resulted in major box office releases being delayed, diverted or simultaneously released to streaming services during the pandemic, will put further pressure on box office collections.

NAVIGATING THE PANDEMIC 🦠

For GSC, the various movement restrictions meant that we were only open for about six months throughout 2020, and physical distancing requirements reduced available capacity by 50%. We also incurred higher operating costs on stringent health and safety SOPs. To mitigate the impact and preserve cashflow, GSC cut all non-essential spending and stopped all capital expenditure. Other measures included furloughing of contract workers and negotiating for rental waivers and reductions.

We refocused efforts to reach customers and maintain brand awareness with our strong presence on social media. This included the development of a line of GSC-branded merchandise on 'Keepsake', our own e-commerce platform; delivery of fresh cinema concessions/snacks, and cuisine from Jin Gastrobar; and maintaining a presence in malls with F&B and merchandise booths.



Managing Director's Review

Outlook and Prospects

GSC is confident of the longer-term prospects of the industry notwithstanding the present operating environment, and continues to prepare for the eventual recovery. In line with the above, we entered into an agreement in February 2021 to acquire cinema assets from the former operators of the MBO cinema circuit. The asset acquisition is targeted to complete by end-June 2021 and we expect this acquisition to accelerate our recovery when the operating environment returns to normalcy.

Plans are also underway to increase local content in our programming mix to reduce reliance on major Hollywood releases by co-producing more local movies. This includes titles such as "Air Force The Movie", "Rasuk", "Wayang Puaka", "3 Janda", and "Biko" which are targeted to be released in 2021. We have also formed strategic partnerships to enhance the cinematic experience and make better use of our assets, and will introduce 'Happy Food Co', a new food and beverage café brand at selected GSC cinemas.

Looking ahead, the industry's recovery will depend largely on the control of Covid-19 cases and the vaccine programme rollout. With this in mind, we expect a gradual but sustained recovery to take place from the third quarter of 2021 as consumer sentiment improves, in tandem with an anticipated surge in 'revenge spending' due to pent-up demand. GSC will however continue to be prudent and ensure stringent cash flow management, and explore other revenue sources.



Getha Lux Suite in Aurum Theatre, The Gardens

Managing Director's Review

ENVIRONMENTAL ENGINEERING AND UTILITIES SEGMENT

Chemquest Sdn Bhd ("CQ") Group is a leading engineering group for the water and sewage sectors. The CQ Group's utilities and environmental engineering, and waste management businesses are primarily undertaken by wholly-owned CWM Group Sdn Bhd ("CWM"). The CQ Group's innovative solutions powered by advanced technologies and a capable management team have enabled it to successfully complete more than 140 water and sewage projects with a combined contract value of about RM3.3 billion.

Another wholly-owned subsidiary, Sitamas Environmental Systems Sdn Bhd, is a leading provider of solid waste collection and disposal services for the industrial and commercial sectors in the central and southern regions of Peninsular Malaysia, while CQ's 40% associate, Worldwide Landfills Sdn Bhd, is the concessionaire for sanitary landfills in Selangor.

In 2020, CQ Group completed a water project in Sarawak and built a sewage network pump station in Kuala Lumpur, with a total contract value of RM33 million. The Group has secured two additional water-related projects in Johor and Sarawak with a total contract value of RM110 million, bringing the total order book to RM410 million as at 31 December 2020.

Moving into 2021, we continue to strive to add value for our customers by improving operational efficiency, augmenting our own process design technologies, and enhancing our project management and construction teams to undertake sizeable projects including those in the infrastructure sector.



Lugouqiao Sewage Treatment Plant in Beijing, China

NAVIGATING THE PANDEMIC

The imposition of the MCO in March 2020 significantly slowed project activities across the board, largely due to the new SOPs and project site restrictions. The additional compliance resulted in additional costs for the Group but we are committed to ensure worker safety and do our part to help break the Covid-19 transmission.

As part of our strategy to future-proof our businesses and deliver more bottom-line impact in the future, management is looking into the use of new and advanced technologies to further increase automation to extract efficiencies from the construction process.

Looking Ahead

The Group's order book will sustain it in the near-term. Although the national vaccination programme would gradually reduce the pandemic risk, the outlook for replenishing our order book is affected by uncertainties arising from fiscal constraints faced by the Federal Government, which is the main source of construction sector projects.

CQ Group is committed to growing the business sustainably with focus on long-term, above average value creation. Towards that end, we continuously enhance our capability and embrace technology to create competitive advantages, employ prudent financial management to bid competitively, and cultivate strong strategic partnerships to unlock new contract opportunities. Our industry focus remains in the water, sewage, flood mitigation and infrastructure sectors, both locally as well as regionally.

Managing Director's Review

PROPERTY SEGMENT

The Group's property segment is an established component of our business portfolio. Our long-term goal for the Property division is to uphold our reputation as a reliable, people-centric and community-driven developer which contributes, improves, and adds value to the local community and neighbourhood.

Our investment properties in Kuala Lumpur are the Cheras Leisure Mall and Cheras Plaza, and in Penang, the Group owns New World Park and The Whiteways Arcade. Our latest development is Megah Rise in Taman Megah, Petaling Jaya. This mixed-development project comprises 228 condominium units and a retail podium slated for completion in the second quarter of 2022. The Property segment also has a property management business with two properties in its portfolio—the Southern Marina Residences in Johor, and a nature-inspired retail mall, The Linc in Kuala Lumpur.

NAVIGATING THE PANDEMIC

The Group strives to continue innovating and staying abreast of current property industry trends. As part of efforts to enhance our business operations, the property activities were rebranded as PPB Properties in the fourth quarter of 2020 to strengthen its identity as a reliable property developer and property manager.

The weakened domestic and worldwide economies remain the main challenge for this segment. Although the soft property market sentiment and closed borders continue to dampen property sales, we will ride out this down-cycle with tactical marketing plans to engage with prospective buyers locally and internationally.

We take a proactive approach to sustain and grow our retail leasing business with the introduction of online shopping platforms to support tenants and increase shoppers' confidence.

Outlook and Prospects

We foresee that 2021 will continue to be challenging with the travel restrictions and decreased foot traffic at retail malls.

The primary focus for 2021 is to complete the Megah Rise construction. Management is also reviewing the proposed development of an 87-acre landed residential project in Bedong, Kedah; and the remaining phases of Taman Tanah Aman in Bukit Tengah, Seberang Perai, Penang.

The Group will continue to ensure our customer service standards remain high and deliver quality properties on time and within budget. About RM6.95 million of capital expenditure has been budgeted to upgrade and refurbish the investment properties to improve their value and rental yields.

In the long term, the Group plans to acquire more strategic land banks, and develop commercial and residential properties with larger built-up areas and increased space functionality.



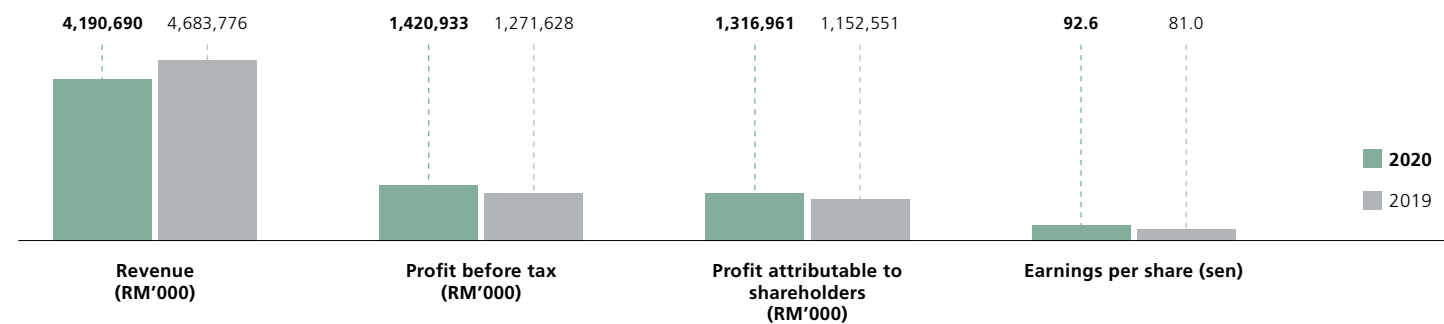
Megah Rise development in Taman Megah, Petaling Jaya

Managing Director's Review

Managing Director's Review

Financial Review

Group financial performance



The Group achieved total revenue of RM4.19 billion, 11% lower than FY2019. This was mainly attributable to lower revenue from the *Film exhibition and distribution* segment. Group pre-tax profit was higher by 12% to RM1.42 billion for FY2020 (FY2019: RM1.27 billion), mainly due to higher contribution from Wilmar at RM1.24 billion (FY2019: RM960 million). Profit attributable to owners of the parent amounted to RM1.32 billion, and earnings per share was 14.3% higher at 92.6 sen (FY2019: 81.0 sen).

Financial performance by business segments

Grains and agribusiness

Segment revenue (RM'000)	
2020	2019
3,291,130	3,304,147
Segment profit (RM'000)	
2020	2019
271,682	213,010

Segment revenue remained relatively unchanged at RM3.29 billion (FY2019: RM3.30 billion). Segment profit increased by 28% to RM272 million (FY2019: RM213 million) mainly attributable to lower raw material costs and higher share of profit from associates.

Consumer products

Segment revenue (RM'000)	
2020	2019
628,275	627,440
Segment profit (RM'000)	
2020	2019
31,548	647

Segment revenue was relatively unchanged at RM628 million (FY2019: RM627 million). Segment profit was higher at RM32 million (FY2019: RM647,000). The increase was mainly attributable to a one-off gain of RM21 million on step-acquisition of an associate and better performance at the bakery division.

Film exhibition and distribution

Segment revenue (RM'000)	
2020	2019
114,255	556,127
Segment (loss)/profit (RM'000)	
2020	2019
(135,598)	66,838

Segment revenue was lower at RM114 million (FY2019: RM556 million). The segment recorded a loss of RM136 million (FY2019: profit of RM67 million). Segment results were significantly impacted by reduced admissions, intermittent closure of cinemas and deferment of movie titles during the year.

Environmental engineering and utilities

Segment revenue (RM'000)	
2020	2019
189,543	194,839
Segment profit (RM'000)	
2020	2019
14,382	11,272

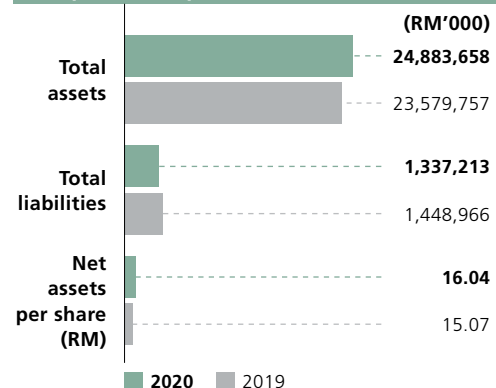
Segment revenue was lower by 3% at RM190 million (FY2019: RM195 million). Segment profit was 28% higher at RM14 million (FY2019: RM11 million), mainly attributable to share of profit from joint venture (a one-time impairment of RM8.9 million of an overseas joint venture was made in FY2019). Excluding that, segment performance was affected by slower project activities.

Property

Segment revenue (RM'000)	
2020	2019
67,046	64,635
Segment profit (RM'000)	
2020	2019
3,940	13,891

Segment revenue and profit was at RM67 million (FY2019: RM65 million) and RM4 million (FY2019: RM14 million) respectively. The lower segment profit was mainly due to lower rental income and the absence of a one-time gain on disposal of property of RM4.7 million recorded in FY2019.

Group financial position



The Group's total assets increased by 5.5% to RM24.9 billion as at 31 December 2020. This was mainly attributable to the increase in share of net assets in Wilmar. Group total liabilities decreased by 7.7% to RM1.34 billion as at 31 December 2020. The decrease was mainly due to a decrease in trade and other payables by RM280 million to RM368 million, partially offset by an increase in borrowings by RM120 million to RM481 million.

Net assets per share stood at RM16.04 as at 31 December 2020.

Group cash and cash equivalents

Group cash and cash equivalents remained strong at

RM1.42 billion
(FY2019: RM1.50 billion)

Group bank borrowings

Group bank borrowings increased by RM120 million to RM481 million as at 31 December 2020. About 94% of the Group's bank borrowings were trade finance facilities.

99% of the Group's bank borrowings are unsecured and bear variable interest rates.

84% or RM405 million are foreign currency denominated working capital loans for the foreign operations of the *Grains and Agribusiness* segment; these are mainly in Indonesian Rupiah, Vietnamese Dong and United States Dollars.

Group capital expenditure

The Group incurred total capital expenditure of RM109 million in FY2020.

Major areas of spend are as follows:

RM52 million in the *Grains and agribusiness* segment, mainly for the construction of new flour milling plants and upgrading of the flour and feed milling plants;

RM22 million in the *Film exhibition and distribution* segment for the opening of new cinemas, upgrading of existing cinemas and acquisition of film rights;

RM18 million in the *Property* segment, mainly for the construction of investment properties; and

RM15 million in the *Consumer products* segment, mainly for the construction of a frozen food production factory.

Managing Director's Review

ANALYSIS OF THE GROUP'S TOP RISKS

With the multitude of challenges in our various businesses, the identification and management of risks is important to ensure business sustainability. For a conglomerate like PPB Group, minimal disruption to the value creation process for stakeholders is imperative. The Group has identified the following top five risks that must be managed to ensure its continued long-term success:

► Reliance on certain income streams

PPB Group is a conglomerate that also has an 18.6% stake in Wilmar. It currently relies to a large extent on contributions from Wilmar and FFM Group to meet one of its key objectives, which is to reward shareholders with sustainable and consistent dividends. The Group therefore invests in and expands its other business segments both domestically and overseas, while continually looking for investment opportunities to diversify its portfolio.

► Compliance with regulatory requirements

PPB Group places high priority on compliance with relevant regulatory requirements. As such, the Group endeavours to create awareness and equip employees through relevant training and engagement of external advisers or consultants for advice on compliance matters.

► Health and safety hazards

The nature of certain business segments in the Group may expose our employees to health and safety hazards. To foster a safe and healthy work environment, we take a range of actions including safety awareness and training sessions for employees and other stakeholders, the formation of OSHA committees and stringent enforcement of OSHA requirements.

► Foreign exchange risk

The fluctuation of the Ringgit has presented challenges to PPB Group as most of the raw materials for the food processing and manufacturing segments, film rights purchases and overseas investments are denominated in foreign currencies. The Group monitors currency fluctuations closely and hedges part of its exposure; it also has a natural hedge in view that some of its income is generated in foreign currencies.

► Fluctuation of commodity prices

Some of the raw materials used in the Group's production are traded in the commodities market, which is exposed to price fluctuation risk. Changes in consumer demand, extreme weather change, and unforeseen events are amongst some circumstances that can influence commodity prices. It is critical to secure raw materials at favourable prices for the Group to remain competitive and profitable. The Group closely monitors commodity price movements and hedges its exposure.

GROUP OUTLOOK & PROSPECTS FOR 2021

The Malaysian economy recorded negative growth of 3.4% in the fourth quarter of 2020, as economic recovery was affected by a resurgence in Covid-19 cases and the introduction of targeted containment measures in several states. Overall performance of the year was a negative of 5.6% following global restraint orders and border closures.

For 2021, we believe that the impact will be less severe than in 2020, although we expect near term growth to be affected by the re-introduction of stricter containment measures. The growth trajectory is projected to improve from the second quarter, driven by improvement in global demand, turnaround in public and private sector expenditure amidst continuing support from policy measures, and higher production in the manufacturing and mining sectors. The Covid-19 vaccine rollout from February 2021 is also expected to lift sentiment and dampen the spread of the virus.

The *Grains and Agribusiness* segment is expected to weather the volatile commodities market. The segment, which produces and distributes staple food items, is expected to perform satisfactorily, riding on its strong technical competency, extensive marketing and distribution network as well as in-depth procurement experience. The *Consumer Products* segment is expected to perform satisfactorily as the Group endeavours to expand sales into the food service channel and e-commerce marketplace.

The *Film Exhibition and Distribution* segment performance will be weighed down by intermittent cinema closures, reduced seating capacity, and possible deferment of major movie title releases. Management is confident that this sector will recover as Covid-19 cases are brought under control.

The *Environmental engineering and Utilities* segment will continue to focus on replenishing its order book and exploring new project opportunities. Performance of the *Property* segment remains challenging, both in the area of investment properties and property development. Management will continue to work on various initiatives to improve footfall in our malls as well as to increase sales of our development properties. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

25 March 2021

Group Financial Highlights

	2020 RM Million	2019 RM Million	Change %
INCOME STATEMENT			
Revenue	4,191	4,684	(10.5)
Profit before taxation	1,421	1,272	11.7
Profit after taxation	1,363	1,199	13.7
Profit attributable to owners of the parent	1,317	1,153	14.2
STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the parent	22,818	21,435	6.5
Total equity	23,546	22,131	6.4
RATIOS			
Return on equity attributable to owners of the parent	(%)	5.77	5.38
Earnings per share	(sen)	92.57	81.02
Debt to equity ratio	(times)	0.02	0.02
Net assets per share	(RM)	16.04	15.07
Dividend per share	(sen)	46.00	31.00
Share price - 31 December	(RM)	18.52	18.84

5-Year Group Financial Statistics

Year ended 31 December		2020	2019	2018	2017	2016
Revenue	RM Million	4,191	4,684	4,528	4,284	4,186
Share of results of associates	RM Million	1,343	1,040	920	1,032	830
Profit before taxation	RM Million	1,421	1,272	1,168	1,271	1,211
Profit for the year	RM Million	1,363	1,199	1,103	1,217	1,107
Dividend for the financial year	RM Million	654	441	398	356	296
Issued and paid up share capital	RM Million	1,429	1,429	1,429	1,192	1,186
Equity attributable to owners of the parent	RM Million	22,818	21,435	21,040	20,680	20,973
Total assets	RM Million	24,884	23,580	23,245	22,939	22,703
Total borrowings	RM Million	481	361	489	781	528
Earnings per share	Sen	92.57	81.02	75.57	83.20	73.46

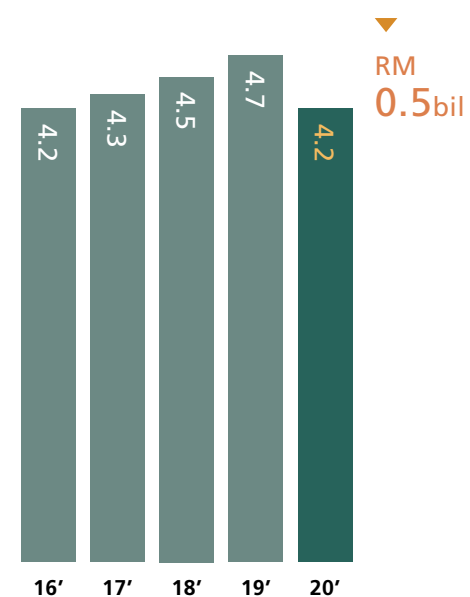
FTSE BURSA KLCI QUOTES

31 December closing price	RM	18.52	18.84	17.58	14.37	13.22
No. of shareholders		9,080	8,989	9,025	8,821	9,073

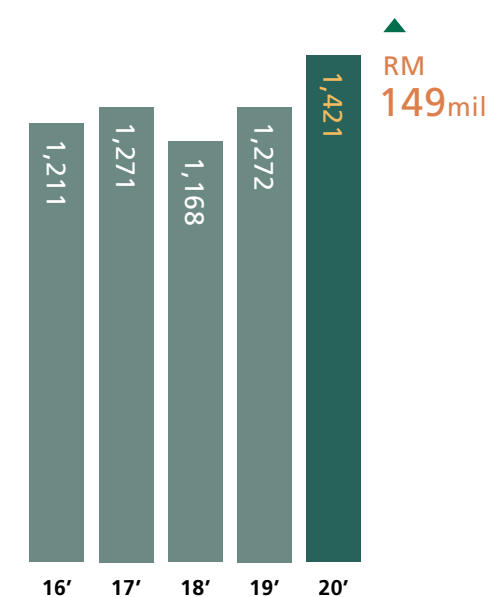
5-Year Group Financial Statistics

5-YEAR STATISTICS HIGHLIGHTS

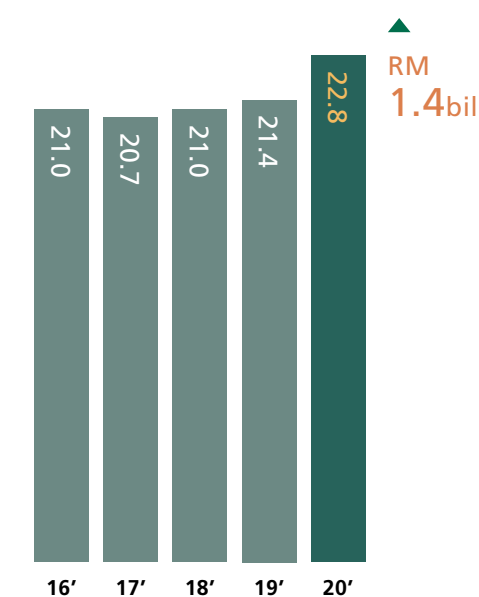
Revenue
(RM Billion)



