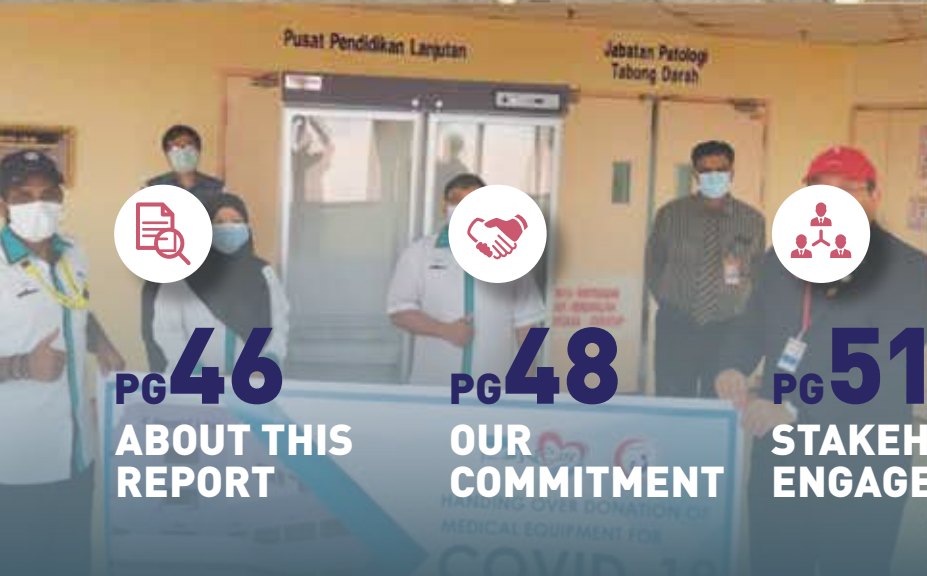


SUSTAINABILITY REPORT



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SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS



ABOUT THIS REPORT



Boustead Heavy Industries Corporation Berhad's (BHIC) 2020 Sustainability Report provides an overview of the Group's impact and progress in terms of our sustainability performance. In this report, we focus on issues that are material to the Group and our sustainability strategy as well as those that are of interest to our stakeholders.

The Group's commitment to addressing risks to economic, environmental and social (EES) values describes our approach to long-term sustainability:



ECONOMIC

We are committed to ensuring the sustainability of our businesses through our focus on profitability that is able to positively impact the local economy. At the same time, we place importance on adherence to high ethical standards as well as compliance with all relevant rules, regulations and laws.



ENVIRONMENT

As part of our progress towards becoming better custodians of the planet, we embrace green and eco-friendly practices aimed at reducing our resource use and minimising waste generated.



SOCIAL

Our social impact is focused on community and youth empowerment as well as employee development and welfare. We invest in our people by way of upgrading their skills, developing their talents and taking care of their welfare and well-being at the workplace. As a responsible corporate citizen, we reach out to those in need and give back to society through various social initiatives.



REPORTING SCOPE

This Report encapsulates BHIC Group's sustainability activities and initiatives from 1 January 2020 to 31 December 2020.

