

SUSTAINABILITY OVERVIEW

“TDM’s Sustainability Statement for the year 2019 is the Group’s platform to share with stakeholders the initiatives that we have implemented to add more value to our business while considering our impact to the Economy, Environment and Society (EES).”

Prolific growth of cover crop and vigorous growing palms at Air Putih estate

SUSTAINABILITY OVERVIEW

TDM 2019 SUSTAINABILITY STATEMENT

TDM's initiatives are closely aligned with the United Nation's Sustainable Development Goals and supported by the Group's core values.

This statement has been documented and prepared with the support of the Group's Sustainability Committee (SCoM) and the Sustainability Working Group (SWG), which comprises the senior management of various related departments involved in the management and implementation of the Group's sustainability policy.

This statement was also prepared in accordance with the GRI-G4 Sustainability Reporting Framework and Bursa Malaysia's Sustainability Reporting Framework, and covers our activities from 1 January 2019 to 31 December 2019.


The Group is committed to ensuring our business activities remain sustainable. We are always striving to achieve the equilibrium of People, Planet and Profit. In that context, we ensure our business operations are sensitive to the interests of the communities around us, safeguards the environment and enables the Group to earn sustainable profit. In addition, we maintain clear communication channels between the Group and its investors to share information about our long-term shareholder value creation activities and to sustain a loyal shareholder base.

Our sustainability efforts are thus implemented through three pillars which are described in detail in this statement; Social Sustainability, Sustainability at the Workplace and Sustainability of the Planet.

Highlights:

<p>Replanted</p> <p>1,895 Ha</p> <p>in 2019 or 6.05% of our total plantation hectareage in Malaysia</p>	<p>Reduced water consumption by</p> <p>16.3%</p> <p>increased usage of biomass for energy and reduced our direct GHG Scope 1 emissions (Plantation) Maintained zero-fatalities and reduced our injury rates for the plantation business</p>
<p>Invested over</p> <p>RM130,000</p> <p>for various training programmes for our employees</p>	

Highlights:

<p>Kuala Terengganu Specialist Hospital</p> <p>achieved Baby Friendly Hospital Certification in December</p>	<p>Invested over</p> <p>RM300,000</p> <p>in healthcare community engagement programmes</p>
<p>Launched an enhanced Customer Experience programme</p> <p>CxP 2.0</p> <p>for our Healthcare employees</p>	<p>Achieved positive results in the range of</p> <p>76% to 90%</p> <p>for Customer Satisfaction Score and Net Promoter Score</p>
<p>Kuantan Medical Centre launched the newly built Catheterization Laboratory (Cathlab) on 11 April 2019</p>	