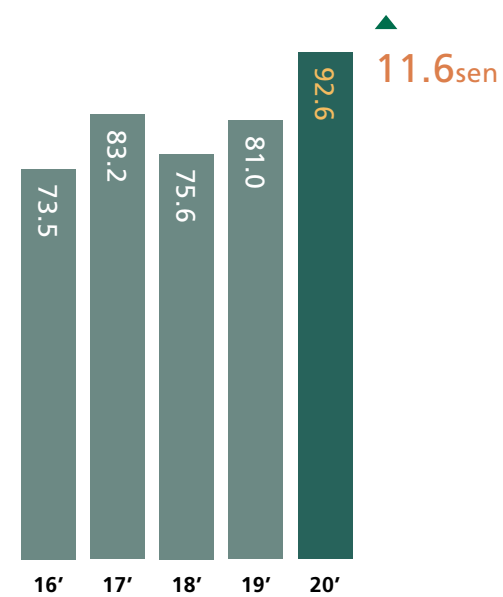
Profit before taxation
(RM Million)



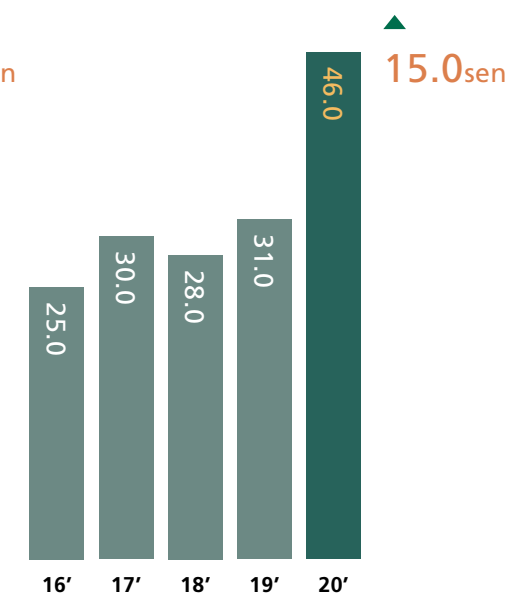
Equity attributable to owners of the parent
(RM Billion)



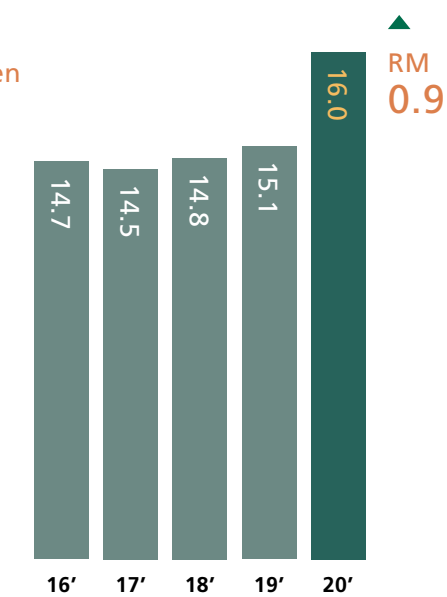
Earnings per share
(Sen)



Dividend per share
(Sen)



Net assets per share
(RM)



Sustainability Statement

RESPONDING TO THE COVID-19 PANDEMIC

The Covid-19 outbreak was declared a pandemic by the World Health Organisation in March 2020 and the Malaysian government imposed a nationwide lockdown known as the Movement Control Order (MCO) to prevent the spread of the disease. As infections continued to fluctuate, varying degrees of the restrictions were enforced for the remainder of 2020.

The disruptions from the pandemic and prolonged MCO have caused unprecedented challenges to the economy, businesses and the community.

Two of our business segments were severely impacted by the pandemic disruptions. The impact was felt most by our film exhibition and distribution segment, which saw its cinemas closed for more than 6 months nationwide as mandated by the authorities. As a result, the segment had to temporarily furlough its contract workers. Permanent workers were not affected and continued to undergo training whilst working from home during the MCO. The segment had also exited five of its cinema sites, which leases ended in the reporting year in order to consolidate its position with upcoming new sites. All full-time employees from these sites were absorbed by its other cinemas. During the closure, the segment continued to engage its customers on social media platforms and offered its cinema snacks via GrabFood. A GSC Facebook post “Hello. Cannot.” made in response to questions on cinema standard operating procedures (SOPs) resonated with many Malaysians, which lead to the offering of t-shirts with the popular “Hello. Cannot.” tagline. This provided an opening to start a series of merchandise, as well as accelerated the launch of GSC’s own e-commerce platform, Keepsake, which offers branded and movie-related collectibles.

Shopping malls saw significantly reduced foot traffic during the same period and our property division provided support to its tenants by offering rental reliefs and rental rebates to tenants who were prohibited to operate. The division additionally offered its tenants the flexibility to operate shorter hours to lower their operation cost, as well as allocated a designated pick-up point for customers to facilitate tenants who also operate their business online during the MCO.

Prior to the onset of the pandemic, the Group embarked on a Business Continuity Management (BCM) programme, which is being rolled out in phases. This programme equips the organisation with planning and execution capabilities to respond and continue to operate critical business functions across a wide range of interruptions arising from both internal and external events. One of the components of BCM is Business Continuity Plan, under which the Group has started practicing buffer stocks maintenance, alternate suppliers planning, ensuring technology readiness at all times, as well as drawing up emergency response plans for various scenarios, one of them being a pandemic outbreak involving segregation of work teams. As such, at the announcement of the MCO, we were able to respond quickly and switch to remote working efficiently, with minimal disruption to both the workplace and supply chain.

Ensuring the well-being of our people has always been one of our key priorities and the Group implemented stringent health and safety measures alongside the official standard operating procedures (SOPs) from the Ministry of Health to ensure the protection of our employees - please also see our 2020 Overview on Group Human Capital Management under the Working Environment section. Similar health and safety measures were also set up to protect the safety and wellbeing of our customers and other stakeholders, where enhanced cleaning and disinfection, and provision of sanitisers became part of the new norm.

Vulnerable communities and the frontline workers were not forgotten and the Group supported these communities with personal protective equipment (PPE) and other product contributions amounting to RM2.6 million – please see the Community Investment section.

(Note: The pandemic’s impact on workplace and marketplace engagements is covered under this Sustainability Statement whilst the impact on the Group’s businesses is captured in the Managing Director’s Review.)

Sustainability Statement

AS A DIVERSIFIED CONGLOMERATE, PPB GROUP BERHAD (“PPB”) ASPIRES TO ACHIEVE EXCELLENCE IN SUSTAINABILITY BY INTEGRATING SUSTAINABLE PRACTICES INTO ITS BUSINESS ACTIVITIES IN LINE WITH THE GROUP’S VISION AND CORE VALUES.

The PPB Board (“the Board”) has oversight responsibility to deliver sustainable value to stakeholders through the principles, policies, objectives and strategies of PPB and its subsidiaries in Malaysia (“the Group”). To assist the Board in fulfilling its responsibilities, a Sustainability Steering Committee (“SSC”) was formed in 2017. The SSC is chaired by Mr Lim Soon Huat, PPB’s Managing Director and comprises PPB’s Head of Corporate Affairs as Group Chief Sustainability Officer, PPB’s Department Heads and the Sustainability Officers from across the business segments.

The SSC which meets and reports twice yearly to the Board, is responsible for:

- Developing and driving the implementation of sustainability policies and strategies, plans and project budgets
- Identifying, communicating and promoting best sustainability practices in the Group
- Reviewing and reporting on progress against sustainability strategies, targets, plans and budgets
- Developing an annual Sustainability Statement



About this statement

This is our fifth Sustainability Statement based on the Bursa Malaysia Securities Berhad listing requirements and sustainability parameters aligned to international reporting guidelines and frameworks, such as the Global Reporting Initiative (GRI).

We started on our reporting journey in 2016 with a Board approved consolidated matrix of issues relating to the activities of the Group. To ensure that new developments within our businesses are taken into consideration, as well as to reflect wider changes to the sustainability agenda, we undertook another benchmark study and materiality assessment in 2019 for our key business divisions – flour and animal feed milling, cinemas, and bakery - to further improve on industry-related disclosures and performance. An updated materiality matrix with 23 prioritised issues approved by the Board forms the basis of an agreed set of key performance indicators that will be used for reporting on our sustainability performance.

For 2020, we have added to our Group Materiality Matrix the material issue “Pandemic impact and business continuity” which covers Covid-19 and its impact on business continuity. This refers largely to our marketplace engagement but also has reference to both our working environment and community investment pillars.

Sustainability Statement

Group Materiality Matrix



Our Sustainability Statement describes our performance based on key non-financial metrics, highlights areas where our sustainability management and processes can be strengthened and provides a basis for us to continually improve our reporting to better meet our stakeholders' expectations.

Sustainability Statement

The Group is committed to focusing on the most material challenges identified and achieving set targets. An overview of our achievements and progress for 2020, as well as our targets for 2021, are presented below:

2020 Achievements and Progress

Group

- Commenced implementation of Group's Human Rights Policy in our supply chain.
- Implemented a Group Anti-Bribery and Corruption Framework and Policy.
- Zero fatalities* in all business divisions.

Grains & Agribusiness

- Feed & flour milling: Energy use intensity target was not achieved. Basis of measurement to be reviewed for more efficient tracking of energy usage.
- Johor Bahru Flour Mill Sdn Bhd in Kota Kinabalu is the last of our mills to be FSC22000 certified. Due to the pandemic, its application for certification has been postponed to 2022.
- Breeder farm: Energy use intensity target of at least 16.21 parent stock/kWh was not met due to higher parent stock losses and lower parent stock intake to optimise parent stock performance, while water use intensity target to achieve at least 725 parent stock/m³ was not met due to leakages which have since been fixed.
- Layer farm**: Energy use intensity target of at least 69.96 commercial layers/kWh was achieved, while water use intensity target of at least 3,430 commercial layers/m³ was not met due to leakages which have since been fixed.
- Livestock farming: Conversion of all applicable chicken houses from fluorescent to energy-saving LED bulbs will be achieved when the fluorescent lamps in the remaining sections are replaced by Q2 2021.

Film Exhibition & Distribution

- As the cinemas were closed for more than half the reporting year, measurement of energy use intensity by screen was no longer an accurate reflection of energy usage. Therefore, the measurement has been revised to kWh/show to be more reflective of the cinema business environment in 2020 - please see "Cinemas division" on page 42.
- To continue progressively converting its cinemas to full LED lights.
- Achieved target to obtain HACCP certification for 7 cinema concessions.
- Established food product traceability list for items prepared in-house for cinema concessions.
- Converted the majority of its cinema concessions' plastic packaging to biodegradable options.

Property

- Achieved energy and water use intensities of 6.8 kWh psf (exceeding target of 7.28 kWh psf by 6.9%) and 0.32 m³ psf respectively for all buildings under management and office spaces.
- The Group's oil palm entities have been certified MS2530-3:2013 by the Malaysian Sustainable Palm Oil in April 2020.

* Covers all fatalities (employees and non-employees) which occurs on the divisions' premises.

** Targets for layer farm's energy and water use intensities were restated in April 2020 due to a data error.

Sustainability Statement

ALL SEGMENTS 2021 TARGETS

2021 TARGETS	Material Issues
Zero fatalities* in all business divisions.	<ul style="list-style-type: none"> • Pandemic impact & business continuity • Health & safety • Working environment • Employee welfare & satisfaction

GRAINS & AGRIBUSINESS 2021 TARGETS

2021 TARGETS	Material Issues
<p>Flour & animal feed milling division</p> <p><u>Energy use intensity (short-term reduction targets)</u></p> <ul style="list-style-type: none"> - Flour mills: reduce energy use intensity in kWh/MT Wheat by 5% by 2025 based on 2020 baseline figures. - Feed mills: reduce energy use intensity in kWh/MT Feed by 5% by 2025 based on 2020 baseline figures. <p><u>Carbon emissions (short- & long-term reduction targets)</u></p> <p>Feed & flour mills:</p> <ul style="list-style-type: none"> - Short term: reduce 3% GHG by 2025 based on 2020 baseline figures. - Long term: reduce 5% GHG by 2031 based on 2020 baseline figures. 	<ul style="list-style-type: none"> • Pandemic impact & business continuity • Climate change • Energy
<p>Livestock farming division</p> <p><u>Breeder farms</u></p> <p>Energy and water use intensity to achieve at least 15.41 parent stock/kWh and at least 709 parent stock/m³ respectively.</p> <p><u>Layer farm</u></p> <p>Energy and water use intensity to achieve at least 69.96 commercial layers/kWh and at least 3,430 commercial layers/m³ respectively.</p>	<ul style="list-style-type: none"> • Pandemic impact & business continuity • Climate change • Energy

FILM EXHIBITION & DISTRIBUTION 2021 TARGETS

2021 TARGETS	Material Issues
<p>Cinemas division</p> <p>Energy use intensity to not exceed 55 kWh/show.</p>	<ul style="list-style-type: none"> • Pandemic impact & business continuity • Climate change • Energy
Implement Annual Vendor Performance Evaluation.	<ul style="list-style-type: none"> • Product quality & safety • Supply chain • Brand & reputation

PROPERTY 2021 TARGETS

2021 TARGETS	Material Issues
Energy and water use intensities to not exceed 6.8 kWh psf and 0.32 m ³ respectively for all buildings under management and office spaces.	<ul style="list-style-type: none"> • Pandemic impact & business continuity • Climate change • Energy

* Covers all fatalities (employees and non-employees) which occurs on the divisions' premises.
Note: Energy & water use intensities are calculated by dividing absolute use over an organisation-specific metric.

Sustainability Statement

SCOPE OF REPORT

Our sustainability reporting covers only our Malaysian operations from our main segments:



Products Manufacturing Sdn Bhd ("PM"), our contract manufacturing entity, ceased operations in November 2020. Our reporting on PM will only cover up to the same period and the entity will be excluded from our next report.

In June 2020, FFM Berhad ("FFM") acquired from BRF Foods GMBH its entire 70% shareholding in FFM Further Processing Sdn Bhd ("FFP"), a manufacturer of processed food. Following the acquisition, FFP is now a wholly owned subsidiary of FFM. FFP has been excluded from this reporting but will be included in our next report when their data is more complete and robust.



In the following sections, we report on our performance in greater detail based on the four pillars of our approach to sustainability - environmental impact, working environment, marketplace engagement and community investment.

ENVIRONMENTAL IMPACT

We recognise the importance of environmental protection for the long-term sustainability of our business. Our latest materiality assessment in 2019 showed that the most immediate issues within our own operations continue to relate to resource use and the impact of this use – particularly energy and water, and the waste generated from our operations. We mainly operate in industrialised zones and urban areas, primarily in the Klang Valley, Malaysia, have had no conversionⁱⁱ of category of land use for land to “agriculture” in more than 5 years and our activities have relatively little direct impact on biodiversity, as there are no adjacent critical biodiversity ecosystems. Our most significant action points therefore target the reduction of our climate impacts through minimising our carbon footprint and energy consumption, reducing our water impact and improving waste management.

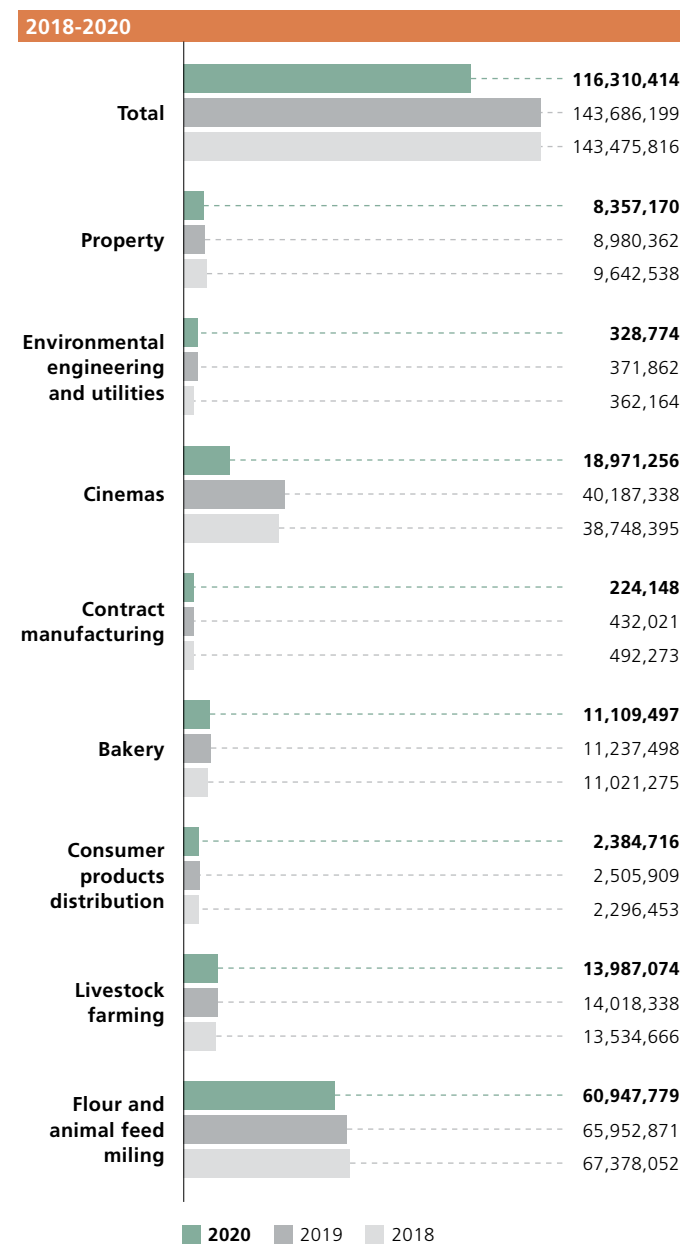
CARBON FOOTPRINT AND ENERGY CONSUMPTION

We recognise climate change to be a relevant risk to our businesses in particular to our flour and animal feed milling division where a shortage of supply of raw materials could result in not only higher costs but also in possible supply chain disruption. To mitigate the risks associated with changing weather patterns and the impact on crops, we have in place alternative sources of raw materials.

As far as our own footprint is concerned, we have identified electricity consumption as the largest source of carbon emissions by the Group and we are committed to managing and reducing our energy usage, as well as to lowering the impact of our operations on climate change.

As a first step to address our impact on climate change, we commissioned a carbon footprint assessment in 2017 of our most energy-consuming divisions – flour and animal feed milling, and cinemas – which helped establish a baseline for future reporting. In 2018, we commissioned and completed an energy audit/reduction plan for all our flour and animal feed mills, and four of our cinemas in the Klang Valley, which is representative of cinema types in the GSC circuit. In 2019, we implemented the recommendations where applicable and practicable. We continue to monitor conservation of energy and reduction of carbon footprints of these same divisions, as well as, to map our energy use across all business divisions.