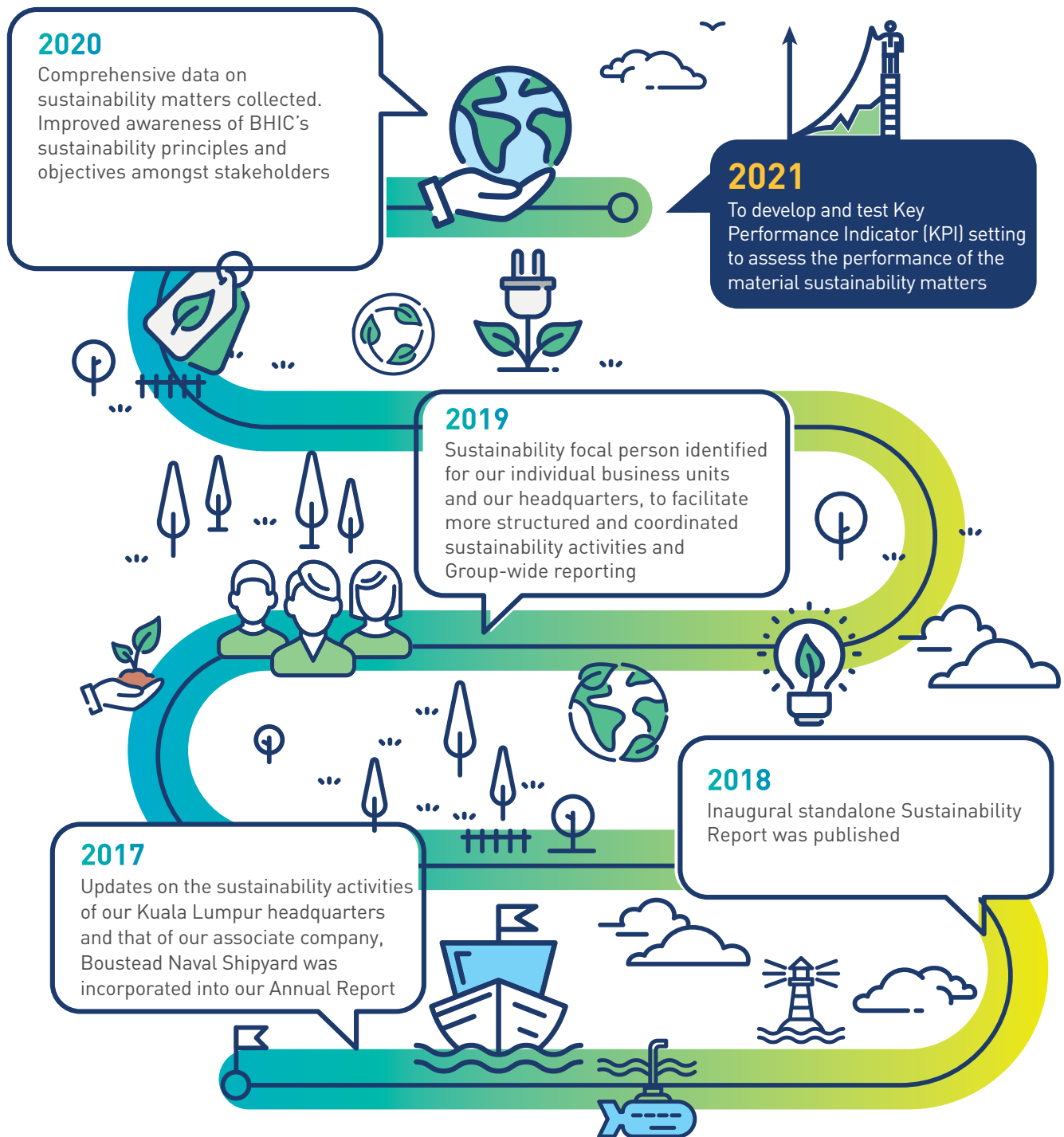


REPORTING FRAMEWORK

This Report was developed in accordance with Bursa Malaysia Main Market Listing Requirements (Practice Note 9). We were also guided by the Bursa Malaysia Sustainability Reporting Guide and Global Reporting Initiative (GRI) Standards.

SUSTAINABILITY JOURNEY

Our journey to strengthened sustainability commenced in 2017. The following visual captures our progress as well as future targets.





OUR COMMITMENT

Guided by our core values and in line with BHC Group's Sustainability Policy, sustainability is integrated into every aspect of our operations through the promotion of sustainable practices that are aligned with the United Nations (UN) Sustainable Development Goals (SDGs).



The BHC Group Sustainability Policy

BHC Group Core Values



Material Areas of Sustainability



Aligned to Sustainable Development Goals



OUR COMMITMENT TO THE GLOBAL SUSTAINABILITY AGENDA

The United Nations (UN) Sustainable Development Goals (SDGs) endeavour to address some of the world’s most pressing challenges through an urgent and universal clarion call to end poverty, protect the planet and ensure that humankind enjoy peace and prosperity.

As a leading maritime and defence services provider, we are committed to playing our part in the shift to a more sustainable future, in reference with the objectives of the 17 SDGs.



SUSTAINABILITY GOVERNANCE

Clear lines of accountability as determined through our sustainability governance structure ensure that sustainable practices are implemented across our various operations.

Position	Roles and Responsibilities
<p>BOARD OF DIRECTORS</p>	<p>Responsible for overseeing the Group’s overall sustainability strategy and direction</p>
<p>BOARD SUSTAINABILITY COMMITTEE (BSC)</p>	<p>Assist the Board in discharging its oversight duties pertaining to the Group’s sustainability objectives, policies and practises.</p>
<p>MANAGEMENT SUSTAINABILITY COMMITTEE (MSC)</p>	<p>Ensures that the Group fulfils its sustainability objectives, policies and agendas. Oversees sustainability reporting within the Group and advises BSC on sustainability matters</p>
<p>STRATEGIC PLANNING & TRANSFORMATION (SPT) DEPARTMENT</p>	<p>Acts as MSC secretariat and main coordinator for all sustainability initiatives and reporting within the Group</p>
<p>SUSTAINABILITY FOCAL PERSONS AT CORPORATE OFFICE / BUSINESS UNITS</p>	<p>Execute, monitor and liaise with SPT on reporting and implementation sustainability matters at Corporate Office and Business Units</p>



OUR COMMITMENT

BHIC BOARD SUSTAINABILITY COMMITTEE

Chairman:

Tan Sri Dato' Wira Aziah Ali

Members:

- Dato' Maznah Abdul Jalil
- Hajah Saadatul Nafisah Bashir Ahmad
- Izaddeen Daud (Appointed on 18 August 2020)
- Admiral Tan Sri Dato' Seri Ramlan Mohamed Ali (Retired) (Resigned on 18 August 2020)
- (Dr.) Salihin Abang (Resigned on 18 August 2020)

MANAGEMENT SUSTAINABILITY COMMITTEE

Position	Role
1 Chief Executive Officer (CEO) of BHIC	Chairman
2 Head, Strategic Planning & Transformation of BHIC	Member
3 Chief Financial Officer (CFO) of BHIC	Member
4 Head, Group Human Capital Management of BHIC	Member
5 Head, Group Risk Management of BHIC	Member
6 Head, Group Administration of BHIC	Member
7 Head, Group Supply Chain Management of BHIC	Member
8 Head, Group Corporate Communications of BHIC	Member

POLICIES AND GUIDELINES

BHIC Group is supported by various policies and guidelines in undertaking its sustainability efforts. Amongst the policies and guidelines touching on sustainability material areas, namely Economic, Environment and Social are listed below.

Economic	Environment	Social
<ul style="list-style-type: none"> • Limits of Authority • Risk Management • Business Continuity Management • Vendor Development Management • Performance Management System • Quality Management System • Investment and Collaboration 	<ul style="list-style-type: none"> • Health, Safety and Environment Management 	<ul style="list-style-type: none"> • Code of Ethics and Conduct • Anti-Bribery and Anti-Corruption • Whistleblowing • Corporate Integrity








STAKEHOLDER ENGAGEMENT

Active engagement with our stakeholders is imperative in order for the Group to develop more robust and sustainable business strategies that allow us to capitalise on prospects amidst the prevalent challenges.

Through our ongoing interactions, we are able to identify material issues as well as find ways to achieve common goals while developing long-term mutually beneficial relationships with our stakeholders, which is important particularly during challenging times.

In 2020, given the circumstances surrounding COVID-19 and the need to limit physical interactions, we leverage on online virtual communication to maintain our rapport with stakeholders.