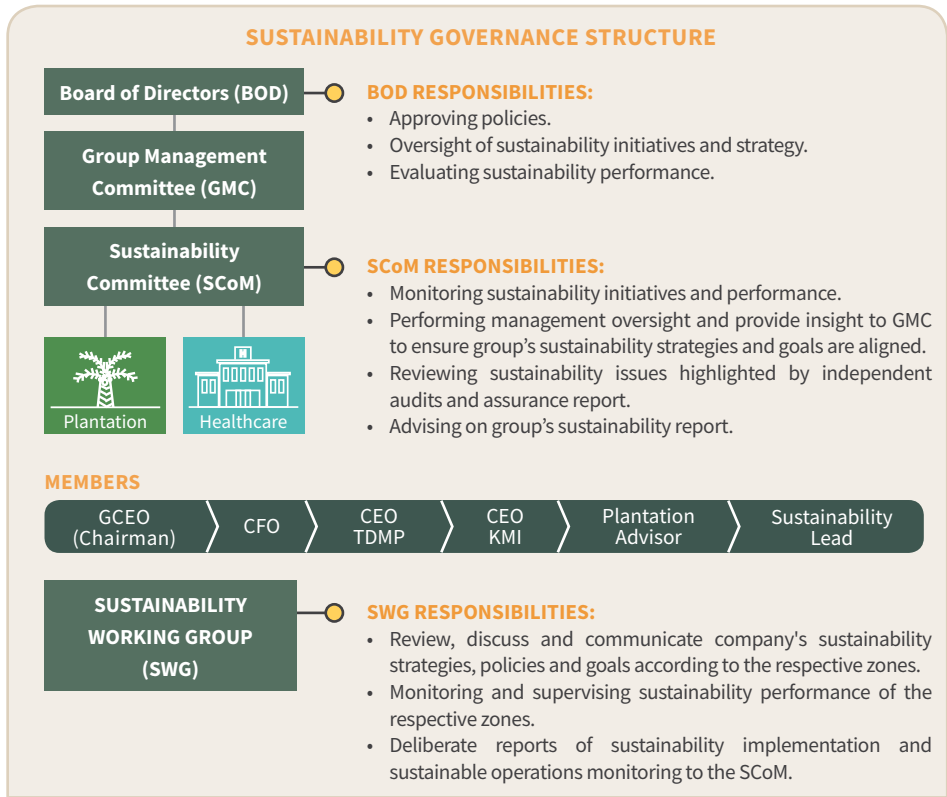
SUSTAINABILITY OVERVIEW

SUSTAINABILITY POLICY

The Group is committed to achieving the goal of sustainable development by balancing the needs of ‘People, Planet and Profit’. The sustainability policy, developed in accordance with the 3P philosophy, was approved by the Board of Directors of TDM Berhad on 27 March 2018.

We believe that responsible corporate practices play a vital role in ensuring sustainable returns, enhancing corporate governance and upholding ethical standards. All members of our Management team, as well as employees, are required to treat corporate responsibility as an integral part of our business.

 <p>PEOPLE</p> <p>We are committed to creating a safe, healthy, honest and pleasant working environment while helping our people find value in their work. TDM is an ardent advocate of personal and professional development among our Management and employees. This is also extended to communities directly connected to our operations. Our emphasis on the acquisition of knowledge and skills is grounded on the belief that individuals should sustain their ability to meet the economic and social challenges of their own future.</p>	 <p>PLANET</p> <p>We champion the preservation of the environment and the sustainability of natural resources so as to safeguard the well-being of people, our natural environment and the general quality of life in the present as well as in the future. We are increasingly ‘greening’ our operations and practices through innovation, technologies and other means in order to lower TDM’s carbon footprint and environmental impact.</p>	 <p>PROFIT</p> <p>We are equally committed to our responsibility towards the livelihood of our employees and financial aspirations of our shareholders. We believe this responsibility is best upheld by capitalising on risks and opportunities in growing the company over the long term to ensure healthy financial returns to all our stakeholders.</p>
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SUSTAINABILITY GOVERNANCE

TDM has a well-defined governance structure in place to drive sustainability across the Group. The established Sustainability Committee assists the Board of Directors (Board) to meet its oversight responsibilities in relation to the approval of policies on sustainability. The Board is responsible and accountable for evaluating the Group’s sustainability performance on a periodic basis.

The Group Chief Executive Officer (GCEO), who is the Chair of the SCoM, is responsible for managing sustainability and decision-making on EES matters within the Group.

The SCoM, which meets quarterly, consists of the Chief Financial Officer, Chief Executive Officer of TDM Plantation, the Chief Executive Officer of Kumpulan Medic Iman, Plantation Advisor and Sustainability Lead.

The SWG consists of Plantation Controller, Mill Managers, Estate Managers and Compliance Executives.

SUSTAINABILITY OVERVIEW

SUSTAINABILITY ASSURANCE

Our sustainability practices for palm oil are assured through a variety of certifications including the Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) standards. While attaining full RSPO certification was a challenging process, it has enabled the company to gain deeper access to international markets and to sell its products at a premium.



ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

All of TDM Berhad's plantations and mills in Malaysia have been 100% RSPO-certified since 2013.

The RSPO promotes the growth and use of sustainable palm oil through credible global standards and engagements with stakeholders. The RSPO standards help to minimise the negative impacts of oil palm cultivation on the environment and communities in palm oil-producing regions. The authorised certification body (CB), BSI Malaysia, conducts an annual surveillance audit where the certification is renewed after five years.