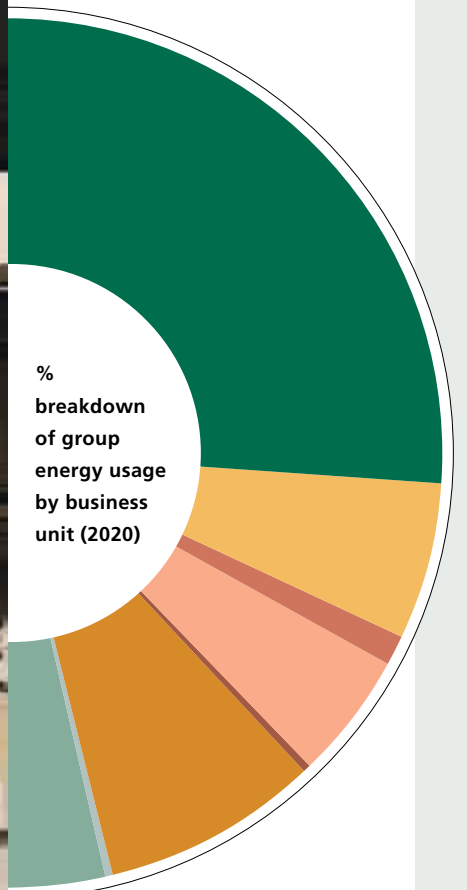
Energy usage in kWh by business unit



Notes:
 1. Energy usage does not include PPB Head Office or operations outside Malaysia.
 2. Energy use reporting for Contract Manufacturing is only up to end November 2020.



Automated palletising of animal feed



52.40% Flour and animal feed milling	12.03% Livestock farming
2.05% Consumer products distribution	9.55% Bakery
0.19% Contract manufacturing	16.31% Cinemas
0.28% Environmental engineering and utilities	7.19% Property

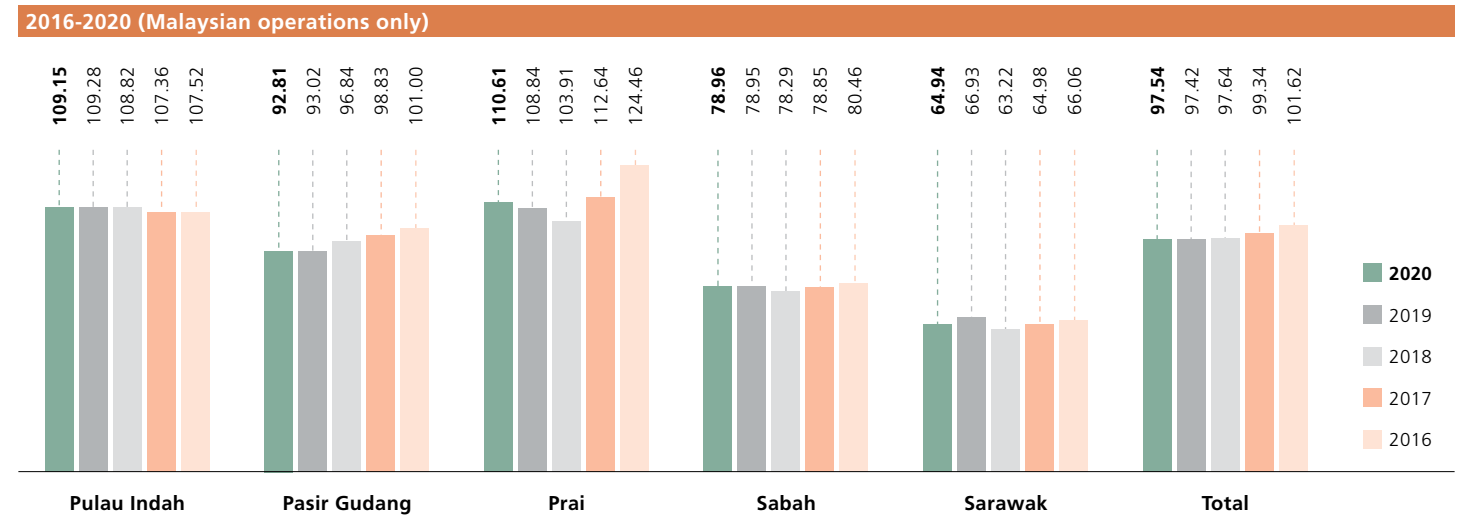
Sustainability Statement

Flour and animal feed milling

Milling is an energy-intensive activity and our flour and animal feed milling division accounted for almost 52.4% of total Group energy usage in 2020. We strive to achieve optimum mill energy efficiency and energy use intensity in this division, which is measured in kilowatt-hours per tonne of milled product (kWh/MT).

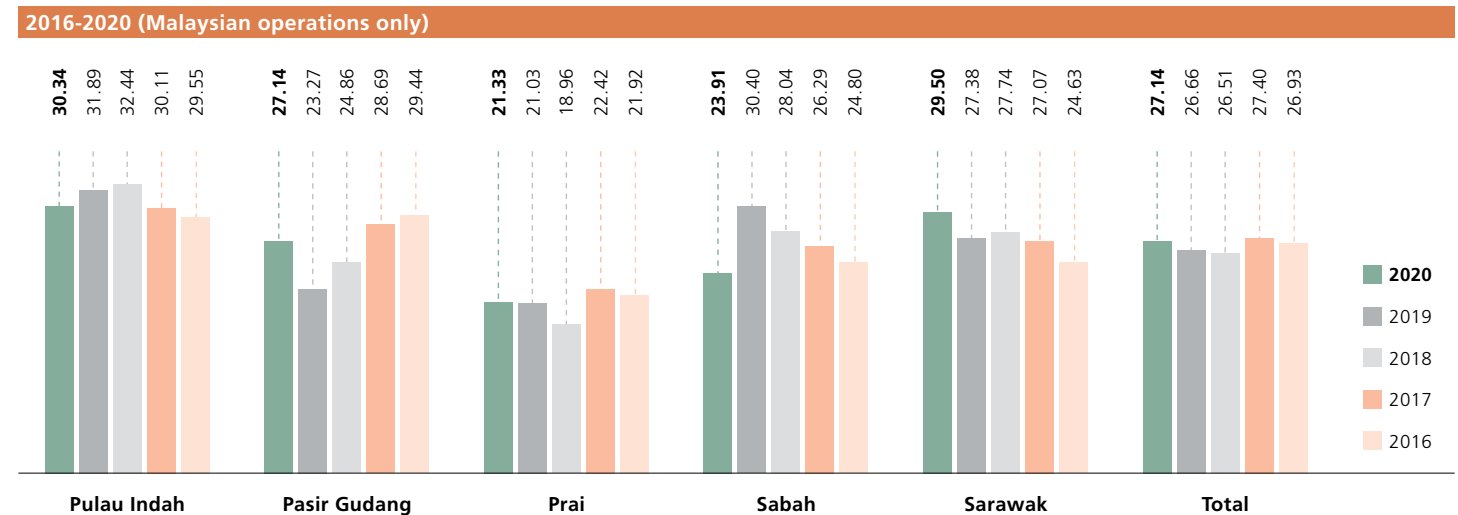
Total energy usage in 2020 for the division reduced by 7.6% compared to 2019 due to lower production volume. Accordingly, the energy use intensity of flour and feed milling operations increased slightly by 0.125% and 1.788% respectively. For flour milling operations, the increase in energy use intensity was mainly contributed by Prai flour mill as shown below.

Flour energy use intensity in kWh/tonne by mill



In the case of feed milling operations, both the feed mills in Pasir Gudang and Sarawak have shown increases of 16.6% and 7.7% respectively in energy use intensity. For Pasir Gudang, the increase is due to a drop in production volume in 2020, hence lowering the mill's overall energy efficiency. Conversely, for the Sarawak feed mill which is relatively old, the increase in energy intensity is due to higher production volume and increased hours of operation in second half of 2020.

Feed energy use intensity in kWh/tonne by mill



Note:
Drop of 21.3% in energy use intensity at Sabah's feed milling operations in 2020 is due to a change in the method of calculation based on improvement made in operational boundary settings.

Sustainability Statement

Initiatives established by the division to conserve energy and mitigate the impact of its energy usage include preventive maintenance, conversion to energy-saving LED lights, installing solar panels for street lighting and other spaces, energy-efficient start-up procedures for main motors, replacing old roller mills with those of higher capacity but lower energy consumption, installation of inverters and soft starter system to large-power equipment, and continuous campaign to create awareness and educate employees on energy-saving habits.

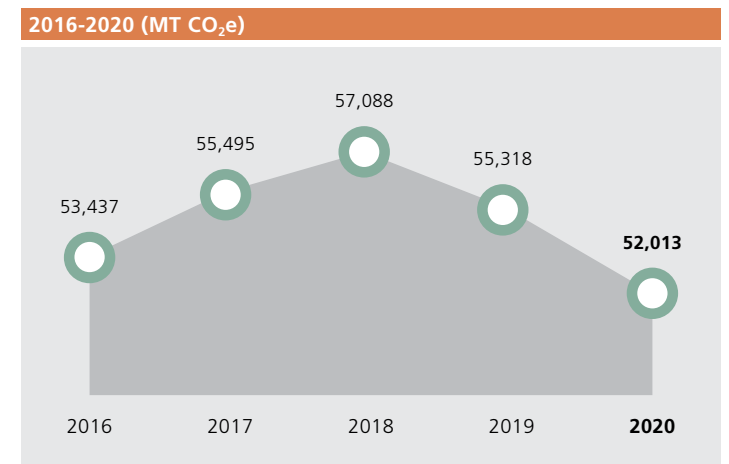
Flour and animal feed milling - greenhouse gas (GHG) emissions

As part of our materiality assessment and sustainability roadmap, we identified carbon emissions from our flour and animal feed milling as a priority area for the Group. We completed a carbon assessment (Scopes 1 and 2) of our Malaysian operations in 2017, and added Scope 3 (land and air travel by employees) to our emissions reporting for the division in 2018.

The carbon calculations were undertaken on a gate-to-gate basis. This means they exclude emissions from all external sources attributed to the production and transport of raw materials into the division's operational sites, the transport of products out of the sites, as well as emissions from downstream processing and consumption.

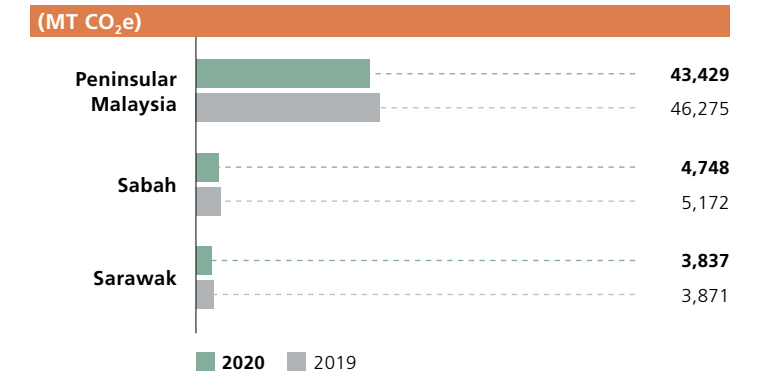
Overall, there has been a decrease of 5.97% in total GHG emissions between 2019 and 2020. This data is consistent with the corresponding drop in energy usage due to lower production volume.

Total GHG emissions



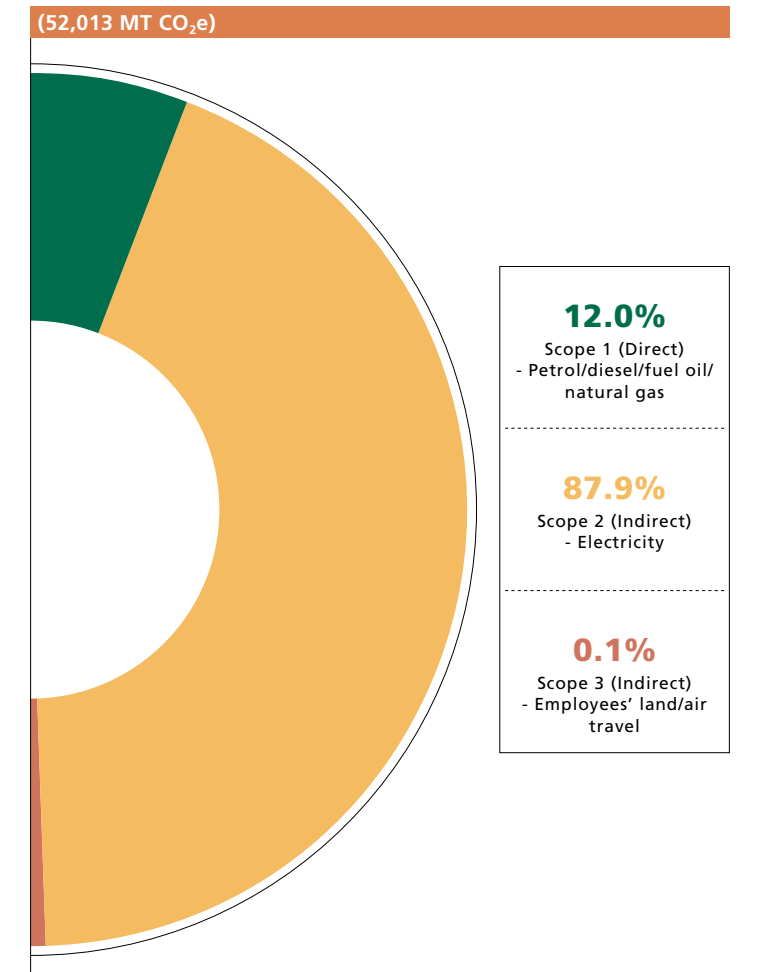
For 2020, the division's operations in Peninsular Malaysia, Sabah and Sarawak have shown reduction in emissions of 6.15%, 8.20% and 0.90% respectively.

Total emissions



In terms of emissions type, indirect emissions under Scope 2 (i.e. grid electricity) remain the largest contributor to the overall emissions at 87.9%, while direct emissions under Scope 1 (derived from diesel, petrol, natural gas and fuel oil used at the mills) constituted only 12%. Indirect emissions under Scope 3 (for land and air travel by our employees) are negligible, at only 0.1%.

GHG emissions for 2020

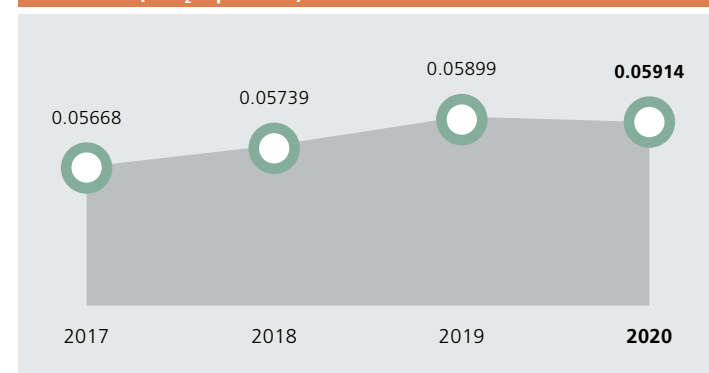


Sustainability Statement

In order to quantify emissions per unit of production, the product carbon footprint of the output of the flour and animal feed mills has to be calculated. This metric is important to external buyers and end-users who require the information for incorporation into the calculation of their own product footprint. The product carbon footprint per tonne of our flour and feed in 2020 is at 0.0591 MT CO₂e, a slight increase of 0.26% as compared to 2019, due to the lower production output.

Product carbon footprint

2017-2020 (tCO₂/t.product)



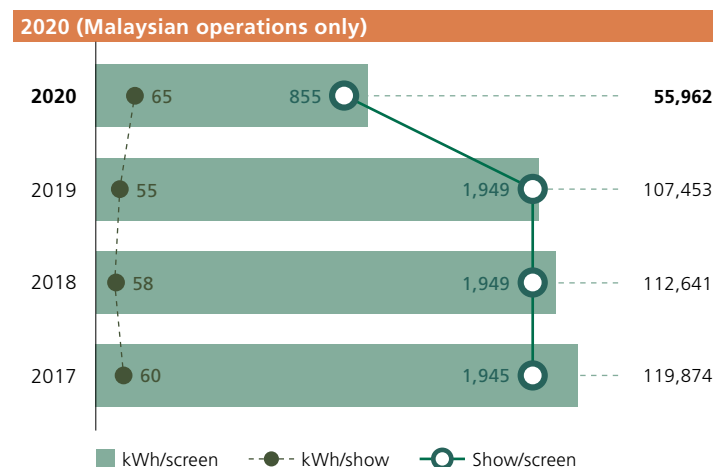
Cinemas division

Energy consumption is a material sustainability issue for our cinemas division as energy usage is a significant cost to the business. Electricity is used most of the day for the operation of air-conditioning and ventilation, projectors, sound systems, and food and beverage equipment.

The division operates 339 digital screens in 33 locations in Malaysia and accounts for 16.3% of the Group's total energy footprint. The division's energy consumption in 2020 was less than half of its usage in 2019, mainly due to the closure of its cinemas for more than half a year because of pandemic restrictions. The division also exited five of its sites, which leases ended in the reporting year in order to consolidate its position with upcoming new sites.

For 2020, the division saw an 18.2% increase in kWh/show as compared to 2019. This is due to the fewer shows screened and the stringent set of guidelines observed by the cinemas division during the MCO. Although the cinemas were closed to the public, the division followed a strict schedule to warm-up and run the projectors to maintain the equipment, as well as to ventilate its cinemas by switching on the air-conditioning to circulate the air and to prevent mold and fungal from forming on the seats and carpets.

Cinema energy use intensity in kWh per show



The division strives to establish energy-saving best practices to reduce consumption where possible and is committed to progressively converting its cinemas to LED lights by replacing halogen and fluorescent lightings with LED when they become spoiled/damaged. Other energy-saving practices in place include the adoption of energy efficient laser projectors, air-conditioning management, improved programming of show times and concession workflow processes.

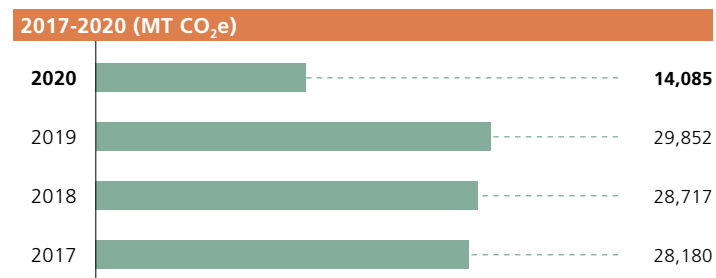
Cinemas - GHG emissions

Our emissions report covers all GSC cinemas, as well as GSC's Head Office in Damansara Jaya, Selangor in Scopes 1, 2 and 3 under the GHG Protocol.

Due to the prolonged cinemas closure, both the GHG emissions and specific emissions for cinemas division have dropped by 52.82% and 49.78% respectively between 2019 and 2020.

The trend of GHG emissions from 2017-2020 is presented below:

Total GHG emissions



Scope 2 (electricity and chilled water) remains the largest contributor at 13,942 MT CO₂e or 99.7% of total emissions, while Scope 1 (petrol and diesel) and Scope 3 (air and land travel) were at about 0.15% each.

Sustainability Statement

Cinemas - emissions intensity

Since 2017, we have been benchmarking the emissions of cinemas division in MT CO₂e/sq. ft. against the Malaysian building average of 0.01721 MT CO₂e/sq. ft. In view of the anomaly in GHG emissions of cinemas division due to the prolonged closure, the established benchmarking against the Malaysian building average does not provide meaningful comparison. As such, we will only resume reporting on emissions intensity with benchmarking when the cinema operations have returned to some level of normalcy.

Livestock farming division

Our livestock farming division consumed 13,987,074 kWh of energy in 2020, which is about the same as the previous year. Electricity is used for ventilation, water chillers, incubators, feeding and manure removal in chicken houses, as well as heating and air-conditioning at hatcheries. Almost all the equipment operate daily on a 24-hour basis. While we believe our energy consumption is on par with peers in the industry, the division nonetheless continues striving to reduce usage where possible, such as replacing older equipment with energy-efficient models. The division's target to convert all its chicken houses from fluorescent to energy-saving LED bulbs will be achieved when the fluorescent lamps in the remaining sections are replaced by Q2 2021. The division will next explore dimmable LED bulbs for its Pullet Sectionⁱⁱⁱ.