Amongst the stakeholder engagement activities carried out during the year were as follows:

Stakeholder Group	Engagement Method	Areas of Interest and Concern
 Government Agencies	<ul style="list-style-type: none"> • Meetings/dialogues • Correspondences • On-site visits 	<ul style="list-style-type: none"> • Legal and regulatory compliance • Anti-corruption/anti-bribery • Vendor Development • Health, Safety and Environment
 Shareholders and Investors	<ul style="list-style-type: none"> • Virtual Annual General Meeting • Quarterly reports • Annual Report • Sustainability Report • Bursa announcements • Corporate website 	<ul style="list-style-type: none"> • Return on investment • Market presence • Sustainable earnings • Impact of COVID-19 pandemic
 Customers	<ul style="list-style-type: none"> • Meetings/dialogues • Customer feedback channels • Correspondences 	<ul style="list-style-type: none"> • Quality products and services • Sustaining operations • Emergency response plan • Timely and cost effective delivery of projects that are up to expectations
 Board of Directors	<ul style="list-style-type: none"> • Meetings • Correspondences • Retreats 	<ul style="list-style-type: none"> • Maximising shareholders value • Governance • Mitigating business risks • Business strategies and direction • Financial performance • Engagement with stakeholders
 Employees	<ul style="list-style-type: none"> • Internal communications • Virtual/online employee engagement 	<ul style="list-style-type: none"> • Safe and conducive working environment • Impact of COVID-19 pandemic • Rewards and remuneration • Training and development • Strategic directions • Career prospects
 Vendors/Suppliers and Business Partners	<ul style="list-style-type: none"> • Meetings • Correspondences • Online training sessions • Online dialogue sessions 	<ul style="list-style-type: none"> • Licensing and certification • Legal and commercial issues • Business opportunities • Mitigation of business risks • Financial performance • Sustainability of the Company's operations • Shared growth through partnerships • Emergency response management • Impact of COVID-19 pandemic
 Local communities	<ul style="list-style-type: none"> • CSR activities 	<ul style="list-style-type: none"> • Public safety and security • Safety and security of operations • Employment and business opportunities • Infrastructure development • Social and welfare contributions

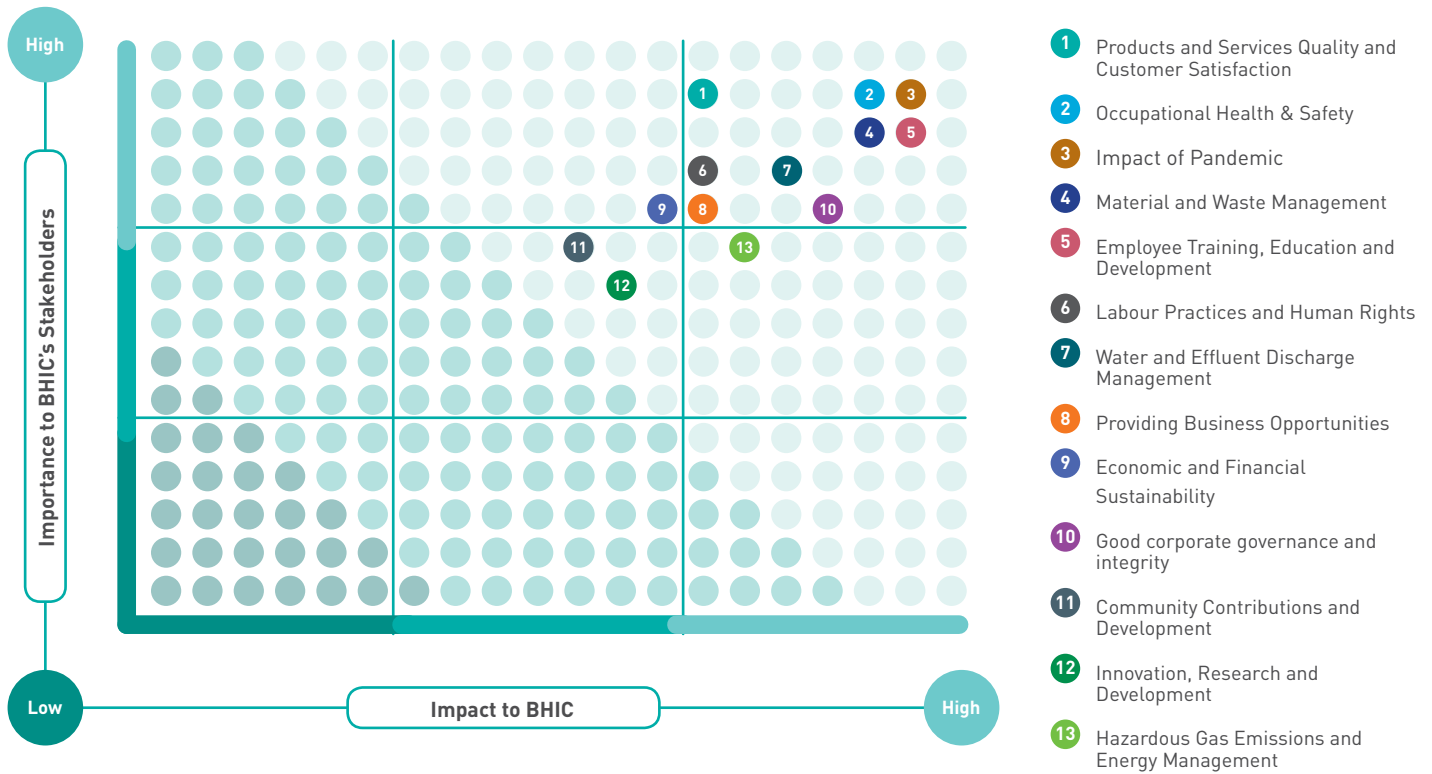


MATERIALITY MATRIX

On a yearly basis, we undertake a materiality assessment exercise to determine sustainability issues that are most relevant to our business and stakeholders. The identification and prioritisation of key issues involved a review of internal and external sources as well as conclusions from our engagement with stakeholders.

In 2020, the Sustainability Management Committee identified 12 key issues after assessing and rating the effect and risk of each to our businesses.