Certifications—RSPO 587626 & RSPO 595564, Production and Management System



MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

Every Malaysian planter was required to be MSPO-certified by the end of 2019. TDM stands as the first Malaysian government-linked company to be 100% MSPO-certified. All of TDM Berhad's estates and mills in Malaysia were MSPO-certified in 2017.

The MSPO standards were developed by the Malaysian Palm Oil Certification Council (MPOCC) with representatives from various palm oil interest groups. The MSPO standards have seven principles forming the requirements of a management system framework, based on three pillars of sustainability. They also address good agricultural practices which are essential for sustainable agriculture, producing high-quality products while enhancing productivity through yield optimisation.

BSI Malaysia conducts an annual surveillance audit where the certification is renewed after five years.

Certifications—MSPO 678754, 678572, 686825 & 686877, Malaysian Sustainable Palm Oil






ISO 9001:2015

The Group received the first ISO 9001:2008 Quality Management Systems certification for its Healthcare Division in 2012. Today, all certifications of all the hospitals under the Group have been revised and upgraded to ISO 9001:2015 certification. All hospitals undergo an annual audit to certify that their management systems are in compliance with the requirements.

SUSTAINABILITY OVERVIEW

HOW WE ENGAGE WITH STAKEHOLDERS

KEY STAKEHOLDERS 	ENGAGEMENT CHANNELS 	FREQUENCY 
Investment Community, Shareholders, Fund Managers and Media	Quarterly Financial Reports	Quarterly
Local Communities and Smallholders	Annual Report	Annually
Customers	Annual General Meeting	Annually
Contractors and Suppliers	Engagement and Meetings	As and when required
Employees	Engagement and Meetings	Four times a year
	Community Outreach Programmes	Periodically
	Strategic Partnerships	Upon mutual agreement
	Survey	As and when required
	Feedback Form	Periodically
	24-hr Support Phone Correspondence	Periodically
	Email Correspondence	Periodically
	Mobile correspondence	Periodically
	Meetings, Visits, Seminars, Talks and Events	Periodically
	Strategic Partnerships	Upon mutual agreement
	Engagement and Meetings	Four times a year
	Site Visits	As and when required
	Social Gatherings	Periodic
	Town Hall Meetings	At least once a year
	Employee Engagement Survey	Once every two (2) years
	Annual Performance Appraisal	Annually
	Roll-Calls	Weekly for mills / Daily for estates
	Morning Briefings	Daily

SUSTAINABILITY OVERVIEW

STAKEHOLDER CONCERNS



- Financial Performance
- Current Industry Trends
- Prospects
- Sustainability issues

- Policy Updates
- Sustainability Issues
- Operational Progress
- Crop Quality
- Health Awareness
- Health Check Ups
- Supply Chain

- Quality and Productivity
- Sustainability
- Addressing Customer Concerns
- Sharing Updated Information

- Policy Updates
- Requirement Updates
- Sustainability Issues
- Operational Progress
- Crop Quality
- Supply Chain

- Operational performance
- Requirement Updates
- Sustainability Updates
- Safety and Health
- Company Business Direction
- Human Resources Updates
- Business Initiatives
- Workplace Living Conditions

HOW WE RESPONDED TO STAKEHOLDER CONCERNS



- Established and enhanced better relationships
- Provided faster and efficient communication channel with stakeholders in timely manner

- Held briefings on policies
- Built better community relationship
- Addressed operational concerns
- Addressed sustainability concerns and progress

- Raised awareness and implemented initiatives
- Rolled out strategies and future planning on achieving higher customer satisfaction

- Increased awareness of policies and implementation
- Addressed operational concerns
- Addressed sustainability concerns and progress
- Built better business relationships
- Drove innovation and enhancement

- Built better employee relationships
- Balanced work-life activities
- Ensured a conducive work environment

OUTCOMES



- Insights on business progress and performance
- Establishing and enhancing better relationships
- Facilitating greater shareholders participation
- Narrowing the information gap with stakeholders