PPB Properties provides property management services to The LINC KL

WATER USAGE

Water is an essential and increasingly scarce resource, and the Group views water use management and conservation as important issues, particularly for divisions with high water consumption. The Group is committed to managing and reducing its water usage, as well as the water impact of our operations.

In 2018, we commissioned and completed a water footprint assessment of our top water-consuming divisions – property and cinemas - as a first step in addressing our water impact, as well as to establish a baseline for future reporting. We have since implemented the recommendations made in the water reduction plan where applicable and practicable, and we continue to map and monitor our water use across all business divisions.

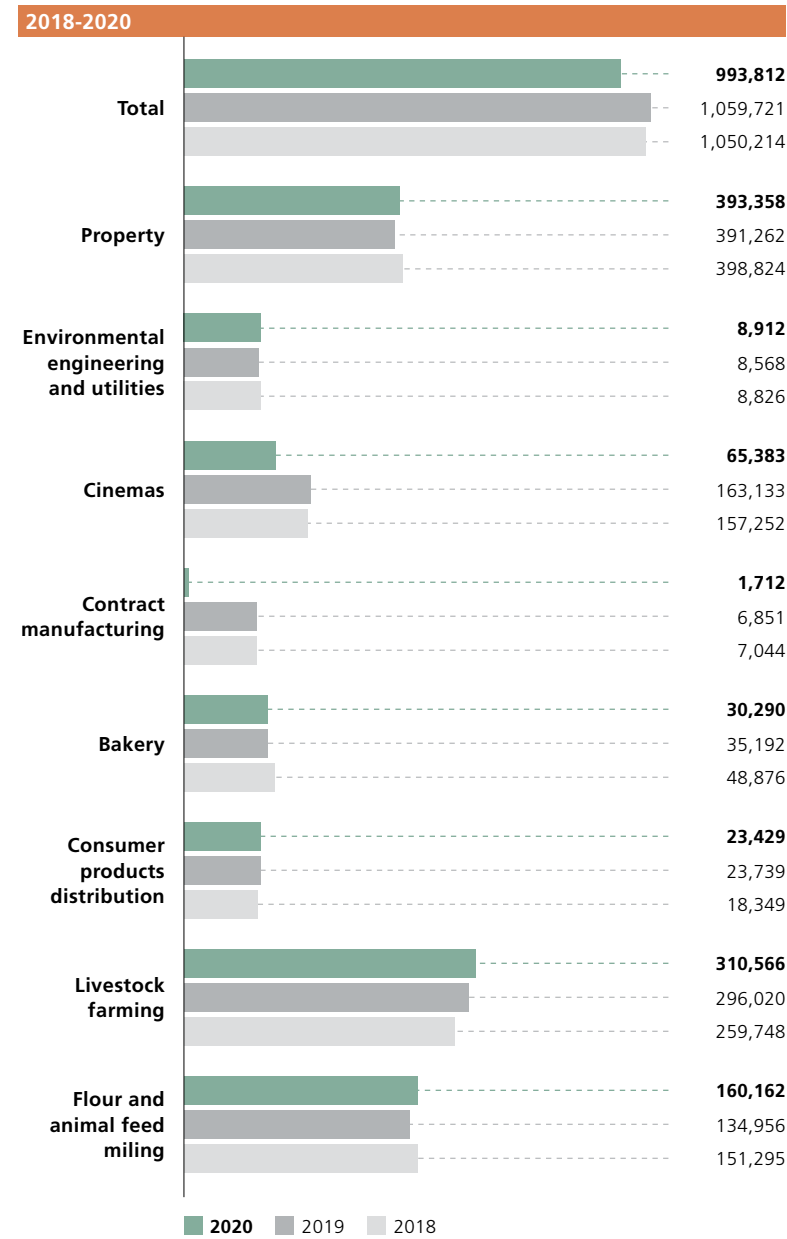
As a Group, we consumed 993,812 m³ of water in 2020, a drop of 6.2% from 2019. The reduction was mainly from our cinemas division, which saw its consumption reduced to about 40% of the previous year. This is reflective of the cinemas being closed for more than half of the reporting year.

Our property division accounts for about 40% of our total combined water consumption. Consumption include usage by tenants (often food and beverage outlets) and lavatory use. For 2020, the division achieved a water use intensity target of 0.32m³ psf for all buildings under management and office spaces, and will continue to focus its efforts on water use reduction.

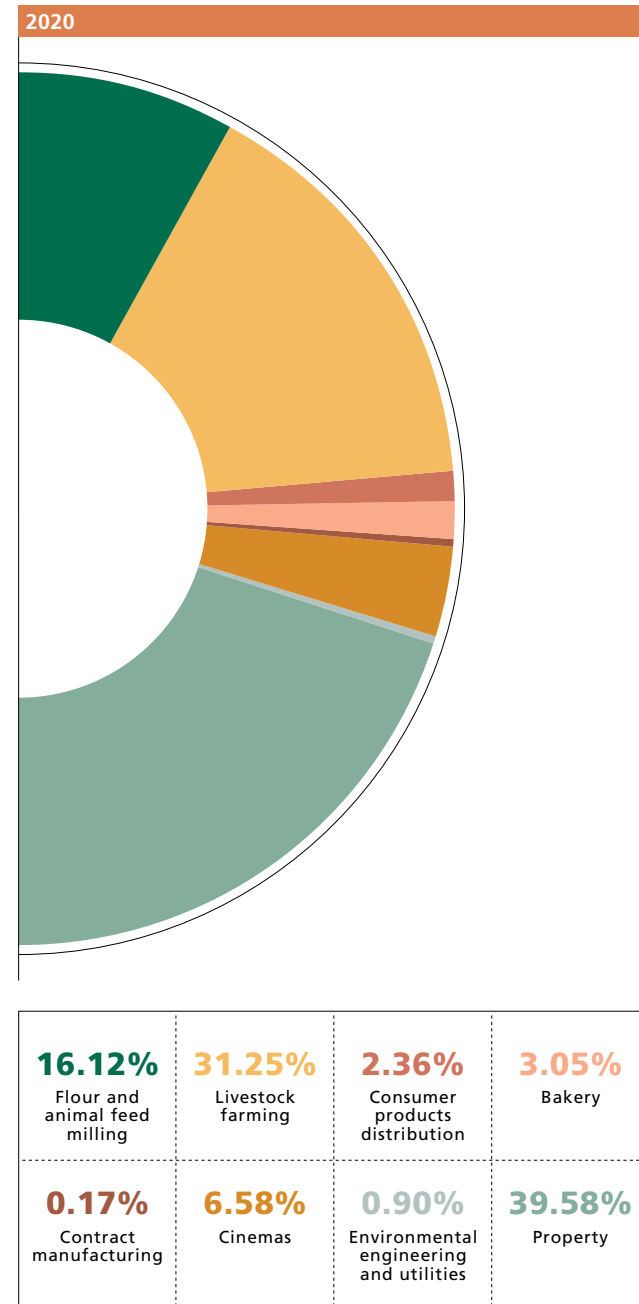
Livestock farming^{iv} used 310,566 m³ of water in 2020, an increase of 4.9% from 2019. This was mainly due to wastage caused by leakages which have since been fixed. Almost half of the division's water use was consumed by poultry, while the other half was mainly used for cleaning hatcheries. To reduce water consumption, the division uses high-pressure pumps to wash the chicken housing. Water is also recycled for the cooling pad and washing of hatchery baskets. The division carries out regular maintenance and supply line checks to both prevent and fix any leakage in a timely manner.

Sustainability Statement

Water usage in m³ by business unit



% breakdown of water use in m³ by business unit



Notes:
 1. Water usage figures do not include PPB Head Office or operations outside Malaysia
 2. Water use for Contract Manufacturing is only up to end November 2020.

Sustainability Statement

All our business divisions use only municipal water with the exception of our livestock farming division, which also uses surface and ground water mainly for washing of the chicken houses and as drinking water (treated) for the birds. The Group's water usage by source for 2020 is presented below:

Water withdrawal by source in m³



There were no incidents of non-compliance with water related permits, standards and regulations in the Group for the reporting year.

WASTE MANAGEMENT

Proper waste management is vital for the protection of the environment and for human health. Packaging use and waste have become an increasingly important issue to both consumers and business-to-business customers. To meet these marketplace demands, our business units are implementing strategies to reduce, reuse and recycle packaging.

Our environmental engineering and utilities division contributes to the preservation of the environment through its expertise and resources in the construction of sewage and water treatment plants across the nation, as well as ensuring that solid waste, both council and commercial, is properly disposed in compliance with all regulatory requirements.

Our livestock farming division produces biological waste, layer raw and dry manure, and breeder raw manure – which are classified as non-hazardous. A large percentage of the layer raw manure is repurposed into organic and semi-compost fertiliser for use in vegetable farms.

Cinemas are associated with high-volume waste such as discarded ticket stubs, plastic bottles and food packaging and are seeking to reduce the volume and nature of associated consumer waste. To make cinema-going more sustainable, GSC has introduced a mobile app that enables moviegoers to go ticketless. Having purchased tickets online, customers at selected cinema checkpoints simply scan the QR code sent to their smartphones.

The division also rolled-out a single-use plastic bottle recycling programme to ten cinemas in the Klang Valley. A further expansion of this initiative, as well as reward-based reverse vending machine were planned by end of 2020. Due to the pandemic, which resulted in cinemas closing for more than six months, the plans have been deferred until the industry returns to normalcy. The division has also converted the majority of its cinemas' plastic packaging to biodegradable options.



Seluyut Dam in Kota Tinggi, Johor

WORKING ENVIRONMENT

GROUP HUMAN CAPITAL MANAGEMENT: 2020 OVERVIEW

The Group values its people as one of its key assets as people are the main pillar that drives the progress of organisational performance. We believe that highly engaged employees will deliver to the best of their ability and potential, which in turn results in greater business achievements. Accordingly, the Group has deployed various engagement efforts in addressing the needs of our diverse workforce.

We are grateful to have no casualties from the viral outbreak in 2020 – however, the pandemic presented challenges that affected every individual, both in their personal lives and at the workplace.

To safeguard our employees' health and safety, and to ensure business continuity, we have implemented all national guidelines and mandatory standard operating procedures (SOPs), as well as introduced measures such as team segregation, staggered hours and work-from-home in business segments which allowed such flexibility.

We have also set up a country-wide support system for employees as a precautionary measure. This system integrates mandatory compliance with the government's SOPs, individual responsibility, leadership accountability and external resources, including a dedicated hotline to assist employees in need of support.

The mental health of our workforce has been one of our key focus areas and drives our continued promotion of mental health awareness, complemented by the introduction of the Mental Health First Aid programme at the workplace. We recognise the growing needs for further intervention in the area of employee's mental wellbeing; hence more efforts are targeted to unfold in the coming year.

Despite the challenges presented by the pandemic, we have continued to invest in our people engagement, in preparation for a sustainable future. The related initiatives have included but are not limited to the following:

- We believe in creating career growth opportunities for talent who have demonstrated potential capability to deliver beyond their existing scope of duties. Transparency of job opportunities across the Group has provided the employees an alternative avenue to meet their career aspiration, as well as made available a pool of potential talents to the management. Succession planning has also enabled identification of potential talents for targeted development to succeed critical roles in time to come.
- We have embarked on a journey of market benchmarking to ensure our compensation strategies remunerate employees according to varying levels of job responsibilities. We recognize the related industry uniqueness across the various business operations of the Group. Market-competitive compensation is targeted to attract and retain talents.
- We aspire to drive high performance culture. Enhancements were and will continue to be introduced to reinforce practice of recognition for performance and merit-based reward strategy. In this regard, performance management will continue to evolve for a more rounded approach with emphasis on impact and consistency.
- Continuous learning is critical to upskill and prepare our employees to cope with evolving work requirements and maintain personal wellbeing particularly in light of the new norms. Digital learning has been the main delivery platform for ease of access by employees.

The overall recollection of experiences in 2020 has witnessed the demonstration of a united spirit in our people, in balancing the efforts of embracing and countering the challenges presented by the pandemic. The status quo was tested in multiple aspects with new perspectives that have given rise to the Group deploying new ways of doing things for greater effectiveness and efficiency. These concerted efforts will continue in the coming year under the leadership that drives organisational sustainability and further focus will be placed on constructing a more sustainable framework in the areas of employee mental well-being, resource capability enhancement, reward strategies, employees' experience, and process-digitalisation.



Covid-19 health & safety measures in the Workplace

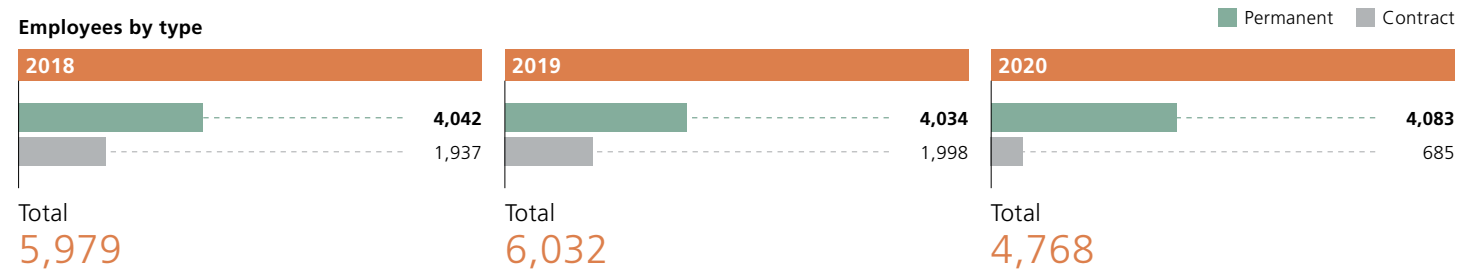
- Work-from-home
- Team segregation & staggered hours to prevent cross infection
- Employees' Guide on Covid-19
- Travel restrictions/advisory
- Virtual meetings and visitors' guidelines
- Consistent and effective communication
- Contact tracing & quarantine procedures
- Mental Health First Aid programme
- Online webinars (skills enhancement)
- IT support and remote access to servers
- Daily health declaration
- Swab test for staff of applicable sectors (MKN & MITI requirement)
- Enhanced cleaning and disinfecting of business operations, offices and high touch points
- Provision of face masks and hand sanitisers
- Temperature scans
- Check-in via MySejahtera app to facilitate contact tracing

“ All foreign workers have undergone mandatory Covid-19 screening, and are required to adhere strictly to the pandemic health and safety SOPs in place. ”

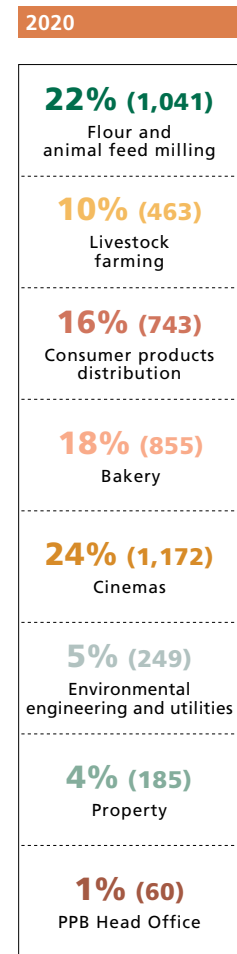
Sustainability Statement

One of the major sustainability issues faced by all industry sectors in Malaysia today is the recruitment and retention of employees – from unskilled workers to highly skilled professionals. Our approach to this challenge includes focusing on creating and maintaining safe and enjoyable workplaces, and an engaging and supportive culture to empower talented individuals to succeed.

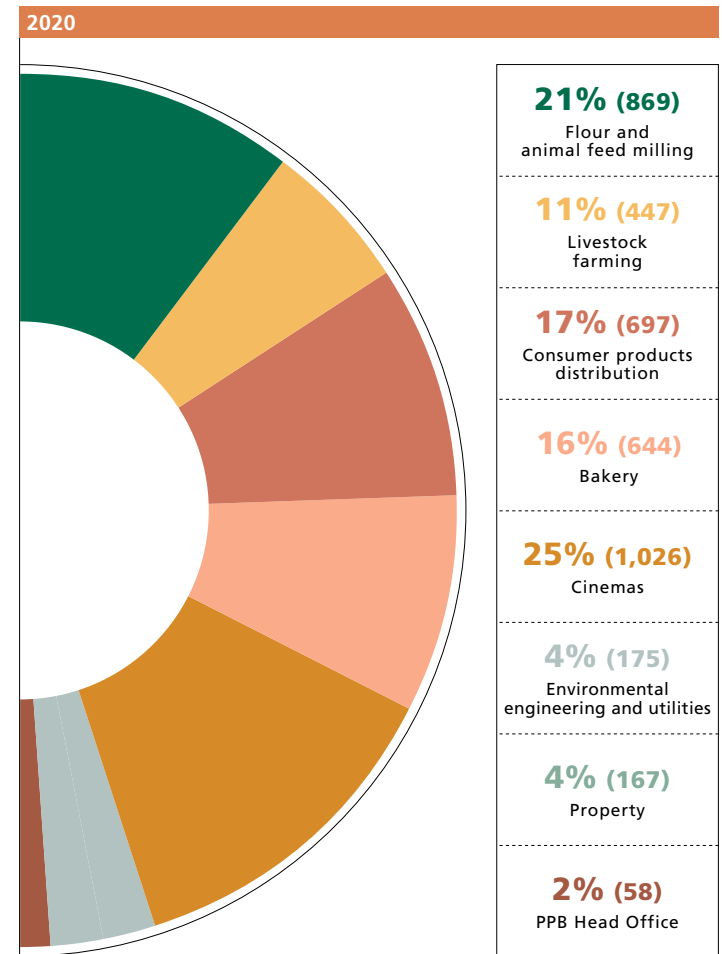
The Group employs 4,786 people, of whom more than 85% are permanent full-time employees. Contract workers were reduced by about 65% from the previous year as cinemas division had to temporarily furlough its contract workers due to the mandatory closure during the prolonged MCO.



All employees by business unit



Permanent employees by business unit



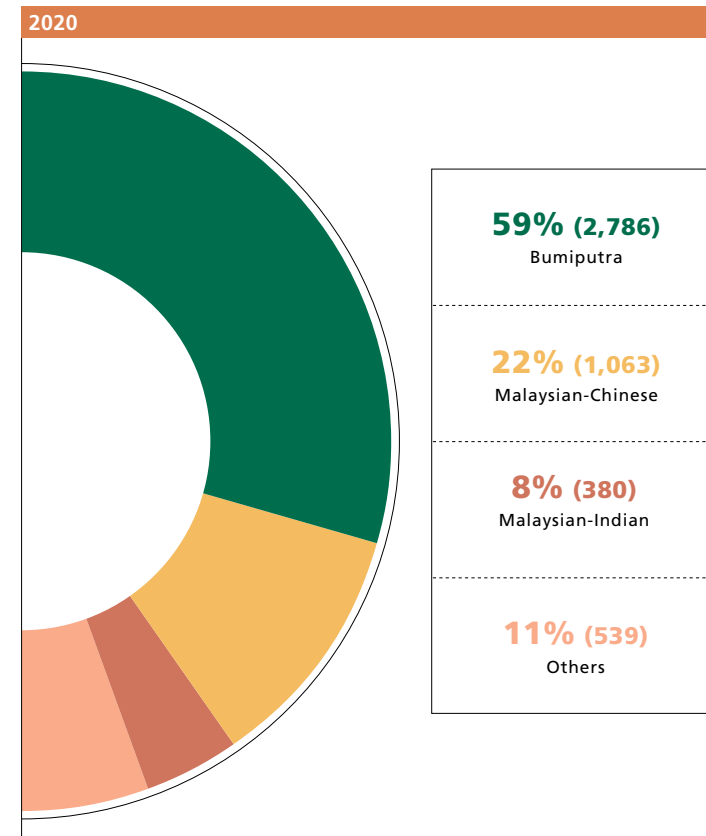
The full-time staff voluntary turnover rate at Group level for 2020 is at 13.4%.