We added one new material issue, which was the Impact of pandemic.



- 1 Products and Services Quality and Customer Satisfaction
- 2 Occupational Health & Safety
- 3 Impact of Pandemic
- 4 Material and Waste Management
- 5 Employee Training, Education and Development
- 6 Labour Practices and Human Rights
- 7 Water and Effluent Discharge Management
- 8 Providing Business Opportunities
- 9 Economic and Financial Sustainability
- 10 Good corporate governance and integrity
- 11 Community Contributions and Development
- 12 Innovation, Research and Development
- 13 Hazardous Gas Emissions and Energy Management

Periodic assessment will be conducted to obtain and ensure the accuracy of the company's materiality matrix

STAKEHOLDER ENGAGEMENT

We engaged 125 individuals for their views on materiality issues that affect sustainability matters from the following groups in 2020:

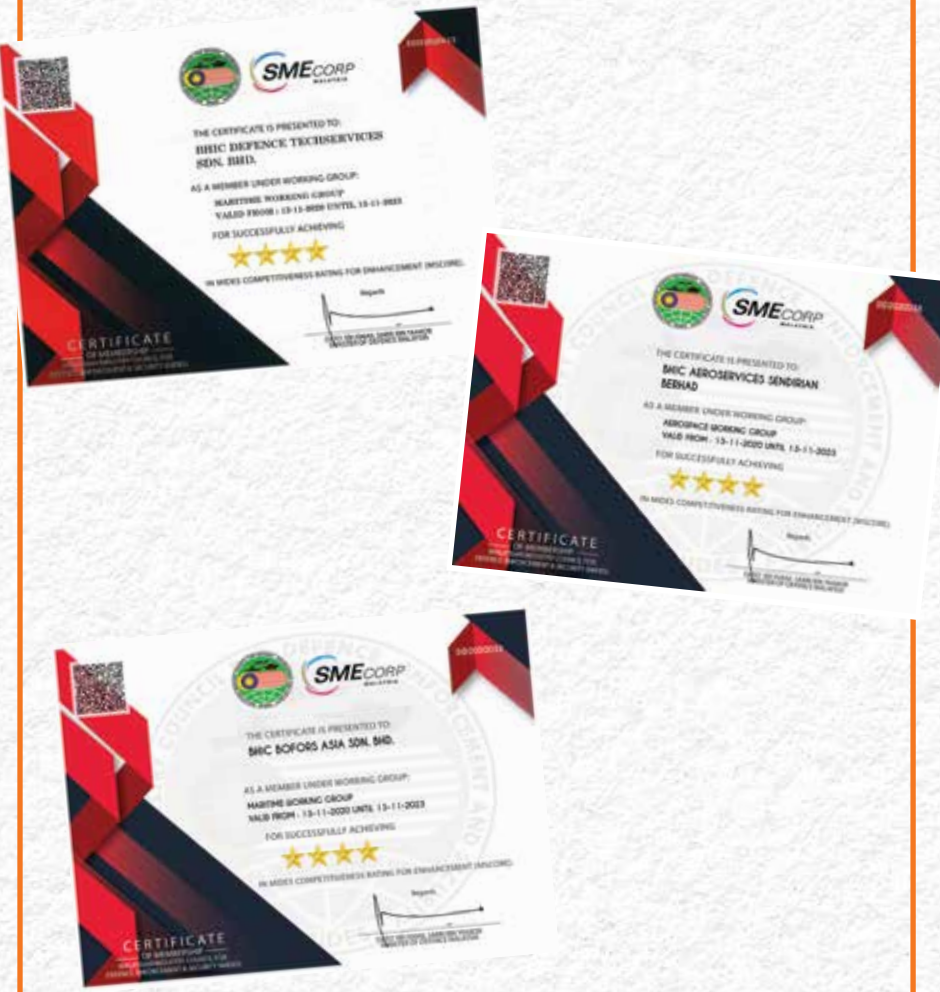


SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS



ECONOMIC

The Group strives to achieve economic success through a focus on operational excellence across our business. A viable financial performance allows us to balance shareholder value with the needs of society, the nation's economic growth and the environment. Ultimately, the outcome is positive for all stakeholders.



Certificate of achievement awarded to companies under BHC Group by Malaysian Industry Council for Defence, Enforcement and Security (MIDES), a national-level council chaired by the Minister of Defence Malaysia with the objective of creating a self-reliant and competitive local defence industry, in line with the National Defence Policy

QUALITY AND CUSTOMER SATISFACTION



Our Approach in Ensuring Quality Products/Services and Customer Satisfaction

- Amidst the challenges we faced as a result of the COVID-19 pandemic, we were clear on the need to expand our horizons and tap into new opportunities.
- To this end, we extended our ship maintenance, repair and overhaul (MRO) services to locally owned commercial ships, namely Anchor Handling Tug Supply (AHTS), survey vessels and harbour tugs.
- MRO services offered included dry docking, vessel modification as well as repair and overhaul of machinery.
- BHC will continue to expand the commercial MRO sector in line with our capabilities and reach in this sector while dampening our reliance on the defence segment.
- Customer satisfaction is of high priority for the Group and we make every effort to create value for customers through the provision of high-quality products and services.
- To measure satisfaction levels and our fulfilment of customer expectations, we undertook regular customer engagements via meetings and satisfaction surveys.
- The Group also enforced a Quality Management System and held regular internal quality checks and supplier quality audits.



SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS

Performance Highlights

BHIC GROUP

Marine

- 1) 6 Units of Naval ship repair projects
- 2) 4 Refit and 4 In-Service Support (ISS) Submarines
- 3) 61 units of commercial ship projects (yacht & ferries)
- 4) 3 units of Oto Melara (76mm) & Oto Breda (30mm)
- 5) 45 units of Bofors Gun

Aerospace

- 1) 3 units of EC725

We have also maintained ISO certification for the following companies:

ISO 9001:2015

- BHIC AeroServices Sdn Bhd
- BHIC Bofors Asia Sdn Bhd
- BHIC Defence Techservices Sdn Bhd
- BHIC Marine Technology Academy Sdn Bhd
- BHIC Navaltech Sdn Bhd
- BHIC Submarine Engineering Services Sdn Bhd
- Boustead DCNS Naval Corporation Sdn Bhd
- Boustead Langkawi Shipyard Sdn Bhd
- Boustead Naval Shipyard Sdn Bhd

ISO 45001:2018

- Boustead Naval Shipyard Sdn Bhd
- Boustead DCNS Naval Corporation Sdn Bhd



Visit by a delegation from E.A. Technique Sdn Bhd, an owner/operator of marine vessels, to BNS on 16 October 2020



The RMN and BNS Project Team of LCS Programme held a joint inspection on the LCS on 27 August 2020



The Statement of Progress signing ceremony between RMN and BNS on 8 September 2020 marked another milestone for the LCS Programme



The acceptance ceremony of KD MAHAWANGSA was held on 25 June 2020 onboard an RMN ship that was berthed at BNS's jetty next to the RMN base in Lumut, Perak

ECONOMIC AND FINANCIAL SUSTAINABILITY



BHIC Group’s 2020 Annual Operating Plan was crafted to ensure that we continue to implement effective business strategies that culminate in long-term sustained profitability coupled with stable shareholder returns.

To ensure the sustainability of our business, we leverage on the strength and capability of our employees to expand into the commercial segment for marine and aerospace sectors.

GOOD CORPORATE GOVERNANCE AND INTEGRITY



In line with Boustead Holdings Berhad’s “Reinventing Boustead” strategy, which promotes business performance, transparency and strong corporate governance, we are committed to a high standard of corporate governance, with a focus on strengthening our ethics and integrity practices, while ensuring the responsible management of our resources.

Amongst the initiatives undertaken in this areas are:

- Strengthening policies and procedures to improve accountability across the Group.
- Reviewing Limits of Authority (LoA), which involves a thorough revision of the existing limits to better reflect the current structure of the Group.
- Updating and introducing new policies in relation to the present environment.

Our Approach

- In line with our aim of inculcating a groupwide culture of adherence to the highest standards of governance, we have put in place policies and processes that guide our employees, business partners and vendors in conducting business ethically.



Code of Ethics and Conduct Policy



Anti-Bribery and Anti-Corruption Policy Statement



Whistleblowing Policy



Corporate Integrity Policy



Due Diligence Process

- We announced on 26 November 2020 that we commissioned a forensic audit in February 2020. Subsequently, the findings were handed over to the Malaysian Anti-Corruption Commission (MACC). The Group takes a zero-tolerance approach to bribery and corruption, as stated in its Anti-Bribery and Anti-Corruption Policy Statement. In addition, we also abide by the Guidelines of Adequate Procedure pursuant to Section 17A of the MACC Act.
- In 2020, we enhanced our Whistleblowing and Corporate Integrity Policy through the introduction of the Group’s Anti-Bribery and Anti-Corruption Policy Statement. This Statement hallmarks our commitment to comply with Section 17A (4) of the MACC Act 2018.

Whistleblowing report can be submitted via email at whistleblowing@bhic.com.my or hardcopy to be addressed to:

Audit Committee Chairman
17th Floor, Menara Boustead,
69, Jalan Raja Chulan,
50200 Kuala Lumpur

In 2020, there were no whistleblowing reports received through our whistleblowing email.



The BHIC Group Anti-Bribery and Anti-Corruption Policy Statement was introduced in June 2020



SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS

PROVIDING BUSINESS OPPORTUNITIES



Our Approach

Local businesses, particularly small and medium-sized enterprises (SMEs) play a critical role in ensuring the growth of the national economy and more importantly, in ensuring that growth is also felt by the local communities.

The Group is committed to fulfilling its role of catalysing progress in the community by providing business opportunities to SMEs through our Vendor Development Programme (VDP).

Activities undertaken in 2020 included trainings sessions that guided our vendors in addressing their skill gaps, be it from a technical perspective or in terms of management know-how. Training provided during the year included project management skills, technical know-how, integration of shipyard production, shipbuilding and ship repair.

VDP amid the pandemic

- Despite the movement restrictions that were in place during the year, we are pleased to have been able to undertake activities to continue with the development of our vendors.
- During the pandemic period, we were able to extend our help to approximately 50 vendors and suppliers. We assisted them with documents required for banking purposes as well as those required by the relevant Government departments and agencies.
- We conducted supply chain assessment by reviewing the products and services required for our operations in order to ensure operational continuity.
- As part of our assessment, we were able to determine demand disruptions that would impact our vendors and suppliers.
- Our international vendors were affected by the closed borders, which disrupted procurement and delivery plans of our business activities.
- Moving forward, we will be reducing our reliance on foreign parties for certain technical support as well as the supply of spare parts. This decision was made to ensure the resilience of our supply chain against future disruptive events. By focusing more on local suppliers, we are able to reduce dependency on foreign vendors and the long lead time for production and delivery. At the same time, we are also able to contribute to the growth of the local economy.

Performance Highlights

REGISTERED LOCAL VENDORS as at 31 December 2020

2,772

Increased by **6.08%** from
31 December 2019

Programmes for vendors in 2020

1. Eight (8) vendors under our VDP were selected to participate in Program *Pembangunan Kapasiti Vendor* by Ministry of Entrepreneur Development and Cooperatives (MEDAC). The vendors received grants totalling RM448,968.
2. One of our VDP vendors with our assistance was awarded MEDAC's *Geran Penyelidikan dan Pengkomersilan Vendor* for Designing, Manufacturing, Assembling and Testing of Prototype Marine Valves for Type Approval Certification





RESEARCH AND DEVELOPMENT (R&D) AND INNOVATION



Our Approach

A strong focus on R&D and innovation is imperative if we are to produce cutting-edge products, services and solutions to meet the demands of our customers.