- Briefing on policies
- Addressing operational concerns
- Addressing Sustainability concerns and progress
- Building better community relationship
- Prospects
- Develop initiatives

- Strategies and future planning on achieving higher customer satisfaction
- Building better customer relationships
- Enhanced policies
- Enhanced operations
- Awareness and initiatives

- Increased compliance with the Group policies and implementation
- Better awareness on sustainability practices
- Improvement in resolving sustainability issues in the Group's supply chain

- Awareness of updated policies and implementation
- Awareness of operational improvements
- Understanding sustainability implementation
- Building better employee relationships
- Balancing work-life activities
- Conducive work environment
- Performance and morale of employees

SUSTAINABILITY MATTERS

“TDM acknowledges the criticality of understanding material matters in enhancing our inherent value to our stakeholders.”



*Collaboration with Universiti Malaysia Terengganu (UMT)
Research on Pollination Ecology of Oil Palm at Jerangau Estate*

In 2017, the Group identified 29 materiality matters segmented according to the EES pillars. The Economic pillar included materiality matters related to Corporate Governance while the Social pillar addressed issues related to the Workplace, Marketplace and Community.

In 2018, a Materiality Assessment to identify the top 10 matters was carried out with the help of an independent consultant.

MATERIALITY ASSESSMENT: IDENTIFICATION

- 01** Issues highlighted by our key stakeholders in previous engagements.

- 02** Significant issues discussed during our Board meetings.

- 03** The most significant risks highlighted in our risk register.

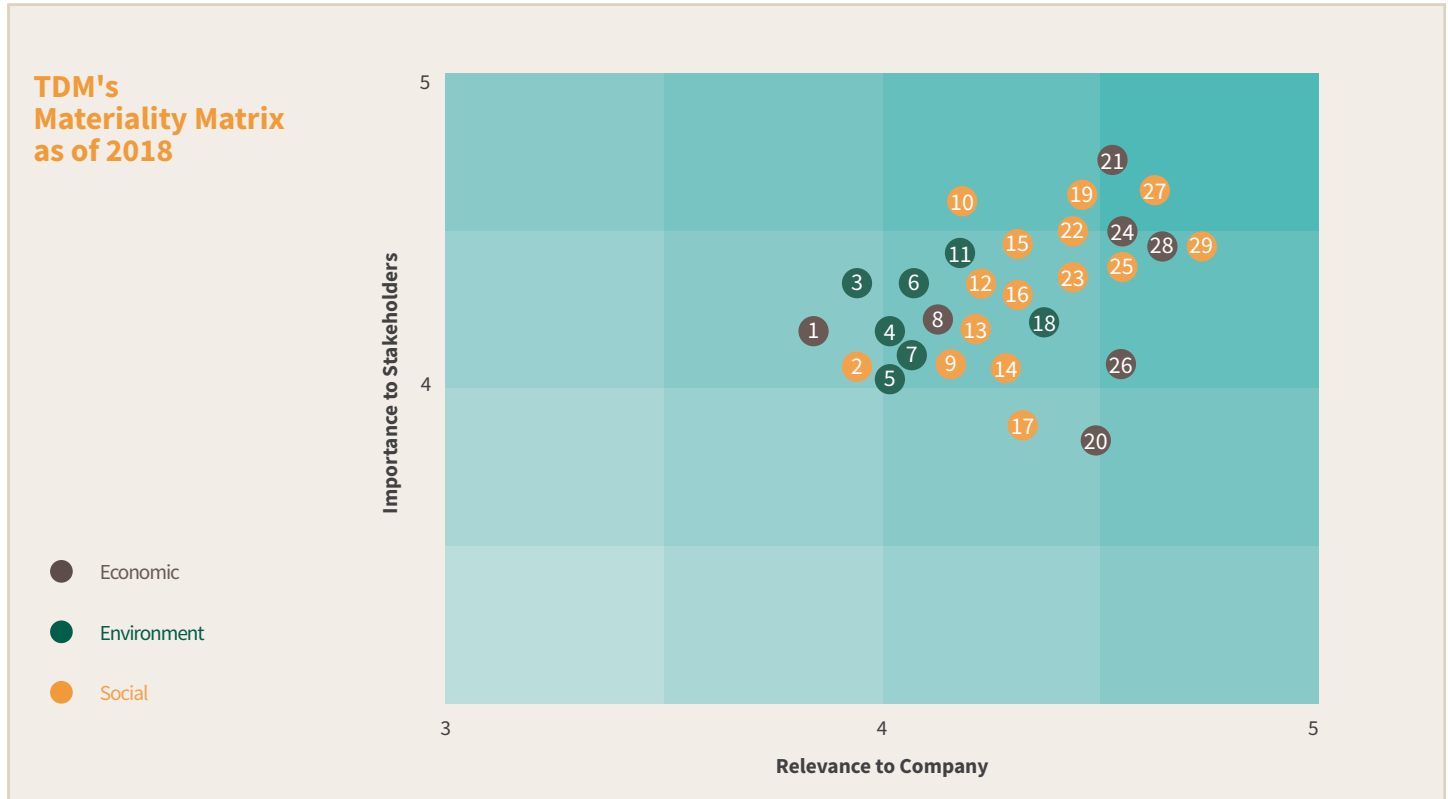
- 04** Issues related to global trends and practices.