Sustainability Statement

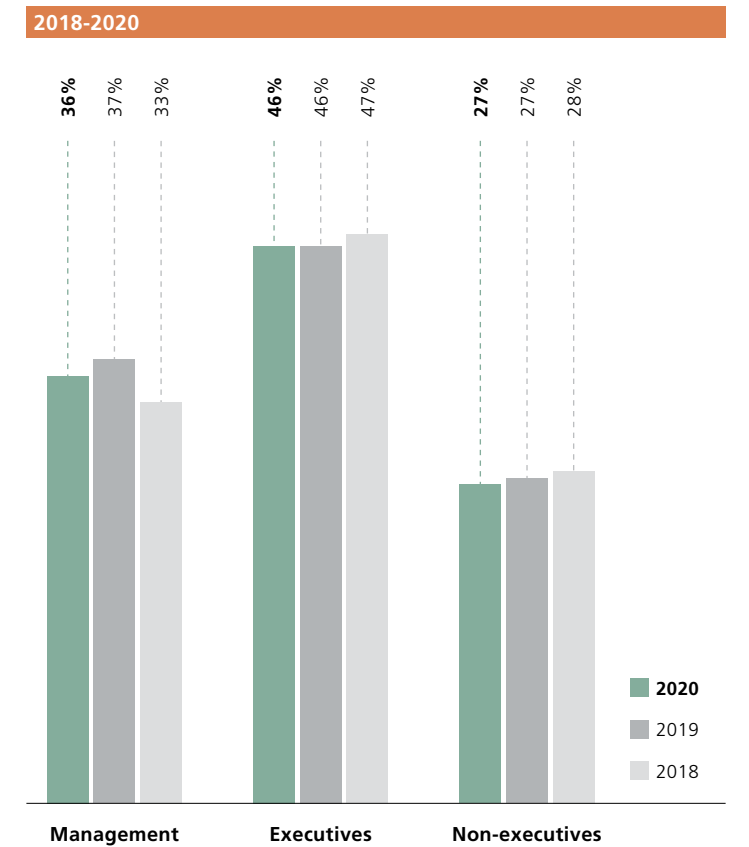
We seek to promote diversity and inclusion. Our workforce is relatively diverse, with women well represented at management level, and the diverse nature of Malaysian society reflected.

We also have a zero-tolerance policy against discrimination in any form and our employees are provided with equal career opportunities regardless of race, religion or gender.

PPB Group employee distribution



PPB Group female employees



Well-being in our work places

We believe that employees are the driving force of a strong business and that an engaged workforce contributes to our growth and long-term value. We drive employee engagement through various touchpoints, which include leadership by example, a positive and conducive work environment, bonding opportunities, fair and consistent performance assessment, role and performance-based rewards, career development opportunities and employee welfare.

Fitness activities improve health and well-being, foster teamwork and create a culture of wellness in the workplace. The Group promotes a healthy lifestyle with regular exercise and encourages employees to participate in organised runs by sponsoring the registration fees. Due to the pandemic restrictions, physical runs were not allowed to be held in 2020. We however continued to encourage employees' physical wellbeing by organising a fun 7km virtual run challenge where participating staff were required to complete the distance within a specified timeframe and submit their photo as proof. Meanwhile, staff at FFM Berhad's Head Office were encouraged to maintain their fitness at a fully equipped onsite gym with strict adherence to the physical distancing SOPs in place.

Divisions within the Group which traditionally organise festive luncheons, annual dinners, company trips, as well as family days to provide opportunities for employees and their families to gather in the spirit of community, had to defer such activities in 2020. The month of Ramadan fell during the MCO period and to brighten up the spirits of employees who were fasting, the Group delivered two kgs of dates to each of our Muslim staff throughout Malaysia for sharing with their families.

Sustainability Statement

Training

Employees in all divisions receive training in areas relevant to their function. For the food-related and manufacturing segments, extensive training is provided on hygiene, food safety and handling (including HACCP), occupational health standard enhancement and workplace safety. Practical on-the-job learning is supplemented with segment-specific training, such as chemical handling and biosecurity for the livestock farming division, and effluent treatment and food allergen awareness training for the bakery division. Relevant employees also received ongoing training on the latest legal and regulatory requirements, such as updates to the Employment Act 1955 (Rev.1981), the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Malaysian Code on Corporate Governance and tax laws. Some divisions have also developed specific leadership and coaching programmes to strengthen management skills.

For 2020, the Group recorded a total of 43,601 training hours on employee development to enhance knowledge and skills, averaging 9.52 hours per employee - an increase of 50.7% and 53.8% respectively as compared to 2019. As staff were largely working from home during the MCO, e-learning formed 55.4% of the total training hours recorded. E-learning platforms such as LinkedIn Learning, Udemy and Coursera were made available to employees while the cinemas division also developed industry specific e-learning modules for its staff. For the same year, 501 employees equivalent to 11% of the Group's full-time workforce, received training specifically on health and safety standards.

Upholding labour practices and employee rights

The Group is committed to treating our employees fairly, with dignity and respect, and has zero-tolerance against discrimination in any form. Our Group-wide human rights policy, adopted and published in March 2018, is guided by the principles expressed in the Universal Declaration of Human Rights. We comply with all applicable labour laws, rules and regulations in the countries the Group operates, including the Malaysian Employment Act 1955 (Rev. 1981), Industrial Relations Act 1967 (Rev. 1976) on freedom of association, collective bargaining, and regulations governing key issues such as child labour and forced labour. Employees also have access to a grievance mechanism to raise concerns related to workplace practices. There were no instances of child labour, forced labour or human rights violations reported during

Recordable accidents by business unit

2018-2020										
	Flour & animal feed milling	Livestock farming	Consumer products distribution	Bakery	Contract manufacturing	Cinemas	Environmental engineering & utilities	Property	PPB Head Office	Total
2018	13	9	7	5	0	2	0	0	0	36
2019	6	11	1	0	2	4	5	0	0	29
2020	10	3	2	8	0	2	3	2	0	30

the year. All our employees have legal contracts and we do not employ any person below the age of 16.

Foreign workers and illegal labour

The Group is committed to local employment where practical. We employ relatively few foreign workers – only 9.3% of our total workforce are non-Malaysians. Most of them are employed in the bakery and livestock farming divisions due to severe labour shortages in both sectors. All foreign workers directly employed by the Group have legal contracts and are accorded similar working conditions as local workers. Benefits vary across divisions, but generally exceed legal requirements and include access to incentive schemes, medical care and participation in company social and recreational events. In addition, foreign workers are provided with housing and transportation.

Ensuring safe working environments

The Group is committed to protecting the health and safety of its employees. We aim to foster a risk-averse working environment, eliminate safety hazards and target zero fatalities across all our divisions. As successful management of health and safety requires commitment, consultation and cooperation, we strive to ensure our employees understand that they share in this responsibility, and that everyone is accountable for both their personal and colleagues' health and safety.

The Group recorded a total of 30 accidents in 2020 compared to 29 in 2019. This is relatively low given the size of the Group and the diverse range of its activities.

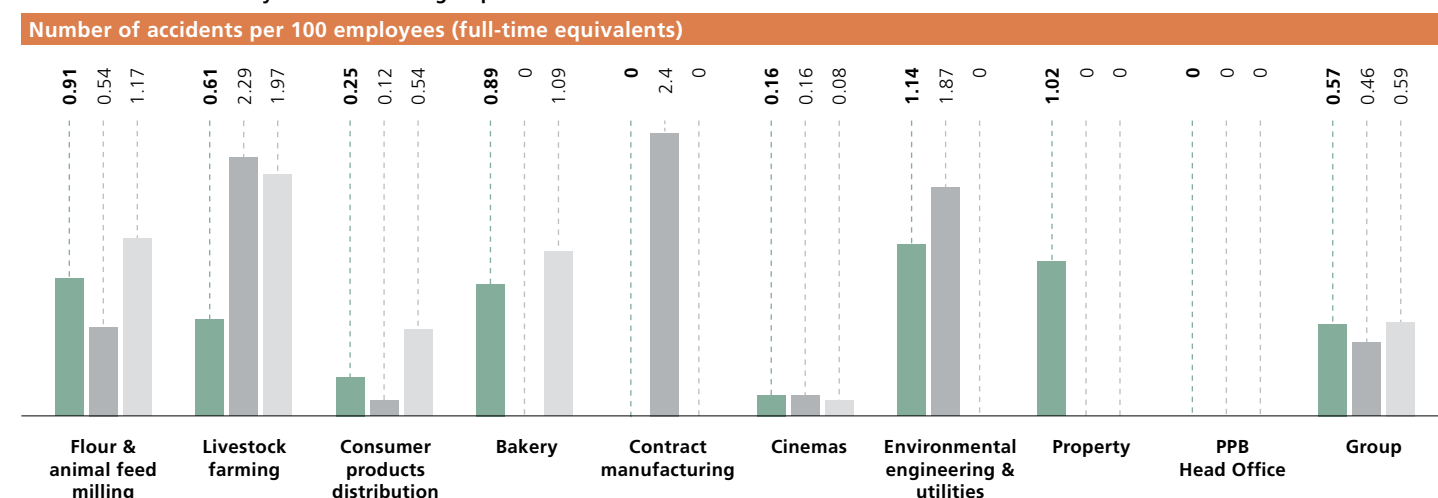
No accidents were recorded at PPB Head Office, and contract manufacturing division. Our livestock division reduced its recordable accidents by eight in 2020, while cinemas and environmental engineering and utilities divisions each saw two reductions for the same year. Our flour and animal feed milling, and consumer products divisions recorded an increase of four and one accidents respectively from 2019, while our bakery and property divisions had their first accidents in two years. There was no major injury and the accidents were mainly sprains, falls and fractures. The relevant divisions have carried out appropriate investigations, reviewed the findings and strengthened measures to prevent future occurrence.

Sustainability Statement

Average no. of lost days per accident by business unit

2018-2020										
	Flour & animal feed milling	Livestock farming	Consumer products distribution	Bakery	Contract manufacturing	Cinemas	Environmental engineering & utilities	Property	PPB Head Office	Group
2018	12.23	12.11	58.14	18.20	0.00	12.50	0.00	0.00	0.00	21.97
2019	27.67	23.64	5.00	0.00	5.00	11.50	25.20	0.00	0.00	21.14
2020	25.50	8.67	26.00	36.00	0.00	17.00	8.67	87.50	0.00	24.73

Lost time accident rate by business unit & group



Note:
Lost time accident (LTA) rate measures the productivity loss due to accidents and is calculated as follows:
Total number of accidents x 200,000* man-hours divided by total working hours.
(* represents 100 employees x 40 hours per week x 50 weeks per year)

There were no workplace fatalities in the Group over the past three years.

Dust explosions

Dust explosions can be a major hazard in mills and bakeries and typically occur where high concentrations of suspended combustible materials ignite due to friction, electrical discharge or surface heat. When occurring in confined spaces, dust explosions can cause injury, and major damage to structures and equipment.

Our food production operations have a division-specific statement of compliance with Standard C stipulated under the Environment Quality (Clean Air) Regulations 2014, which sets a standard dust concentration limit of 0.4 g/Nm³. The Group's flour and animal feed milling division is covered by its respective Occupational Health and Safety Policies, and has a target of zero industrial accidents.

Hazardous chemicals

The handling of hazardous chemicals is a prominent workplace issue identified in our food production and contract manufacturing divisions. These divisions have specific statements of compliance and detailed standard operating procedures, which include wearing personal protective equipment (PPE) when working on the factory floor. Specific

training on chemical handling is provided to relevant personnel across the Group's business divisions annually.

Noise pollution

Long-term hearing loss is linked to occupational noise, especially where employees are exposed to continuous and intermittent noise from processes and machinery. This makes noise a significant material issue for our property, food and manufacturing divisions where specific policies are in place to protect workers from damaging noise levels. We have also implemented a system to mitigate noise pollution as far as possible at facilities in these divisions.

A KPI based on the total area exposed to noise levels above 85 dB has been established at our flour and animal feed milling plant in Pulau Indah, and we continually work towards reducing this space. At our other flour and animal feed milling operations, employees are provided with PPE and hearing protection, with appropriate signage placed in high noise level areas. Regular awareness and training programmes are organised to enhance occupational health standards in the workplace.

MARKETPLACE ENGAGEMENT

Covid-19 health & safety measures in the Marketplace

- Check-in via MySejahtera app to facilitate contact tracing
- Temperature scans
- Hand sanitisers are placed at strategic locations
- Ensure SOPs on face mask & distancing are observed
- Frequent cleaning and disinfection of common areas and high touch points etc.
- Cleaning and disinfection of cinema hall seats after each show (cinemas)
- One-seat gap arrangements in cinema halls (cinema)
- Placement of distance markers at box-office, concessions, lifts etc.
- Installation of antimicrobial films on lift/carpark pushbutton panels (malls)
- Regular public service announcement on SOPs (malls)
- Patrolling security officers to ensure compliance with SOPs (malls)

Marketplace impacts, including governance and ethics, are of material importance to both the Group and its stakeholders.

The Group is committed to conducting its businesses in compliance with local laws and regulations, with utmost integrity, ethics, transparency, accountability and is against corruption in all its forms.

Code of Conduct and Ethics

A code of conduct and ethics, which is included in both our Group employee handbook and on our website - www.ppbgroup.com - sets out the standards of conduct and personal behaviour our directors and employees are required to observe to ensure that the Group's commitment is upheld.

Anti-bribery and corruption

Pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Guidelines on Adequate Procedures, the Group has in 2020 developed and implemented a Group Anti-Bribery and Corruption ("ABAC") Policy, which can be viewed on our website www.ppbgroup.com, as well as ABAC Framework and ABAC Manual. The ABAC Policy, which sets out the Group's zero-tolerance stance on all forms of bribery and corruption, has been communicated to all our employees and business associates, while ABAC awareness training for employees has been rolled out and incorporated into the staff induction process. We have updated and included on our website, our Whistleblowing Policy and Procedures, which have mechanisms to enable employees, business associates and stakeholders to confidentially report any breach or suspected breach, of any law or of our policies and practices. The Group conducts periodic risk assessments, which include reviewing the nature and extent of the Group's exposure to potential internal and external risks of bribery, and designs controls accordingly to mitigate the risks.

The Board, which has oversight responsibility of the anti-bribery and corruption policy and integrity programme, has delegated the authority and the day-to-day decisions to the Group Integrity Steering Committee (GISC). The Risk Management & Integrity Department (RMID), which has the overall responsibility of implementing and coordinating the management of risk and anti-bribery and corruption across the Group, reports to GISC for their deliberation and necessary action before presenting it to the Board.



Business Continuity Management

The Group has embarked on Business Continuity Management (BCM) programme, which is being rolled out in phases. This programme equips the organisation with planning and execution capabilities to respond and continue to operate critical business functions across a wide range of interruptions arising from both internal and external events. The components of BCM includes Emergency Response Plan, Disaster Recovery Plan, Crisis Communications Plan, Crisis Management Plan and Business Continuity Plan.

Human Rights Policy

To formalise its commitment to protecting human rights, the Group adopted a Human Rights Policy ("HRP") which is guided by the principles expressed in the Universal Declaration of Human Rights in March 2018. The HRP, which can be viewed on PPB's website at www.ppbgroup.com, sets our standards for fair employment, dignity, respect, zero-tolerance against all forms of discrimination and full compliance with all applicable labour laws, rules and regulations. In July 2020, the Group commenced implementation of the HRP in the supply chain of its Malaysian operations.

Group Sustainability Policy

Our first Group Sustainability Policy ("Policy") was approved by the Board in 2018 and communicated to the subsidiaries. The Policy covers three aspects – Environment, People/Human Rights, and Ethics & Marketplace – and provides a framework within which the Group strives to achieve excellence in sustainability. The Policy, which is reviewed periodically by the SSC for approval by the Board, can be viewed at www.ppbgroup.com.

Reporting

Accuracy, timeliness and transparency in financial reporting are of paramount importance for the Group and its stakeholders. PPB reports its financial performance on a consolidated basis and engages its stakeholders regularly through quarterly results announcements and e-investor updates. We conduct two press and analyst briefings each year to keep our shareholders and the investment community updated. PPB's financial and operational information can be found on our website – www.ppbgroup.com – where stakeholders may also direct enquiries and provide feedback.

Sustainability Statement



Quality and safety first

Product and service quality and safety are of the highest importance to the Group's operations. In the food production division, companies must adhere to specific quality policies and are covered by division-specific statements on food safety and halal compliance.

All relevant business operations comply with applicable food regulations and standards, including HACCP Certification (MS1480:2007), HACCP Codex Alimentarius Certification, GMP Certification (MS1514:2009), FSSC22000 and ISO 22000 Food Safety Management System and halal certification.

Our flour mills division is committed to upholding the globally recognised Food Safety Management System (FSMS) (FSSC 22000, HACCP, ISO 22000). Our continued compliance and renewal of the certifications via external audits are testament to our efforts to ensure our food products are safe to the public. As the requirements of FSSC evolve over time, it is our responsibility as a food producer to ensure that we adapt and comply with the latest version of FSMS. We strive to maintain a clean record on non-compliance with regulations (Malaysian Food Act 1983 and Feed Act 2009) or product recall incident. We have dedicated Quality Assurance (QA) and R&D teams in all regions to ensure that the products are compliant with specifications and we take the feedback of our customers seriously, with a constant goal of continuous improvement, driven by our technical teams.

Specific measures have been implemented to enforce our standards in sector-specific contexts. Our livestock farming division collects data on the mortality rate, body weight, uniformity and egg production rate of parent stocks and commercial layers. The number of antibiotic treatments administered is also monitored. Both our breeder and layer farms are certified under myGAP, a voluntary comprehensive certification scheme for the agricultural, aquaculture and livestock sectors, while our layer farm is also ISO9001 certified.

Our plan to obtain 100% FSSC22000 certification for all our flour mills in 2020 has been delayed as the application by Johor Bahru Flour Mill Sdn Bhd for its Kota Kinabalu mill has been postponed to 2022 due to the Covid-19 pandemic restrictions.

The cinemas division has in place a 5-year plan to obtain HACCP certification for seven cinema concessions each year starting from 2018. The division achieved its target for 2020, bringing total HACCP certified sites to 22, while another 11 are fully HACCP-compliant. As the pandemic shows no sign of abating at the time of reporting, the annual target will be postponed for 2021, with only renewals of certified concessions to be carried out for the year.

For 2021, the cinemas division will implement an annual Vendor Performance Evaluation covering price competitiveness, quality, delivery as well as response time among others. All approved vendors of the division must agree to abide by both the Group's HRP and ABAC policies.

Sustainability Statement

Our target to obtain the Malaysian Sustainable Palm Oil (MSPO) certification* for the Group's oil palm entities in 2020 was achieved when the entities were certified MSPO MS2530-3:2013 in April 2020. Our oil palm entities cultivate oil palm trees and harvest fresh fruit bunches (FFB) which are then sold to external parties. For 2020, the plantations produced a total of 7,251 MT FFB of which 5,004 MT are MSPO certified.

The Group utilised a total of 21,823 MT palm oil in 2020, of which about 25 MT or 0.12% is RSPO-certified palm oil. Our animal feed milling operations, which use crude palm oil and palm kernel expeller for its products, account for 92.3% of the Group's total combined usage. The balance was utilised by our bakery, cinemas and contract manufacturing divisions.

Nutrition

Obesity is becoming an increasing concern in Malaysia and we want to support consumers in making informed choices through more transparent information. An information board with nutritional facts and allergen alerts of hot foods prepared by GSC is displayed at all its cinema concession counters nationwide. This is to enable customers who are health-conscious or have food intolerance to make better-informed choices. Pre-packed items, which contain nutritional information on their packaging, are not included in the list.