In keeping pace with the rapid technological development within the sectors we operate, we invest in R&D activities in particular, ship design, ship integration, equipment life extension programme and process improvement of our offered services.

We are developing processes to capture our R&D initiatives as an important component to the Group’s business activities. This will enable us to capture our lessons learned and assist us in registering our Intellectual Property Rights to bring value to the Group.

IMPACT OF PANDEMIC



Our Approach

- The disruptive impact of the COVID-19 pandemic remains palpable.
- It has irrevocably transformed lives and businesses around the world.
- BHIC Group is committed to making every effort to safeguard the health and well-being of our varied stakeholders during this difficult time.
- Employee wellbeing is a key priority for us. We activated our Business Continuity Plan (BCP) at the very early stages of the pandemic in February 2020.
- As part of our BCP, a Work-From-Home Policy was initiated, which provided guidance to our employees on the procedures to work remotely away from the office.
- We have been able to comply with the various government guidelines on managing the COVID-19 pandemic and sustain our front and back office operations by encouraging employees to work from home whenever possible.
- In order to ensure that employees were able to function as well as possible remotely, we provided laptops and virtual private network (VPN) for them to access dedicated company applications.
- For employees whose jobs fell under essential services and were required to be physically present, we ensured adherence to stringent Standard Operating Procedures (SOPs) as directed by the various government authorities.



SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS

- We also ensured frequent sanitisation of common facilities, particularly areas where human touch points are prevalent. Hand sanitisers were placed at various locations and facemasks were issued to all employees.
- Those working on-site were also offered flexible working arrangements to minimise the possibility of contracting COVID-19. In addition, personal protective equipment (PPE) was provided to on-site employees.
- We are conscious of the importance of maintaining communications during a pandemic while complying with social distancing requirements. To this end, we have leveraged on digital means of communications including video conferencing and cloud-based content collaboration and management platforms to communicate with our employees as well as other stakeholders, to avoid physical interactions. Indeed, the pandemic has accelerated our adoption of technology. We are working towards fully leveraging on technology for business operations, training, customer service and marketing purposes.
- We were also able to continue complying with our disclosure requirements in line with our status as a listed entity. We successfully conducted our 2019 Annual General Meeting virtually on 21 July 2020. Communication with our shareholders and other stakeholders were undertaken through our Bursa Malaysia announcements as well as relevant news releases. At the same time, we also utilised our official social media platform to provide relevant updates.
- Our Core Information and Communication Technology (ICT) systems, applications and data protection and recovery are made robust via our ICT Disaster Recovery (ICTDR) plan. ICTDR mitigates impact from the adverse effects of natural and man-made disasters that could result in power supply disruption, damage or loss.

Virtual meeting platforms helped us stay in touch among ourselves and our stakeholders





ENVIRONMENT

We strive to be environmentally responsible in our business operations. BHIC Group understands that our impact to the environment is far-reaching. It goes beyond our direct impact and includes the impact of our partners and customers.

To achieve the objective of ensuring compliance with environmental laws and regulations and minimise environmental risks, we have implemented various control mechanisms to protect our environment.



WASTE AND WATER MANAGEMENT



Our Approach

Key to our effort to reducing our environmental footprint is effective waste and water management systems.

Water consumption (cubic metres)	
	FY2020
	274,566



SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS

Waste Management

Beyond our employees, we encourage responsible practices in waste management among our clients, suppliers and subcontractors. In this way, we help improve environmental awareness and contribute in a small way to responsible environmental custodianship for the benefit of future generations.

We encourage efficient waste management by reducing, reusing, recycling or recovering used materials. The waste generated from our operations are segregated accordingly.

The following specifies the amount of waste disposed by BHIC Group in 2020:

No.	Code of scheduled waste	Metric Tonnes (2020)
1	SW 104 – Dust, slag, dross or ash containing arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium excluding slag from iron and steel factory (PS Ball)	48.05
2	SW 305 – Spent lubricating oil	57.86
3	SW 306 – Spent hydraulic oil	1.63
4	SW 309 – Oil-water mixture such as ballast water	423.50
5	SW 312 – Oily residue from automotive workshop, service station oil or grease interceptor	0.18
6	SW 409 – Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	1.99
7	SW 410 – Rags, plastics, papers or filters contaminated with scheduled wastes	0.37
8	SW 416 – Sludges of inks, paints, pigments, lacquer, dye or varnish	0.59
9	SW 418 – Discarded or off-specification inks, paints, pigments, lacquer, dye or varnish products containing organic solvent	0.99
10	SW 427 – Mineral sludges including Calcium Hydroxide sludges, phosphating sludges, Calcium Sulphite sludges and carbonated sludges (soda lime)	6.90
11	SW 429 – Chemicals that are discarded or off-specification	0.058
12	SW 501 – Any residue from the treatment or recovery of scheduled wastes (Benzotriazole & water up-liquid)	0.099

GREENHOUSE GAS (GHG) EMISSIONS) AND ENERGY MANAGEMENT

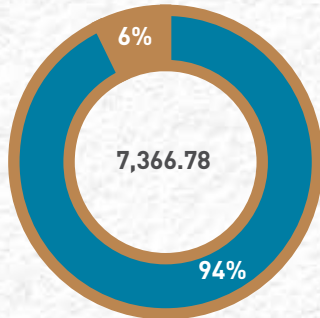


Our Approach

In line with our aim to measure our energy consumption the extent of our impact on the environment more accurately and extensively, we report on both our Scope 1 as well as Scope 2 GHG emissions.

Tracking and monitoring our Scope 1 and Scope 2 emission sources allows us to better understand our emissions and energy consumption. Improvement to disclosure levels also creates the possibility for more informed and efficient allocation of capital to encourage our gradual transition to a more sustainable organisation with a lower carbon footprint.