- 05** RSPO Principles & Criteria.

- 06** MSPO Principles & Criteria.

SUSTAINABILITY MATTERS

We then conducted a survey on our various stakeholder groups, Board of Directors and key Management personnel to enable the creation of a materiality matrix that would help us improve our knowledge of what was simultaneously important to both the company and its stakeholders. The task ahead is to set key performance indicators (KPIs) for each of the materiality matters, followed by action plans and initiatives to meet these targets.













* The highest-ranked materiality matter from the Environment pillar (Waste Management) was included to replace the lowest-ranked Social materiality matter (Eliminating Child and Compulsory Labour) from among the 10 most material matters. This decision was made on the basis that each of the EES pillars of sustainability should be given emphasis in the drive to achieve sustainable development for TDM and its stakeholders.

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Hiring from the Local Community 2. Employee Volunteerism & Supporting Charities 3. Energy Management 4. Emissions & Initiatives to Tackle Climate Change 5. Sourcing Materials Responsibly 6. Water Management 7. Green Building & Other Environmental Initiatives 8. Sustainable Procurement & Supplier Assessment 9. Local Community Engagement 10. Eliminating Child and Compulsory Labour 11. * Waste Management 12. Recruiting and Retaining Employees 13. Employees' Engagement and Satisfaction 14. Providing a Diverse and Inclusive Workplace 15. Improving Employer Employee Relationship | <ol style="list-style-type: none"> 16. Preventing Workplace Discrimination 17. Stakeholder Engagement 18. Protecting Land & Biodiversity 19. Customer Privacy 20. Board Management & Oversight 21. Eliminating Bribery and Corruption 22. Training, Education & Career Development 23. Customer Feedback and Satisfaction 24. Economic & Business Performance 25. Protecting Public and Customer Safety 26. Risk Management 27. Protecting the Safety & Health of Workers & Sub-contractors 28. Business Ethics 29. Providing High Quality Services |
|--|---|

SUSTAINABILITY MATTERS

TOP 10 MATERIALITY MATTERS

In 2019, TDM continued to revalidate the top 10 material matters as identified in 2018 and no change was made in 2019. We have continued to focus on these 10 material matters to achieve sustainable development for TDM and its stakeholders. A set of key performance indicators (KPIs) for each of the materiality matters has been established, followed by action plans and initiatives to meet these targets.