Our current consumer-packed products such as Blue Key self-raising flour, superfine superwhite flour, Cap Sauh flour are all enriched with vitamins and minerals which offer consumers a choice to bake or produce wholesome, nutritious products on their own at home (especially in times of restricted movements). Apart from the enriched consumer-packed flour, we also offer healthier alternatives such as whole wheat flour, atta flour and also the nutritious stabilized wheat germ. Besides being sold to downstream users, these healthy wheat-derived products are being converted to healthy bread products via our Massimo bakery in their range of wheat germ and whole wheat loaves.

Customer satisfaction and engagement

Customer focus is vital to the continuing growth and success of the Group's businesses. The Group understands that customer satisfaction and engagement are material issues that have an impact on its reputation and brands. We enhance our customers' experience in their dealings with our divisions through various digital and non-digital media. We also incorporate customer feedback in our businesses to enable us to better identify and serve our customers' needs and concerns.

Regular customer satisfaction surveys are conducted in our flour and animal feed milling, livestock farming, and environmental engineering

and utilities divisions, covering areas such as product quality, timeliness, service levels and staff competence. In addition, our flour milling division engages extensively with customers on sustainability-related topics through participation in the Supplier Ethical Data Exchange (Sedex), and provides updated information on labour standards, as well as ethical and environmental practices.

In our cinemas division, customer feedback grew from 231 in 2019 to 712 in 2020 (per 100,000 admissions) due to the change in business environment arising from the pandemic. The enquiries were mainly on Covid-19 SOPs, cinema re-opening dates and GSC's online e-commerce store, Keepsake. Complaints received by the division dropped to 27 (per 100,000 admissions) in 2020 from 39 in 2019. The division also uses mystery customers regularly to assess the quality of its services and products to better meet expectations of its patrons.

Inclusivity and diversity

GSC provides wheelchair-accessible facilities including lifts and wheelchair spaces in all its new, and majority of existing cinemas to facilitate cinema-going for people living with disabilities. The division also hosts annual international film festivals to help drive cultural awareness in our communities.

FTSE4Good Index Series

PPB Group Berhad has been on the FTSE4Good Bursa Malaysia, FTSE4Good Emerging Markets and the FTSE4Good Asean5 indices since 2018. The FTSE4Good Index Series, which are reviewed twice annually, identify companies that demonstrate strong environmental, social and governance (ESG) practices measured against globally recognised standards. The FTSE4Good Bursa Malaysia Index comprises constituents, which are drawn from the companies on the FTSE Bursa Malaysia EMAS Index. PPB's inclusion in the indices demonstrates a leading approach within the Malaysian market to address relevant sustainability or ESG risks and our commitment to responsible business practices and deliver value to our stakeholders.

Awards and accolades

In 2020, GSC once again attained the Platinum Brand Award (Entertainment category) from the Putra Brand Awards, which showcases its strong brand equity amongst consumers as the country's most preferred cinema chain. GSC was also recognised as one of Malaysia's 100 Leading Graduate Employers with two awards - Top 100 category and 2nd runner-up in the Media & Entertainment sector.

Privacy and personal data protection

We take our responsibility to protect the individual privacy and personal data of our customers and our employees seriously. The Group is compliant with the Personal Data Protection Act 2010 and the relevant divisions have formal customer privacy policies.

COMMUNITY INVESTMENT

GROUP COVID-19 INITIATIVES

2020 has been an extremely challenging year for many, more so for the vulnerable and B40^{vi} communities whose livelihoods have been impacted by the pandemic, as well as welfare homes that faced a decline in donations.

Since the implementation of the MCO in March until end-2020, the Group has worked with NGOs and food banks like Food Aid Foundation, Yayasan Food Bank Malaysia, Kechara Soup Kitchen, Grace Food Bank, PERTIWI Soup Kitchen and Sunway Food Bank, to provide humanitarian aid comprising more than 1.6 million food and beverage items to communities in need.

The frontline workers who put their lives at risk to keep the rest of us safe were not forgotten. At the height of a PPE shortage, we contributed N95 face masks, coveralls and disposable surgical gowns to government hospitals/clinics/health office and prisons to enable frontline workers to carry out their duties safely and effectively. Food and beverage items were also distributed to frontline workers at government hospitals, as well as to the Royal Malaysian Police and the Malaysian Armed Forces in Kuala Lumpur. We also contributed Powered Air Purifying Respirators (PAPR) to a government hospital for its ICU section.

Apart from the above, the Group donated hand sanitisers and cleaning products to government hospitals/clinic/prison, orang asli communities and welfare homes, as well as reusable fabric facemasks to NGOs/welfare homes. We also assisted families in need and welfare homes to pay their outstanding electricity bills.

For 2020, the Group spent a total of RM2.6 million on Covid-19 initiatives. In 2021, we will continue to support the vulnerable communities and those in need.

2020 GROUP COVID-19 INITIATIVES

Food Projects

<p>7,136 ITEMS</p> <p>(canned food, soyabean milk drink & flour)</p> <p>2 Foodbanks</p>	<p>5,504 ITEMS</p> <p>(canned food, soyabean milk drink & cereals)</p> <p>128 Institutions of higher learning (for students stranded in campus during the MCO)</p>	<p>4,088 ITEMS</p> <p>(food & beverages)</p> <p>6 Government hospitals and police & armed forces personnel working in COVID-19 red zones</p>
<p>FOOD AID</p> <p>3,113 Families</p> <p>4 Foodbanks</p> <p>1 Orang asli community</p>	<p>132,888 ITEMS</p> <p>(frozen food, biscuits & beverages)</p> <p>10 Foodbanks</p> <p>3 NGOs</p> <p>31 Welfare homes</p>	<p>1.515 MIL PCS</p> <p>Massimo Primo</p> <p>50,000 Recipients</p> <p>2 Foodbanks</p>

60,000 PCS N95 MASKS 

14 Government hospitals	10 Government clinics	1 Fire department	3 Prisons
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TOTALLING RM2.6 MILLION

3,500L hand sanitisers 

16,648 bottles cleaning products

10 Government hospitals	2 Government clinics
7 Orang asli communities	127 Welfare homes
1 Prison	

Personal protective equipment (PPE)

7,760 PCS COVERALLS

9 Government hospitals
2 Prisons
1 KLIA health office

5,000 PCS REUSABLE FACE MASKS **60** Welfare homes/NGOs

ELECTRICITY BILLS

64 Families | **20** Welfare homes

2 UNITS powered air purifying respirators 

1 Government hospital

Sustainability Statement

“ We want to be a force for good in the communities where we operate. Local wealth creation is identified as a material issue for the Group, and we are committed to balancing our business needs with support for community growth and well-being. In this, we have taken a more strategic approach to planning and delivering community investment programmes that are closely linked to our businesses and areas of operation. ”

PPB Welfare Funds

PPB has established two funds to benefit those in need for which Kuok Foundation Berhad (“KF”) has been appointed to manage:

1.

PPB-KF Welfare Fund for Perlis, a RM10 million endowment fund was established in 2010 to benefit the poor and underprivileged in Perlis. For 2020, the fund disbursed RM285,513/- to provide vouchers for school items to 1,300 students, 2 study grants and a donation to 1 welfare home. A cumulative total of RM2.17 million has so far been spent on school uniforms and shoes for more than 9,000 primary and secondary school children in need under the PFP-KF’s annual Educare Project, as well as 87 study grants, 199 scholarships and cash donations to welfare homes.

2.

PPB50 Fund, a RM20 million fund was set up in 2019 to commemorate PPB’s 50th anniversary. For 2020, it disbursed a total of RM449,023/- for a Food Program in which 716 students in need from 35 secondary schools in Sungei Petani, Kedah were provided meal vouchers of RM3/- per day, as well as the Back To School Program where 2,472 students in need from Sungei Petani, Kedah and Kemaman, Terengganu were provided essential school items. A cumulative total of RM1.3 million has been disbursed since the Fund’s inception.



Improving the lives of orang asli communities

Since 2015, PPB has been engaging with Malaysia’s indigenous communities, the orang asli, and we remain committed in addressing their need for basic amenities and improving their living conditions. We have identified the most pressing needs – clean water supply, sanitation facilities, electricity and proper shelter – and have continued to focus our efforts in these areas. We believe that the communities that benefit from this programme should be fully involved and encouraged to take ownership of their own well-being and living conditions. Under the terms of our sponsorship, PPB purchases all materials whilst the communities supply the labour.

For the Jakun orang asli communities in Simpai and Tasik Cini in Pahang who had to travel long distances to get water for their daily needs, we started by sponsoring the construction of wells to supply clean water. The completed wells attracted more orang asli to build their homes nearby and as usage of the wells increased, bathing in open areas became inconvenient. To safeguard their privacy and promote hygiene, we progressed to sponsoring a bathroom and two toilets complete with septic tanks for each well recipient.

In Gerik, Perak, where clean water can be readily obtained from nearby streams, we sponsored the building of higher dams and piping systems to provide convenient access. We also sponsored the installation of solar panels for electricity supply, as well as saplings and farming tools for their farming activities.

In 2019, we sponsored zinc roofs and wood panels to enable recipients in Simpai to upgrade their housing. In 2020, we sponsored similar building materials to recipients in Tasik Chini, as well as eight units of 600-gallon water tanks, piping connection and saplings to support the farming activities of two villages in the same location.

CSR Task Force

A CSR Task Force headed by PPB’s Head of Corporate Affairs/ Group Chief Sustainability Officer and comprising members from PPB’s Head Office and its business segments was set up in 2017 to assist the Sustainability Steering Committee (“SSC”) in devising strategies and reviewing, managing, implementing and tracking the Group’s community investment programmes. Our Group community investment strategy comprises three pillars – Social, Environmental, and Arts & Culture – and supports youth education and development, living skills and standards enhancement, environmental awareness and health activities, amongst others. The Task Force meets at least twice a year and reports to the SSC.

The Group spent a total of RM3.015 million on community investments in 2020, of which RM2.6 million (86.2%) was on Covid-19 initiatives. Contributions to registered NGOs for the same period amounted to RM1.176 million (39.0%). Some of our key projects are presented below.

Sustainability Statement

Year	Sponsored	Serves	Location
2015	10 wells	158 individuals	Simpai, Pekan
2016	10 wells	244 individuals	Tanjong Gong, Tasik Cini
2017/2018	8 sets of toilets & bathrooms	123 individuals	Simpai, Pekan
	7 sets of toilets & bathrooms	208 individuals	Tanjong Gong, Tasik Cini
	Dam with piping system & solar panels	3 villages	Gerik, Perak
2018	Cleanliness campaign	192 individuals	Simpai, Pekan
	Saplings & farming tools	3 villages	Gerik, Perak
2019	Zinc roofs, bricks & wood panels	7 families	Simpai, Pekan
2020	Zinc roofs & wood panels	5 families	Tanjong Gong, Tasik Cini
	Water tanks, piping connection, saplings	2 villages	Tanjong Gong, Tasik Cini

Empowering single mothers

The Supermum Project is a collaboration between PPB, the Rotary Club of Petaling Jaya (RCPJ) and Beutifood, a member of the Fantastic Food Factory, to empower single mothers to bake and sell their products for a living. PPB contributed the baking equipment, renovation cost of the baking studio at the Majlis Bandaraya Petaling Jaya premises in Taman Megah, Petaling Jaya, and transport allowances to successful trainees. The 10-week 10-module programme facilitated by a chef lecturer hired by Beutifood, also equips the trainees with entrepreneurial knowledge. The first batch of 10 single mothers completed the programme in September 2020, with PPB organising the last module on business training covering basic accounting, branding, e-commerce and in-depth information on flour, facilitated by staff from PPB Head Office, GSC and FFM. Single mothers who have completed the training are encouraged to bake and sell, with RCPJ and PPB assisting in marketing their products. The interview and selection process for the second batch of single mothers has been completed and start date of training is pending due to the MCO.

Bridging cultures through film

Our cinemas division plays a role in stimulating greater awareness of the arts, and bridging cultures. Since 1999, GSC International Screens has regularly offered local audiences alternative content comprising foreign language and award-winning films, anime, concerts, as well as other non-mainstream fare. Film festivals hosted in partnership with foreign embassies were included in 2001 to bring the diverse cultures of international cinema to Malaysians. Some of these film festivals have since grown into annual events much anticipated by an increasing number of followers. Eight film festivals were originally planned to be showcased in 2020. However, due to the pandemic restrictions, only the China Film Week was held in January while the other seven festivals were either cancelled, moved online, or deferred to 2021.

Development of youth skills

In 2019, PPB and FFM jointly completed the set up of a baking studio “bake X dignity” (“bake X”) for the Dignity for Children Foundation (“Dignity”), an organisation that provides quality education for the underprivileged and marginalised with the aim of eradicating poverty. The first batch of 10 students completed a 162-hours’ baking course and were awarded Baking Certificates on passing an assessment test. In 2020, bake X started training sessions for 37 students (second highest enrolment of 12 skills class offered) from January until classes were disrupted in March by the implementation of the MCO. Although bake X was unable to carry out the full training, they did fully utilise the baking studio to carry out activities to raise funds to sustain its operations:

1. produced bulk corporate orders for baked products for Hari Raya and Christmas;
2. ran a Mother’s Day Campaign;
3. produced 1,600 kg of brownie chips for a local granola company; and
4. sold some of their popular baked products online.

In carrying out these activities, bake X also provided part time baking jobs to seven refugees during the MCO period.



Sustainability Statement



Giving back to the community

- Cheras LeisureMall (CLM) hosted its annual Chinese New Year luncheon at the Mall for 100 senior citizens from five welfare homes.
- The annual "Toy Bank, A Gift of Love" was started by CLM in 1999, where the public are invited to fulfil the Christmas wishes of underprivileged children. This year, 300 children from three orphanages were selected to submit their wish list and more than 800 gifts were collected.
- CLM launched its "Give. Share. Love." campaigns for those in need through two programmes in February 2020. The "Food for Love" programme provides a platform for public donation of non-perishable food items via a collection box in the Mall to be channelled to selected charity homes on a monthly basis. In 2020, a total of 1.24 tonne of food products and 844 kgs of cleaning products have been collected and distributed to eight homes benefitting 365 residents. The "Eye Care for You" programme is a joint CSR activity with CLM's optical care tenants to provide spectacles to children at charity homes on a quarterly basis.
- CLM held two blood donation drives in 2020 in response to the National Blood Bank's call to the public to donate blood as its stock had been impacted by the MCO. A total of 190 pints of blood were collected during the sessions where physical distancing and safety measures were strictly adhered to.

Other key 2020 community projects

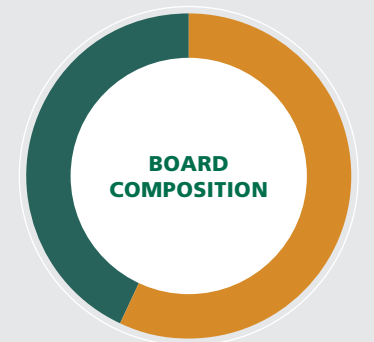
- GSC champions autism awareness and in September 2020, GSC launched an integrated campaign centred around the French film "The Specials", supported by an arts exhibition featuring works of four artists with autism, a charity bazaar, and sale of t-shirt merchandise.
- CWM Group Sdn Bhd contributed towards the food, transportation and accommodation for 41 participants of a 3-phase workshop "Programme to Enhance the Digital Marketing Skills of the Orang Asli" which was jointly organised by Universiti Kebangsaan Malaysia and Jabatan Kemajuan Orang Asli. The objective of the workshop was to provide orang asli youths with entrepreneurial and digital marketing skills, and a digital platform to help market their products.
- Malayan Adhesives and Chemicals Sdn Bhd collaborated with Jabatan Perhutanan Daerah Pantai Klang, Universiti Putra Malaysia and Paya Bakau Sijangkang Recreational Park to repair and upgrade facilities at the Mangrove Swamp Recreation Park in Sijangkang, Kuala Langat in February 2020.
- As physical festive celebrations could not be organised in 2020 due to the pandemic restrictions, we chose to support some of the B40 community by purchasing electrical appliances such as freezers, refrigerators and oven to help boost their cottage businesses.

25 March 2021

Notes to data:

- Sixty-three employees were retrenched due to the cessation of operations.
- No forests have been cleared for agricultural purposes.
- The section where young birds of less than 16 weeks old are housed before they become layers.
- Figures for Livestock farming's water usage in m³ for 2019 has been restated to include final reporting data.
- The Malaysian Sustainable Palm Oil (MSPO) Certification scheme is the national scheme for oil palm plantations, independent and organized smallholdings and palm oil processing facilities to be certified against the requirements of the MSPO standards.
- Malaysians are categorized into three different household income groups: Top 20% (T20), Middle 40% (M40), and Bottom 40% (B40).

Board of Directors



57%
Independent Directors

43%
Non-independent Directors

Directors' Profiles

01

TAN SRI DATUK OH SIEW NAM

- ▶ Chairman
Non-independent Non-executive Director
Member of Remuneration Committee

Gender: Male

Age: 82

Date of Appointment:

- Director - 2 March 1988
- Executive Chairman - 1 July 2004
- Chairman - 1 February 2008

Qualifications and Experience

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Canterbury, New Zealand.
- Assistant Controller of Telecom Malaysia for five years before joining FFM Berhad ("FFM") Group in 1968.
- Managing Director of FFM from 1982 to 2002, and Executive Chairman from 2002 to 2006.
- Board member of Bank Negara Malaysia from 1989 to 2015.
- Served as a member of the Capital Issues Committee and the National Economic Consultative Council II (MAPEN II).
- Chairman of PPB Oil Palms Berhad from 2004 to 2007.

Other Directorships in Public Companies and Listed Issuers

- Kuok Foundation Berhad

02

MR LIM SOON HUAT

- ▶ Managing Director
Non-independent Executive Director

Gender: Male

Age: 56

Date of Appointment:

- Director - 29 May 2008
- Managing Director - 1 July 2012

Qualifications and Experience

- Bachelor of Science (Honours) degree in Statistics from Universiti Kebangsaan Malaysia.
- Many years of management experience in the field of finance, commodities trading, consumer goods manufacturing and marketing, hotel investments, sugar cane plantation and sugar milling operation.
- Held various senior executive positions in the Kuok group of companies in Singapore, Thailand, Hong Kong, China and Indonesia.

Other Directorships in Public Companies and Listed Issuers

- Malaysian Bulk Carriers Berhad
- Ponderosa Golf & Country Resort Berhad

Directors' Profiles

03

DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

- ▶ Independent Non-executive Director
Chairman of Remuneration Committee
Member of Audit Committee

Gender: Male

Age: 71

Date of Appointment:

- 22 June 2009

Qualifications and Experience

- Qualified as a Master Mariner with a Masters Foreign-going Certificate of Competency from the United Kingdom in 1974.
- Diploma in Applied International Management from the Swedish Institute of Management.
- Attended the Advanced Management Program at Harvard University.
- Fellow of the Chartered Institute of Logistics and Transport and the Institut Kelautan Malaysia.
- Has over 45 years experience in the international maritime industry.

Other Directorships in Public Companies and Listed Issuers

Nil

04

DATUK ONG HUNG HOCK

- ▶ Non-independent Non-executive Director
Member of Nomination Committee

Gender: Male

Age: 67

Date of Appointment:

- 1 July 2012

Qualifications and Experience

- Bachelor of Arts (Honours), University of Malaya.
- Held executive positions in marketing in various companies before joining FFM Berhad ("FFM") Group in 1980.
- Held various senior positions in FFM Marketing Sdn Bhd from 1998 to 2019, including Managing Director and Chairman.
- Director of FFM from 2004 to 2019 and Managing Director of FFM from 2011 to 2019.

Other Directorships in Public Companies and Listed Issuers

Nil

Directors' Profiles

05

MR SOH CHIN TECK

- ▶ Independent Non-executive Director
Chairman of Audit Committee
Member of Nomination Committee

Gender: Male**Age:** 63**Date of Appointment:**
8 October 2012**Qualifications and Experience**

- Bachelor of Economics, Monash University, Melbourne, Australia.
- Masters in Business Administration – International Management, RMIT University, Australia.
- Fellow member of the Institute of Chartered Accountants Australia.
- Member of the Malaysian Institute of Accountants.
- Member of the Australian Institute of Company Directors.
- More than 13 years audit experience and held various senior positions in member firms of Deloitte in Singapore, Sydney and Kuala Lumpur.
- Former Executive Director and General Manager of CSR Building Materials (M) Sdn Bhd.
- Former Business Director and board member of Rockwool Malaysia Sdn Bhd.
- Former Chairman of FMM-Malaysian Insulation Manufacturers Group.
- Former Deputy Managing Director of Saint-Gobain Malaysia Sdn Bhd.