Scope 1 & 2 GHG Emissions (tCO2 e) in 2020

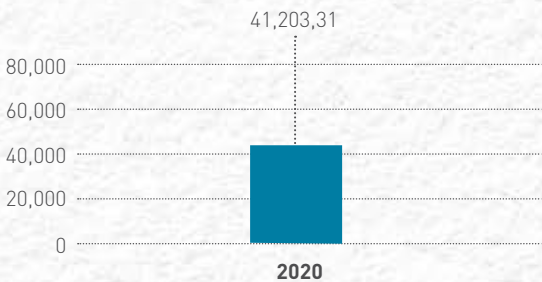


■ Scope 1 ■ Scope 2

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

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

Energy Consumption (Giga Joules) in 2020



This year, the Group recorded a 32% decrease in electricity consumption equivalent to approximately 3,296.8 tCO2e compared to FY2019.

Breakdown of GHG Emissions by Sources

Category	2020 (In Tonnes)
Heavy Machineries	349.45
Welding & Oxygen-Cutting	17.31
Cars	50.74
Light Goods Vehicles	29.61
Purchased Electricity	6,917.57 (9,802,600 kWh)
Total (in Tonnes)	7,364.68





SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS



SOCIAL

We are focused on maximising employee welfare by fostering a healthy and conducive work environment that promotes safety, health, human rights and encourages good labour practices, while embracing the diversity of our workforce.

At the same time, we value our employees by offering competitive remuneration and benefits as well as opportunities for training and career progression. Our intention is to build a highly motivated and performing workforce.

Beyond employee welfare, the Group's corporate social responsibility initiatives allow us to contribute to the communities we operate within, particularly serving members of the Armed Forces, Veterans as well as their families.

EMPLOYEE DIVERSITY PROFILE



With a Recruitment Policy that enforces the need for diversity and inclusion based on skills, we are able to harness the benefits of having diverse talent across different gender, ethnicity and age groups. Members of our diverse workforce contribute their unique experiences and skillset to drive solutions for present challenges while formulating new opportunities for the future.

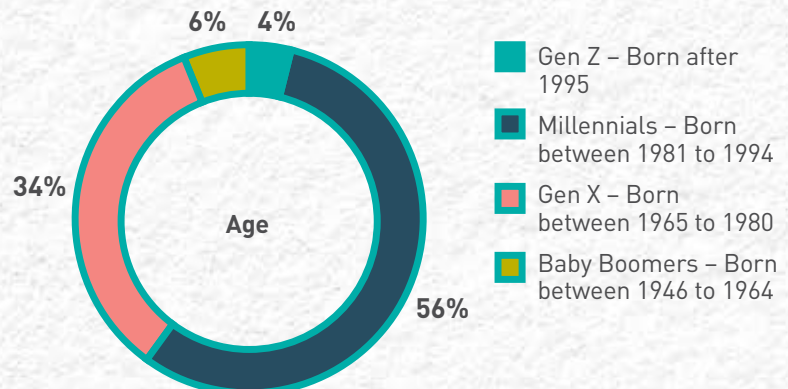
Moreover, we encourage the development of local talent, which underscores our commitment to strengthening the Malaysian economy as well as propelling the growth of the local defence, security and marine sectors as a whole.

BHIC GROUP EMPLOYEE DEMOGRAPHICS IN 2020

Gender



78% : 22%



OCCUPATIONAL SAFETY AND HEALTH



Our Approach

Given the risks that our employees face in the sectors that we operate, we are conscious of our duty to ensure that their health and safety are always safeguarded.

Safety and health precautions are incorporated into our operations through processes and controls that are consistent with all national and international standards and regulations.

The Group’s Safety and Health Policy adheres to the principles of the International Labour Organisation (ILO), Malaysia’s Department of Occupational Safety and Health (DOSH) as well as the Occupational Safety and Health (OSH) Act 1994.

We have in place functional measures that alleviate workplace hazard related risks.

The Group recorded zero fatality across all operations in 2020. The Group as a whole achieved 1.8 Lost Time Injury Frequency Rate.

Certified Safety Officers

9 personnel

Lost Time Injury Frequency Rate (LTIFR)

2020
1.8

LTIFR = Lost time injury accident / Total man hours worked x 1,000,000

EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT



Our employees are critical to our growth and success and we are committed to enhancing their capabilities. Our human capital development approach is premised on nurturing a high-performance culture to generate growth. To this end, we offer unique career development opportunities through continuous training and education as well as personal development initiatives.

Our Approach

As part of our investment in the growth of our talent, we provide various opportunities for employees to upskill and expand their horizons.

- Employees are the backbone of our company. Given this undeniable fact, we are also actively invested in ensuring the sustainability of our operations through a systematic approach to training, job rotation, recruitment and succession planning.
- Engineering and project management are some of our key focus areas for training and development initiatives, as they signify critical skills that are important to the line of work of our employees.
- We also offer opportunities for personal growth, focused on enhancing soft skills.



SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS

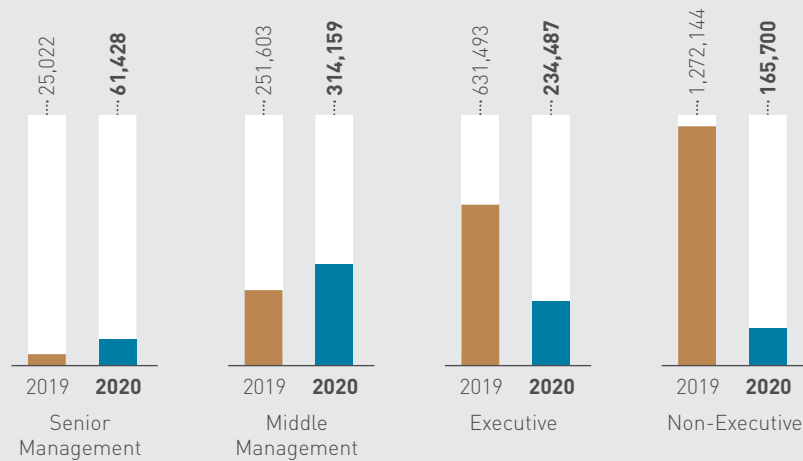
Performance Highlights

Total Expenditures for Training & Development

RM 778,774

The expenditures for training is very much reduce as compared from the previous years due to COVID-19 pandemic which resulted in cancellation of physical training.