Other Directorships in Public Companies and Listed Issuers

- Freight Management Holdings Berhad

06

ENCIK AHMAD RIZA BIN BASIR

- ▶ Independent Non-executive Director
Chairman of Nomination Committee

Gender: Male**Age:** 60**Date of Appointment:**
25 July 2013**Qualifications and Experience**

- Bachelor of Law (Honours), University of Hertfordshire, United Kingdom.
- Barrister-at-Law (Lincoln's Inn), London.
- Called to the Malaysian Bar in 1986.
- Former partner of the law firm, Riza, Leong & Partners.
- Former Managing Director of Kumpulan FIMA Berhad.
- Former director of Jerneh Asia Berhad (now known as JAB Capital Berhad) from 1996 to 2012.
- Independent director of United Plantations Berhad since 2000.

Other Directorships in Public Companies and Listed Issuers

- United Plantations Berhad

Directors' Profiles

07

MADAM TAM CHEW LIN

- ▶ Independent Non-executive Director
Member of Audit Committee
Member of Remuneration Committee

Gender: Female**Age:** 70**Date of Appointment:**
25 July 2013**Qualifications and Experience**

- Fellow member of the Institute of Chartered Accountants in England and Wales (1975).
- Chartered Accountant – Malaysian Institute of Accountants.
- Public Accountant – Malaysian Institute of Certified Public Accountants.
- Diploma in Applied International Management – Swedish Institute of Management.
- Postgraduate Certificate in Banking and Finance – University of Wales, Bangor.
- Appointed as director of Jerneh Asia Berhad (now known as JAB Capital Berhad ("JAB")) in 1996; and subsequently appointed as Executive Director in 2000.
- Appointed as Managing Director of JAB group of companies from 2005 until her retirement at end-2012.
- Held various positions in the IMC group of companies from 1991 to 2000.

Other Directorships in Public Companies and Listed Issuers

- JAB Capital Berhad
- FWD Takaful Berhad

Notes:

1. All the Directors are Malaysians.
2. None of the Directors has any family relationship with any other Director and/or major shareholder of the Company, nor any conflict of interest with the Company.
3. Other than traffic offences, none of the Directors had any convictions for any offences within the past five years, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Key Senior Management Team



Key Senior Management Team

01

MR LIM SOON HUAT

► Managing Director of PPB Group Berhad

62

Mr Lim's profile is set out on page 62.

02

MR JEREMY GOON KIN WAI @ JEREMY RUAN JIANWEI

► Director and General Manager of FFM Berhad

Year of joining PPB Group: 2019

Gender: Male

Age: 49

**Date Appointed to the Key Senior
Management Position:** 1 October 2019

Qualifications and Experience

- Bachelor of Arts (Honours) degree in Management Science & Law from Keele University, United Kingdom.
- Currently the Chief Sustainability Officer of Wilmar International Limited ("Wilmar") and Executive Director of Wilmar's Plantation Operations, and also heads the Corporate Communications and Investor Relations functions of Wilmar.
- Held several senior positions in the Kuok Group of Companies since 2002 and has management experience in edible oils processing operations, trading, brand management, marketing and sustainability.
- Serves on the boards of several local and overseas entities amongst them, PT Gunung Madu Plantations (Indonesia) and Palmci, Group SIFCA (Ivory Coast).
- Serves in various capacities in trade organisations such as the Malaysian Palm Oil Association, Malaysian Palm Oil Council and Tropical Forest Alliance 2020.

Directorship in Public Companies and Listed Issuers

- FFM Berhad
- PPB Oil Palms Berhad
- Rainbow Ridge Berhad

Key Senior Management Team

03

IR LEONG YEW WENG

▶ Managing Director of Chemquest Sdn Bhd

Year of joining PPB Group: 1993

Gender: Male

Age: 61

Date Appointed to the Key Senior

Management Position: 7 June 2005

Qualifications and Experience

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Liverpool.
- Masters of Business Administration from Brunel, University of London.
- Registered Professional Engineer with Practising Certificate (PE) with Board of Engineers.
- Member of the Malaysian Institute of Engineers.
- Attached with Behn Meyer and Esso Production Malaysia Inc in the early 1980s. Held numerous management positions and served overseas assignments in Europe and Asia.
- Joined the Group as CEO of CWM Group Sdn Bhd in 1993. Appointed as Managing Director of Chemquest Sdn Bhd since 2005.
- Has accumulated more than 30 years of experience in engineering, procurement and construction, business development and corporate management in the Power, Oil & Gas, Infrastructure, Utilities and Environmental Engineering industries.

Directorship in Public Companies and Listed Issuers

None

04

MS KOH MEI LEE

▶ Chief Executive Officer of Golden Screen Cinemas (GSC) Group & Head of Corporate Affairs of PPB Group Berhad

Year of joining PPB Group: 1990

Gender: Female

Age: 55

Date Appointed to the Key Senior

Management Position: 1 January 2002

Qualifications and Experience

- Bachelor of Business Administration degree (Summa Cum Laude) in Finance from the University of Montevallo, USA.
- Oversees the corporate affairs, sustainability and investor relations of PPB Group as well as the Group's leisure operations.
- Appointed as Director of GSC Group since February 2001 and has been Chief Executive Officer of GSC Group since January 2002.

Directorship in Public Companies and Listed Issuers

None

Key Senior Management Team

05

MR LOW ENG HOOI

▶ Chief Executive Officer of PPB Properties

Year of joining PPB Group: 2019

Gender: Male

Age: 56

Date Appointed to the Key Senior

Management Position: 3 July 2019

Qualifications and Experience

- Bachelor of Science (Honours) degree in Housing, Building & Planning and Bachelor of Architecture (Honours) degree from University of Science Malaysia.
- Registered architect with Board of Architects Malaysia; and corporate member of Pertubuhan Akitek Malaysia.
- Has more than 30 years working experience in property development.
- Held executive positions in major conglomerates namely Keppel Land, Boustead Holdings, Khazanah Group and Shangri-La Group of companies.

Directorship in Public Companies and Listed Issuers

None

06

MS YAP CHOI FOONG

▶ Chief Financial Officer of PPB Group Berhad

Year of joining PPB Group: 2017

Gender: Female

Age: 56

Date Appointed to the Key Senior

Management Position: 1 November 2017

Qualifications and Experience

- Fellow member of the Association of Chartered Certified Accountants, United Kingdom.
- Prior to joining PPB Group Berhad as Head of Corporate Strategy and Planning in March 2017, she was the Group Chief Financial Officer of RHB Banking Group.
- Has over 30 years working experience in auditing; finance and accounting; corporate finance; corporate & strategic planning; and merger, acquisition & integration.

Directorship in Public Companies and Listed Issuers

None

Key Senior Management Team

07

MR MAH TECK KEONG

► Company Secretary of PPB Group Berhad

Year of joining PPB Group: 1989

Gender: Male

Age: 58

Date Appointed to the Key Senior

Management Position: 27 November 2008

Qualifications and Experience

- Associate member of The Malaysian Institute of Chartered Secretaries and Administrators.
- Oversees the corporate secretarial and legal matters of PPB and various subsidiaries, and other affiliated companies.

Directorship in Public Companies and Listed Issuers

None

08

MS OH SOK TUAN, AMANDA

► Chief Human Resources Officer of PPB Group Berhad

Year of joining PPB Group: 2019

Gender: Female

Age: 48

Date Appointed to the Key Senior

Management Position: 15 May 2019

Qualifications and Experience

- Bachelor of Arts (Honours) degree in Business Administration in Human Resources Management from University of Wales.
- 18 years of leadership experience in multinational settings, operating in diverse industries such as shipping, insurance and chemical manufacturing prior to joining PPB Group Berhad.
- Experience includes leading change for operational efficiency, resource optimisation, leadership and talent development, cultural transformation and enhancing employer value proposition.

Directorship in Public Companies and Listed Issuers

None

Notes:

1. All the members of the key senior management team are Malaysians.
2. None of the key senior management team has any relationship with any director and/or major shareholder of PPB, nor any conflict of interest with the Company.
3. Other than traffic offences (if any), none of the key senior management team had any convictions for any offences within the past five years, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Corporate Governance Overview Statement

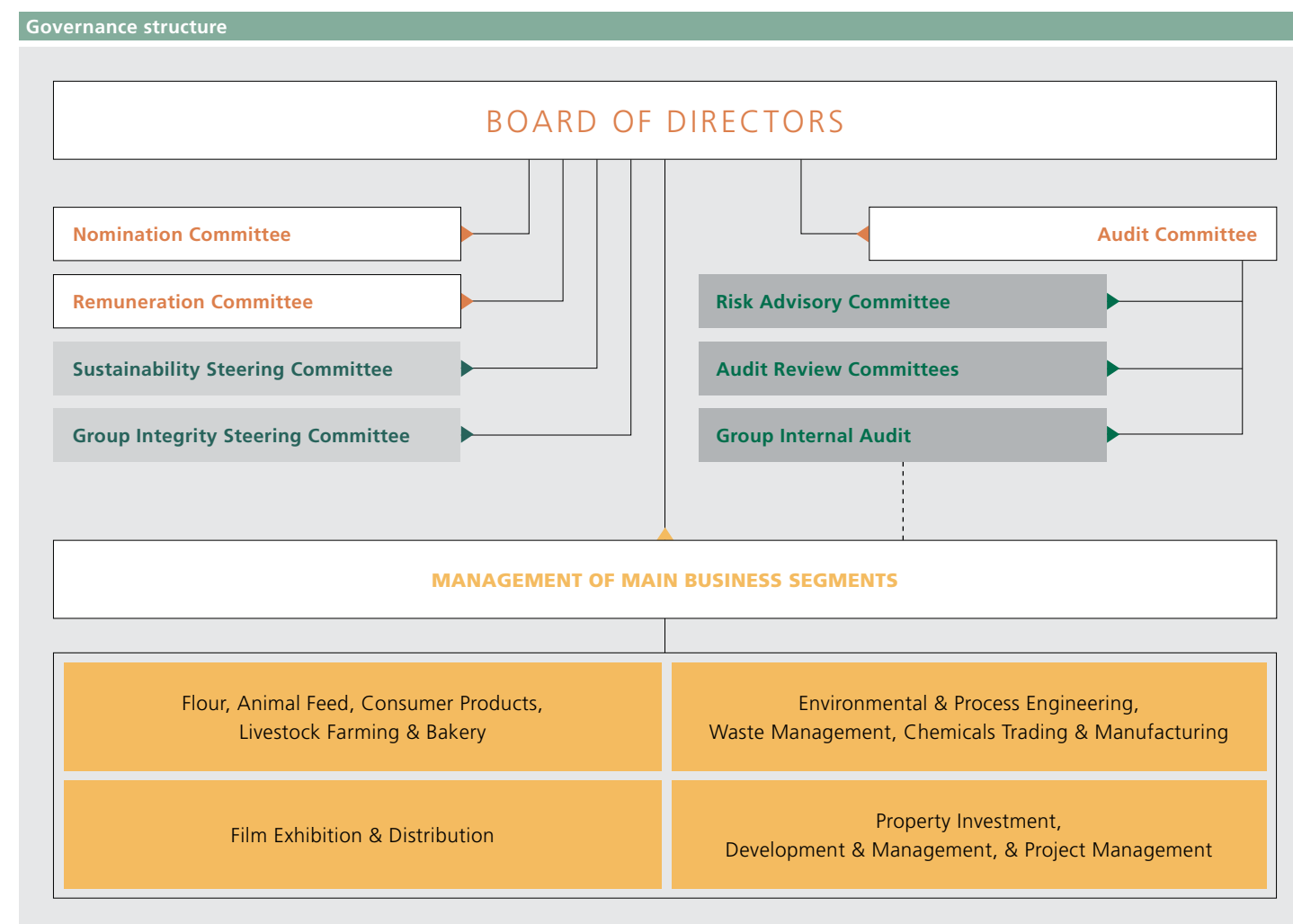
This Corporate Governance Overview Statement (“CGS”) provides a summary of the corporate governance practices of PPB Group Berhad (“PPB”) and its subsidiaries (“Group”) during the financial year ended 31 December 2020 (“FY2020”) with reference to the three Principles in the Malaysian Code on Corporate Governance (“MCCG”), viz:

Principle A	Principle B	Principle C
Board leadership and effectiveness	Effective audit and risk management	Integrity in corporate reporting and meaningful relationship with stakeholders

It also highlights key focus areas and future priorities in relation to our corporate governance practices.

This statement should be read together with the Company’s Corporate Governance Report (“CGR”) for FY2020 which is based on a prescribed format to provide a more detailed description of the Group’s corporate governance practices vis-à-vis the MCCG. The CGR is available on the websites of Bursa Malaysia (<http://www.bursamalaysia.com>) and PPB (<https://www.ppbgroup.com>). The CGS should also be read in tandem with other statements in the 2020 Annual Report, viz the Audit Committee Report, Statement on Risk Management and Internal Control, and the Sustainability Statement.

The Group’s governance structure during the year was as follows:



Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board responsibilities

The board charter sets out matters reserved for the Board’s decision and outlines the Board’s roles and responsibilities; it will be reviewed to align with the updated PPB Group Strategic Plan and other frameworks; and to include environmental, sustainability and governance (“ESG”) considerations. The schedule of matters for the Board’s decision includes amongst others, the overall Group strategy and direction; major policies, board and board committee appointments; approval of financial statements, corporate plans and budgets, material acquisitions and disposals of assets, and major investments.

The Board has oversight of the overall performance and control of the Group, setting and reviewing the strategic direction of the Group, and monitoring the implementation by management of that strategy. Specific responsibilities are delegated to the three main Board committees, namely the Audit, Nomination and Remuneration Committees. These committees operate within Board-approved terms of reference, and have authority to examine issues and report to the Board with their findings and recommendations.

The roles of the Chairman and Managing Director are separate. The non-executive Chairman’s responsibilities include overseeing the governance process, as well as represent the Board to shareholders. The Managing Director is responsible for overseeing the development and operations of the Group’s businesses, and implementing corporate strategies and objectives adopted by the Board.

The Board sets the minimum standards of conduct and personal behaviour; to maintain a uniform set of values and ethics within the Group, a Group-wide code of ethics and code of conduct has been adopted, and embedded in the respective Group employee handbooks. A whistle-blower policy adopted by the Company in 2015 is incorporated in the employee handbook, and has also been adopted by the respective business units throughout the Group.

Anti-bribery and corruption

The directors of PPB are committed to complying with anti-bribery and corruption laws in Malaysia and other countries in which the Group operates. The Group Anti-Bribery and Corruption (“ABAC”) Policy is applicable to all directors and employees of PPB Group as well as the Group’s business associates. The ABAC Policy was also communicated to all parties with whom the Group has business dealings, and is accessible to the public via publication on the Group entities’ corporate websites. The Group ABAC Policy may be viewed at the Company’s website: <https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/group-anti-bribery-and-corruption-policy>

The ABAC Policy sets out PPB’s stance against bribery and corruption, managing conflicts of interest, policy on gifts, hospitality and entertainment, donations and sponsorship, handling facilitation payment requests and whistleblowing. There is also an ABAC manual to provide more detailed guidance to employees.

The Board is responsible for the oversight of the ABAC/Integrity programme, and has delegated authority and day-to-day decisions to the Group Integrity Steering Committee.

Board and Committee meetings

The meetings of the Board and Board Committees held in FY2020 and attendance record are set out below:

Board of Directors

100% **Tan Sri Datuk Oh Siew Nam**
Number of meetings attended: 6/6

100% **Mr Lim Soon Huat**
Number of meetings attended: 6/6

100% **Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid**
Number of meetings attended: 6/6

100% **Datuk Ong Hung Hock**
Number of meetings attended: 6/6

100% **Mr Soh Chin Teck**
Number of meetings attended: 6/6

100% **En Ahmad Riza bin Basir**
Number of meetings attended: 6/6

100% **Madam Tam Chiew Lin**
Number of meetings attended: 6/6

Audit Committee

100% **Mr Soh Chin Teck**
Number of meetings attended: 5/5

100% **Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid**
Number of meetings attended: 5/5

100% **Madam Tam Chiew Lin**
Number of meetings attended: 5/5

Corporate Governance Overview Statement

Nomination Committee

100% **En Ahmad Riza bin Basir**
Number of meetings attended: 2/2

100% **Datuk Ong Hung Hock**
Number of meetings attended: 2/2

100% **Mr Soh Chin Teck**
Number of meetings attended: 2/2

Remuneration Committee

100% **Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid**
Number of meetings attended: 1/1

100% **Tan Sri Datuk Oh Siew Nam**
Number of meetings attended: 1/1

100% **Madam Tam Chiew Lin**
Number of meetings attended: 1/1

In exercising their duties, directors have access to information within the Company and the support of the company secretary. The company secretary also updates directors on statutory, regulatory and related governance requirements relating to the discharge of their duties and responsibilities.

Board composition

The Board comprises a majority of independent directors; of the seven Board members, four are independent. The remainder of the Board comprises two non-independent non-executive directors, and the Managing Director.

The independent directors are able to carry out their duties and express their views unfettered by familiarity, or business or other relationships. They provide skills, competencies as well as broader views to enhance the Board’s effectiveness.

The Board has agreed that annual shareholders’ approval be sought to extend the tenure

of any director who has served for more than nine years as an independent director. Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid’s tenure as an independent director was further extended at the 51st Annual General Meeting (“AGM”) of the Company in 2020 until the conclusion of the next AGM, pursuant to the recommendation in the MCCG. The Nomination Committee (“NC”) and the Board are satisfied that Dato’ Sufian is able to exercise independent judgment and act in the best interests of the Company, and recommended the continuation of Dato’ Sufian’s term as an independent director beyond 12 years, for shareholders’ approval at the 52nd AGM of the Company.

The Board strives to achieve a balance and mix of skills, experience and perspectives amongst its directors, to collectively bring a range of experience, business, financial and technical expertise for effective oversight of the Group’s diversified businesses, and fulfill the Board’s duties and responsibilities.

Annual (re)election of directors

In accordance with the Company’s Constitution, one third of the directors retire by rotation at the AGM every year, and are subject to re-election by members.

The NC also reviews annually the training undertaken by Directors and recommends topics which are relevant or of interest to the Board to keep abreast with business and regulatory developments. In 2020, the Directors attended PPB’s annual in-house training session for directors and senior management, and the topics selected included the following:

- Harnessing Recovery Path to the Next Normal (update on economic and business conditions).
- An introduction to integrated reporting.
- Applied Resilience – Mental health and emotional capacity building for the future.

All Directors also attended an ABAC training session conducted by the Company’s Risk Management and Integrity Department.

In addition to the above, the following Directors attended other training sessions during the year, and the topics included:

Name of Director	Title/Subject
Mr Lim Soon Huat	<ul style="list-style-type: none"> • Mental Health First Aid introduction and training course
Madam Tam Chiew Lin	<ul style="list-style-type: none"> • Understanding the Evolving Cybersecurity Landscape • Shariah Training: Takaful Terminologies • Banking on Governance, Insuring Sustainability • Staying ahead with Data Analytics • Refresher – Understanding Fintech and its implications for banks • Code of Conduct and Anti Money Laundering • Managing Cyber Security Risk • Climate Action: The Board’s Leadership in Greening the Financial Sector • Gift, Entertainment & Anti-Bribery, Information Security and Data Protection, and Conduct Risk • Green Fintech: Ping An’s journey to become a top ESG-performing Financial Institution.

Corporate Governance Overview Statement

The criteria for evaluation of candidates for appointment as directors (and senior management positions) include their qualification, occupation, professional and business experience, and is subject to the Company/Group's requirements and operating environment. Prospective candidates are not discriminated based on gender, age, cultural background etc.