Expenditures for Training & Development



At the same time, employees are encouraged to obtain professional certification, sponsored by the Group especially for Project Management Professional (PMP) and Professional Engineer Development Programme Coaching (PEDP)



Total of PMP and PEDP sponsored by BHIC Group in 2019 and 2020

PMP	PEDP
23 employees	33 employees



LABOUR PRACTICES AND HUMAN RIGHTS

Our Approach

The Group upholds universal human rights. Respect for human rights is embedded in our corporate culture.

We hold ourselves and our employees to the highest ethical standards in deference to our core values as reflected by BHIC acronym (Belonging, Honour, Integrity and Commitment).

As an equal opportunity employer, we do not discriminate based on race, nationality, gender, religion, disability, age, place of origin or any other distinguishing characteristic.





COMMUNITY CONTRIBUTIONS AND DEVELOPMENT

Our Approach

BHIC Group's deep commitment to creating positive social outcomes is underscored by our support of causes that resonate with our core values.

Upholding the value of social equality, we strive to empower marginalised societies by investing time and resources to make a positive impact.

The COVID-19 pandemic continues to severely impact lives across the world. On Malaysian shores, the Government has rightly called for the corporate sector and non-governmental organisations (NGOs) to work together to aid in the fight against the pandemic.

During this challenging time, BHIC Group stepped up to assist local communities where we live and work.

Since the outbreak of the pandemic, our frontline workers have been tirelessly fighting to control the spread of the virus. Our joint venture company, Boustead DCNS Naval Corporation Sdn Bhd (BDNC) based in Kota Kinabalu undertook various initiatives in support of medical frontliners in Sabah.



CSR activities carried out by BDNC in 2020 include donating equipment to hospitals, a school and a child care center plus raising funds in the fight against COVID-19 pandemic.



SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS

In addition, BNS also contributed to improving the quality of life of those in our surrounding communities, including underprivileged families, members of the Armed Forces as well as Armed Forces veterans, through several CSR activities throughout 2020 as below:

- Sponsorship of *Aktiviti Larian Minda Sihat Manjung 2020* in conjunction with World Mental Health Day
- Donation to *Pertubuhan Membantu Pesakit Parah Miskin Malaysia*, Kuala Lumpur for the purchase of hearing aids
- Donation to *Tabung Pahlawan 2020* benefitting Persatuan Veteran TLDM Cawangan Negeri Perak
- Contribution to *Rumah Kebajikan Kanak-Kanak Sanathana Dharma Ashram*, Sitiawan to fund their Deepavali celebration
- Sponsorship of *Kejohanan Mini Olimpik TLDM 2020*
- Organised fundraising for An-Nur Young Boys FC Football Academy
- Organised Sports Day for *Sekolah Kebangsaan Dato' Ishak* in Lumut, Perak



BNS staff participated in a blood donation drive organised by Hospital Seri Manjung in Lumut, Perak to generate public awareness about the importance of donating blood to save lives.



KC Low, COO of BNS (second from left) and several BNS staff under the canopy tent that was donated to Pejabat Kesihatan Daerah Manjung.

Our joint venture company, BHIC AeroServices Sdn Bhd carried out the following community activities:

- Provision of *Wakalah Zakat* (alms) to qualified groups in the community
- Partaking in korban activity in conjunction with *Hari Raya Aidil Adha*, together with the Malaysian Maritime Enforcement Agency (MMEA) as well as Royal Malaysian Air Force (RMAF) Kuantan and RMAF Labuan personnel
- Contribution of face masks, vitamins and mineral water to RMAF Kuantan frontliners

2020 BHIC SUSTAINABILITY ACTIVITY

Appreciating the need to cultivate a culture of sustainability awareness, in November 2020, we launched the Group's inaugural Sustainability Contest titled "Garden to Kitchen" to promote the value of sustainable living among our employees. Participants were required to plant vegetables or flowers utilising recyclable materials.

The contest received encouraging response from our employees. We view it as a promising first step and look to organise more initiatives that allow our employees to take active stewardship of the environment.



1. Ahmadi Ahmad Hanapiah, 1st Prize Winner (Category A) (right) with Low Kok Chiang, COO of Boustead Naval Shipyard Sdn Bhd
2. Elizabeth Anak Jasan, 2nd Prize Winner (Category A) (right) and Rumaizah Akumin, Senior Technical Executive, BHIC Navaltech Sdn Bhd
3. Nor Azalia Ruslan, 1st Prize Winner (Category B)(right) with Low Kok Chiang, COO of Boustead Naval Shipyard Sdn Bhd
4. Sarimah Mat Isa, Manager Group Business Development & Commercial, BHIC and Nor Maiyusra Jamalluddin, BHIC KL 2nd Prize Winner (Category B)
5. Nur Azriyani Mohd Azhan, BNS, 3rd Prize Winner (Category B)& Best Caption Winner with Low Kok Chiang



SUSTAINABILITY PERFORMANCE - MATERIAL MATTERS

Moving Forward with our Sustainability Agenda

We are committed to advancing our sustainable practices for long term value creation for our business, our stakeholders, the economy, the environment and society. To this end, the Group is dedicated to embedding sustainability into all aspects of our operations and business strategies.

In the coming years, we endeavour to strengthen our sustainability KPIs data collection and integrity. This will help us to benchmark, identify and reduce our carbon footprint by addressing and minimising our consumption and generation of pollution through our activities.

The Sustainability Report has been approved by the Board of Directors at its Meeting on 28 May 2021.



BNS hosted a visit by Senior Minister of Defense Malaysia, Dato' Sri Ismail Sabri Yaakob (seated) and his delegation from MINDEF on 15 November 2020, as part of our continuous engagement with our stakeholders.