The Group recognises the importance of identifying and developing potential leaders and managers to fill key positions (whether on the board or senior management) in the Company and Group, from both internal and external sources. This is an on-going process based on the Group's short and longer term needs in terms of skills, expertise, knowledge and experience.

Board evaluation

Candidates for board appointments are reviewed by the NC before recommendation to the Board. The NC is chaired by Encik Ahmad Riza bin Basir, an independent director.

The NC reviews annually the Board size and composition, as well as the mix of Directors necessary for the successful direction of the Company and Group's businesses. This includes an annual Board assessment, an assessment of the independent directors, as well as an annual review of the Audit Committee. For the year under review, the Board is satisfied with the present number and composition of its members and is of the view that the Board had discharged its duties and responsibilities effectively. The Board assessment for 2020 covered their experience and expertise/knowledge in the following areas:

- Business knowledge
- Accounting and financials
- Corporate governance, risk management and internal controls
- Legal and regulatory
- Human capital
- Information technology knowledge
- Stakeholder engagement
- Sustainability

Gender diversity

There is presently no formal gender diversity policy. The Board is of the opinion that it is important to recruit and retain the best available talent, taking into account the mix of skills, experience, knowledge and independence, and based on the Group's needs and operating environment. Nonetheless, the Board will endeavour to increase board gender diversity, and it will be one of the factors to be considered in evaluating prospective candidates when a board vacancy arises.

Remuneration

The Board reviews the overall remuneration of executive and non-executive directors at regular intervals to attract and retain directors with the relevant experience and expertise.

The Managing Director's remuneration is determined after taking into account his duties and responsibilities as Managing Director of PPB, his roles in various capacities in the main business units, and the Group's performance for the year. For non-executive directors, the remuneration reflects their roles and responsibilities, and the recommendation thereof is a matter for the Board as a whole subject to shareholders' approval.

Corporate Governance Overview Statement

The details of the individual directors' remuneration paid/payable for FY2020 on a Group and Company basis are set out below:

Group							
Figures in RM'000	Fees	Salary	Bonus	Meeting allowances	Benefits-in-kind	EPF*	Total
Executive Director							
Lim Soon Huat	17	1,000	1,800	-	39	449	3,305
Non-executive Directors							
Tan Sri Datuk Oh Siew Nam	506	-	-	9	34	-	549
Datuk Ong Hung Hock	86	-	-	10	-	-	96
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	109	-	-	15	-	-	124
Soh Chin Teck	121	-	-	21	-	-	142
Ahmad Riza bin Basir	88	-	-	15	-	-	103
Tam Chiew Lin	106	-	-	14	-	-	120

Company							
Figures in RM'000	Fees	Salary	Bonus	Meeting allowances	Benefits-in-kind	EPF*	Total
Executive Director							
Lim Soon Huat	-	1,000	1,800	-	39	449	3,288
Non-executive Directors							
Tan Sri Datuk Oh Siew Nam	506	-	-	9	34	-	549
Datuk Ong Hung Hock	86	-	-	10	-	-	96
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	109	-	-	15	-	-	124
Soh Chin Teck	121	-	-	18	-	-	139
Ahmad Riza bin Basir	88	-	-	15	-	-	103
Tam Chiew Lin	106	-	-	14	-	-	120

* Employees Provident Fund

The remuneration of the top five senior management of the PPB Group (excluding those who are also Directors of PPB) paid/payable for FY2020 on an aggregated basis in RM50,000 bands is as follows:

Remuneration bands	Number of senior management staff
RM1,100,001 – RM1,150,000	1
RM1,200,001 – RM1,250,000	1
RM1,500,001 – RM1,550,000	1
RM1,700,001 – RM1,750,000	1
RM2,800,001 – RM2,850,000	1

The Group senior management remuneration is commensurate with their duties and responsibilities, the performance of the respective company or business entity, and the operating environment. The Board is of the opinion that the disclosure of the senior management's names and remuneration components would not be in the best interest of the Group due to confidentiality, business and personal security concerns. The above disclosure is deemed sufficient to enable stakeholders to assess senior management remuneration vis a vis the Group's performance.

Corporate Governance Overview Statement

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee (“AC”) comprises entirely of independent directors; the AC Chairman is also separate from the Chairman of the Board.

The principal functions of the AC include the following:

- Ensure that the financial statements comply with applicable financial reporting standards, and assess the suitability and independence of external auditors.
- Assess the adequacy and effectiveness of the Group’s enterprise-wide risk management and internal control framework.

The members of the AC possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the AC’s terms of reference, which are available on the Company’s website. An annual self and peer evaluation of the AC is carried out and reviewed by the NC. The Audit Committee Report on pages 78 to 80 of the annual report provides more details on the AC’s functions during the year.

Risk management and internal control framework

Responsibility for ensuring a sound internal control system and reviewing the effectiveness of the system lies with the Board. The Group’s system of risk management and internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Company’s corporate objectives and safeguard the Group’s assets. It therefore provides reasonable but not absolute assurance against material misstatement, fraud or loss.

A risk management and internal control framework has been established which covers the Group’s risk assessment process and internal controls, with oversight and reporting on the effectiveness of this function. There were no significant risk management and internal control failings or weaknesses which resulted in material losses or contingencies during the financial year.

The Statement on Risk Management and Internal Control set out on pages 81 and 82 of the 2020 Annual Report provides a more detailed description of the state of risk management and internal controls.

Corporate Governance Overview Statement

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with stakeholders

PPB’s Corporate Disclosure Policy (“CDP”) sets out the disclosure policies and procedures, and provides a framework to communicate effectively with stakeholders and the public generally. The policy may be viewed at the Company’s website: <https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/corporate-disclosure-policy>

The Company seeks to provide stakeholders with timely, accurate, clear and equal access to material information on the Company’s performance and operations. The principal sources of information disseminated by the Company during the year include the annual report, quarterly investor updates, news releases and company website.

PPB’s investor relations programme is directed at both individual and institutional investors, with the objective to maintain ongoing awareness of the Company’s performance amongst shareholders, media and the investing community. Normally twice-yearly analyst briefings are held after the release of the half-yearly and final results together with media conferences. In 2020, only one session was held in view of the then Movement Control Order (“MCO”) imposed by the government arising from the Covid-19 pandemic. The Company makes every attempt to meet requests for meetings or information from the investing community.

In respect of integrated reporting <IR>, the Board has agreed to consider its adoption subject to a study by management on the feasibility, requirements etc.

Conduct of general meetings

The 51st Annual General Meeting (“AGM”) held on 12 June 2020 was conducted for the first time entirely via live streaming and online remote poll voting. This enabled shareholders to participate and vote remotely, notwithstanding the imposition of the MCO and observance of safety requirements.

The Company endeavours to issue the notice of AGM not later than 28 days before the meeting. However due to the MCO restrictions, the AGM notice in 2020 was issued 24 days before the meeting; this was above the minimum notice period (21 days) prescribed in both the Companies Act 2016 and Bursa Securities Main Market Listing Requirements.

The AGM notice sets out the resolutions to be tabled and includes explanatory notes and other relevant information on the matters to be discussed and decided at the AGM. Shareholders were able to exercise their votes either in person, or appoint a representative or proxy to attend and vote on their behalf using remote participation and voting facilities. Voting was by poll, conducted electronically and verified by an independent scrutineer.

It is the Company’s practice that all Board members including the respective chairs of the various committees attend AGMs and are available to deal with any questions on matters under their purview. At the meetings, shareholders can express their views or raise questions relating to the Group’s financial performance and business operations.

Focus Areas on Corporate Governance

The updated Group Strategic Plan covers the four main business segments, and aims to:

- align the Group’s business activities towards the achievement of its vision and objectives;
- provide a framework within which the businesses can operate and develop;
- help management monitor and actualise investments, project development plans and prospects; and
- facilitate discussion with stakeholders on the Group’s businesses.

The Board approved the updated Group Strategic Plan in 2020, which includes the 5-year strategic plans of the various business units. The strategic plans of various business units align with the Group’s objectives in response to a dynamic environment; and include ESG considerations.

This statement is made in accordance with a resolution of the Board of Directors dated 25 March 2021.

Audit Committee Report

COMPOSITION

The members of the Audit Committee ("AC") of PPB Group Berhad ("PPB") during the financial year ended ("FYE") 31 December 2020 comprised the following Directors:

Name of AC member	Membership	Directorship
Mr Soh Chin Teck	Chairman	Independent Non-executive
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	Member	Independent Non-executive
Madam Tam Chiew Lin	Member	Independent Non-executive

MEETINGS

The number of AC meetings held in 2020 and details of attendance of each committee member are as follows:

Name of AC member	No. of Audit Committee meetings	
	Held	Attended
Mr Soh Chin Teck	5	5
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	5	5
Madam Tam Chiew Lin	5	5

The AC performed the duties specified in its terms of reference in FYE 31 December 2020 as follows:

External audit

- For the annual statutory audit, the AC together with the Chief Financial Officer ("CFO") of PPB and the respective Heads of Finance of the main subsidiary business units, reviewed the external auditors' audit plan and scope of work for FYE 31 December 2020. The AC was also briefed on the status of the audit and resolution of areas of audit emphasis which the external auditors noted during the course of the audit. Other observations and opportunities for improvement, together with management's responses, were also highlighted to the AC.
- At the close of each quarter, the AC reviewed the quarterly financial statements of PPB with the CFO and the respective Heads of Finance of the main subsidiary business units, prior to approval by the Board, to ensure that the condensed financial statements are in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable financial reporting standards. Questions and/or concerns raised by the AC on the financial statements are addressed accordingly.
- The AC reviewed with the CFO, the audited financial statements for the year under review prior to approval by the Board, to ensure that they were prepared in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards. The CFO addressed all concerns from the AC accordingly.
- The AC reviewed non-audit services provided by the external auditors and its affiliates to PPB Group and is satisfied that the provision of the non-audit services did not impair their independence as external auditors.
- The AC reviewed the annual assessment conducted on the effectiveness, suitability and independence of the external auditors.
- The AC met twice with the external auditors without the presence of management. At these meetings, the external auditors informed the AC that they are satisfied with the co-operation and support given by management and staff of the group in the course of their audit.

Audit Committee Report

Internal audit

- Four Audit Review Committees ("ARC") have been established for each of the main business divisions in the Group. ARC meetings are usually held quarterly before the scheduled AC meetings, and chaired by PPB's CFO. The ARC meetings serve as an avenue for more in-depth discussion of issues raised in the internal audit reports.

Senior management of the subject entity are invited to ARC meetings to facilitate discussions and provide further explanation, feedback, updates and action plans on internal audit issues raised. AC members may attend selected ARC meetings to seek explanations or participate in deliberations between management and ARC members.

- Significant audit issues raised in ARC meetings are further discussed at AC meetings and where necessary, the chief executives of the subsidiaries may be invited to attend AC meetings to provide further information and explanation.
- The AC reviewed the findings of PPB Internal Audit Department ("PPBIAD") reports and noted the discussions at ARC meetings. All outstanding audit issues are tracked monthly by PPBIAD until they are satisfactorily resolved. A status report on the follow-up audit issues together with management's explanations on outstanding items that are overdue, is tabled to the AC at the quarterly meetings.
- The AC reviewed and approved PPBIAD's 2020 audit plan, scope and audit approach which is guided by the risk-based assessment approved by the AC.
- At the AC meeting held on 25 November 2020, the AC assessed the performance and competency of PPBIAD including assessing the adequacy of their manpower and other resources, and is satisfied with PPBIAD's performance and adequacy of its resources.

Related party transactions ("RPT") and conflict of interest ("COI") situations

- The AC noted the methods and procedures (which are reviewed by PPBIAD) by which prices and other terms of recurrent related party transactions ("RRPT") are determined, and inter-alia covers PPB Group's procedures and processes to identify, track and monitor RRPTs.
- The AC reviewed RPT issues including any COI situations as and when highlighted in internal audit reports.
- The AC noted the RPTs and RRPTs entered into by the Group in FYE 2020.

Risk management

- The AC provided oversight, direction and resources for the implementation of the risk management framework in the following key areas:
 - assessing the effectiveness of the Group's enterprise-wide risk management framework.
 - reviewing the risk reports of the Group on a quarterly basis.
 - ensuring the risk management activities of risk identification, assessment, action plans and monitoring of key risks are implemented throughout the organisation.
 - ensuring key risks of the Group are managed appropriately in order to assure the Board that the residual risk ratings meet the Group's risk appetite.

Others

- The AC reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house by staff of PPBIAD. PPBIAD reports directly to the AC and all its internal auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence.

The total cost incurred by PPBIAD for the internal audit function of the Group for FYE 31 December 2020 was about RM2.5 million.

Audit Committee Report

SUMMARY OF THE WORK OF PPBIAD

The activities and processes of PPBIAD are guided by its charter and conform to the 'International Standards for the Professional Practice of Internal Auditing' issued by the Institute of Internal Auditors ("IIA"), as well as the annual audit plan approved by the AC. PPBIAD adopts a risk-based approach in the development of its audit plans.

During FYE 31 December 2020, PPBIAD:

Key audit areas

1. Reviewed the top risks identified by management of PPB and its subsidiaries, including additional risk areas identified by PPBIAD and tested the adequacy and effectiveness of the key internal controls to manage those risks.
2. Reviewed the systems in place to ensure compliance with policies, plans, rules and regulations which may have significant impact on PPB Group.
3. Reviewed controls to safeguard assets and where appropriate, verified the existence of such assets.
4. Reviewed the effectiveness and efficiency of operations and ascertained whether results are consistent with PPB's objectives and goals.
5. Followed up on the Company's application of the relevant principles and recommendations in the Malaysian Code on Corporate Governance.
6. Reviewed RPTs and RRPTs and reported on any COI situations identified during the course of audit which did not adhere to relevant policies, rules and regulations.

Reporting and communication flow

7. PPBIAD staff attended a total of 10 ARC meetings held to discuss their audit reports.

8. The Head of Internal Audit ("HIA") met on a one-on-one basis with the AC Chairman on two occasions to review key audit issues prior to scheduled AC meetings. At these discussions, the AC Chairman provided guidance and support to further improve the efficiency and effectiveness of PPBIAD.
9. The HIA highlights at each AC meeting, critical and important audit issues in the internal audit reports with particular emphasis on any key unresolved issues.

Resources

10. PPBIAD's head count as at 31 December 2020 was 11. All PPBIAD auditors have at least a relevant tertiary education. The incumbent HIA, Mr Lim Thiam Beng is a member of IIA Malaysia, the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Mr Lim will retire at the end of March 2021, and Mr Seng Kian Aik, who joined the Company in January 2021, will take over as HIA. Mr Seng is a member of IIA Malaysia, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and Chartered Accountants Australia and New Zealand.
11. Staff attended relevant courses and seminars organized by IIA Malaysia and other professional/ regulatory bodies to keep abreast with the latest auditing techniques and regulatory requirements.

(The terms of reference of the AC can be viewed on PPB's website at www.ppbgroup.com)

Soh Chin Teck

Audit Committee Chairman

25 March 2021

Statement on Risk Management and Internal Control

PPB Board acknowledges its responsibility for establishing a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets.

There is an ongoing review process by the Board to ensure the adequacy and effectiveness of the system to meet the Group's objectives and strategies. The risk management framework and internal control system are designed to identify, evaluate and manage risks that may prevent the achievement of the business objectives and strategies within the Group's risk appetite, rather than to eliminate risks. Therefore, it provides reasonable but not absolute assurance against material misstatement, fraud or loss.

The main features of the Group's risk management framework and internal control system are summarised as follows:

1. Control environment

The Group considers the integrity of staff at all levels to be of utmost importance, and this is pursued through comprehensive recruitment, appraisal and reward programmes. There is a Group organisation structure within which business activities are planned, controlled and monitored.

The Group's culture and values, and the standard of conduct and discipline it expects from employees are communicated to them via the employee handbook or letters of appointment.

2. Risk management

A formal Group-wide enterprise risk management ("ERM") framework has been established, which is aligned to ISO31000: Risk Management, covering the Group's core business activities to identify, evaluate and manage significant business risks faced by the Group.

This process was in place throughout the year and is regularly reviewed and monitored by the Audit Committee ("AC") for its adequacy and effectiveness, and reported accordingly to the Board.

The key features of the Group's risk management framework are:

- A formal set of risk policy and guidelines has been established and approved by the Board and communicated to employees throughout the Group through risk awareness sessions and workshops;
- A risk reporting structure which outlines the lines of reporting and responsibilities of the Board, AC, Risk Advisory Committee ("RAC") and the various subsidiary risk committees, has been established and approved;
- The RAC reports on the Group risk profile for review by the AC, and the AC reports on the significant risks and controls available to mitigate those risks to the Board for its consideration;

- The appointment of a Group Chief Risk Officer ("GCRO") at the holding company (PPB Group Berhad) and risk officers at the subsidiaries to ensure leadership, direction and coordination of the Group-wide application of risk management;
- The scope of the Group-wide risk assessment process encompasses strategic, governance, legal and compliance, operations, cyber, financial, asset security, health, safety, and environment. The key risks identified in these areas are deliberated and assessed during the risk assessment workshops;
- The risk assessment sessions which include corruption risk assessment, are mainly carried out through meetings or facilitated workshops by the ERM team or the subsidiaries' risk officers. They provide independent assessment of new/existing risks identified, and risk ratings determined by the respective risk owners based on the risk appetite set by the Board;
- The risk officers also provide guidance to the risk owners on the development and adoption of appropriate management action plans to mitigate the risks, should the control effectiveness of the existing controls be assessed to require further improvements;
- The heads of the strategic business units, with assistance from their risk officers are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring management action plans and reporting all risks to the GCRO, who will subsequently table the Group's key risks to the RAC, AC and Board;
- The identification and monitoring of key risk indicators ("KRIs") have been rolled out to the Group, which assist risk owners to assess the risk ratings and the need for further management action plans to mitigate the risks should the KRIs indicate an adverse trend; and

Statement on Risk Management and Internal Control

- Ongoing risk management education and training is provided at management and staff levels.

As part of the Group's effort to remain resilient in times of crisis, a Group-wide business continuity management ("BCM") framework has been established. This is to provide a structured approach to assist management to respond, recover and resume normal operations in a more efficient and effective manner, in the event of a crisis. A Group BCM Strategic Roadmap has been developed to implement the BCM programme throughout the group in phases. The BCM programme incorporates the awareness sessions, risk assessment, business impact analysis, development of the recovery strategies/plans and cascading of the business continuity plans ("BCPs") to relevant staff. The BCPs are reviewed and updated regularly to enhance our capabilities to meet customers, regulatory bodies and other stakeholders' requirements.

3. Control activities

The Group has in place a system to ensure that there are adequate and effective risk management, financial and operational policies and procedures and rules relating to the delegation and segregation of duties.

There are comprehensive budgets, requiring board approval, which are reviewed on a regular basis.

4. Information and communication

There is a system of financial reporting to the Board, based on quarterly results and annual budgets. Key risks and operational performance indicators are continuously monitored and reported to the Board.

Whistleblowing policies and procedures are in place to provide a platform to report on actual or suspected malpractice, misconduct or violation of applicable laws and regulations in a responsible and effective manner.

5. Monitoring

Monitoring of the Group's significant business risks is embedded within the Group's risk management process described in item 2 above. A control self-assessment system is also in place for management to monitor critical and routine risk areas under their jurisdiction using an internal control checklist.

The adequacy and effectiveness of the Group's risk management, internal control and governance processes are reviewed and monitored by the AC, which receives regular reports from the internal auditors. Formal procedures are in place for action to be taken to remedy any significant failings or weaknesses identified in these reports.

There were no significant risk management and internal control failings or weaknesses which had resulted in material losses or contingencies during the financial year.

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the risk management and internal control system of the Group.

Based on the foregoing, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. However, such a system is designed to manage rather than eliminate the risk of failure. Accordingly, the system can only provide a reasonable and not absolute assurance against material misstatement, loss or fraud.

The Group's system of risk management and internal control applies principally to PPB Group Berhad and its subsidiaries. Associates have been excluded because the Group does not have full management and control over them.

25 February 2021