MATERIALITY MATTER	SUSTAINABILITY PILLAR	SIGNIFICANCE TO TDM
HIGH-QUALITY SERVICES	 Social (Marketplace)	<ul style="list-style-type: none"> Improves reputation and brand/ product loyalty Enables obtaining premium price on product
BRIBERY & CORRUPTION	 Social (Governance)	<ul style="list-style-type: none"> Transparency and building good governance
SAFETY & HEALTH OF WORKERS & SUB-CONTRACTORS	 Social (Workplace)	<ul style="list-style-type: none"> Keeps the workplace in good condition and free of accidents Staff/ workers can perform their duties at maximum capacity
CUSTOMER PRIVACY	 Social (Marketplace)	<ul style="list-style-type: none"> Protects the confidentiality of customer's/ vendor's information
BUSINESS ETHICS	 Social (Marketplace)	<ul style="list-style-type: none"> Builds a good reputation among business partners, customers and employees
ECONOMIC & BUSINESS PERFORMANCE	 Economic (Governance)	<ul style="list-style-type: none"> Sustain value to shareholders
TRAINING, EDUCATION & CAREER DEVELOPMENT	 Economic	<ul style="list-style-type: none"> Keeps employees' capabilities and skills updated to meet current challenges and builds their competencies
PUBLIC & CUSTOMER SAFETY	 Social (Workplace)	<ul style="list-style-type: none"> Keeps work environment in a conducive condition and accident-free
CUSTOMER FEEDBACK & SATISFACTION	 Social (Workplace)	<ul style="list-style-type: none"> Understanding of customer expectations and requirements
WASTE MANAGEMENT	 Environment	<ul style="list-style-type: none"> Waste produced is treated properly to avoid environmental pollution and contamination

SUSTAINABILITY MATTERS

Appropriate responses have been established and potential risks have been identified for each material matter to ensure that they are addressed in a timely and effective manner.

HOW TDM MANAGED OR RESPONDED TO THE MATTER	RISK OF NOT RESPONDING TO THE MATTER
<ul style="list-style-type: none"> Practised customer service management, obtained product standard certifications and carried out periodic assessments 	<ul style="list-style-type: none"> Loss of potential income and customers
<ul style="list-style-type: none"> Established guidelines on anti-corruption and bribery via its handbook Reviewed existing procedures and monitored their implementation 	<ul style="list-style-type: none"> Bad reputation and image among stakeholders and the public
<ul style="list-style-type: none"> Established relevant policies and procedures pertaining to safety, health and the environment at workplace for staff to adhere to 	<ul style="list-style-type: none"> Injury, infection or death of staff/ workers and other related parties or family members Organisation being sued by related parties affected by the injury/ death
<ul style="list-style-type: none"> Strict compliance with Personal Data Protection Act 2010 (PDPA) 	<ul style="list-style-type: none"> Breach of PDPA and legal action taken by customers/ vendors Misuse of customer's/ vendor's information
<ul style="list-style-type: none"> Adhered to code of business ethics and conduct and practised good governance in doing business 	<ul style="list-style-type: none"> Loss of potential customers and reputation
<ul style="list-style-type: none"> Enhanced operational efficiencies and land productivity through best agricultural practices and revitalisation of palm age profile 	<ul style="list-style-type: none"> Opportunity loss Loss in share value
<ul style="list-style-type: none"> Encouraged employees to keep improving their skills and continued to educate them by sending them for job-related trainings and professional certifications 	<ul style="list-style-type: none"> Employees unable to perform or meet company's expectations due to changes in the marketplace
<ul style="list-style-type: none"> Established relevant policies and procedures pertaining to safety, health and the environment at workplace for staff to adhere to 	<ul style="list-style-type: none"> Injury, infection or death of customers/ the public and other related parties or family members
<ul style="list-style-type: none"> Established engagement channels for customers to express their concerns or feelings 	<ul style="list-style-type: none"> Lack of improvement from customers' perspective and probable increase of dissatisfaction gap compared to competitors
<ul style="list-style-type: none"> Ensured waste is treated according to the required standards and submitted monthly reports to the relevant authority 	<ul style="list-style-type: none"> Non-compliance with environmental regulations, waste pollution Loss of potential value from treatment of waste

SUSTAINABILITY MATTERS

MANAGING RISKS

In any initiative, there would be potential risks to the company in terms of business opportunities and financial performance, long-term benefits notwithstanding. For TDM, this is amplified by the nature of our business, which capitalises on land and the environmental aspects as well as social community. The Risk Management department evaluates these risks and provides a mitigation plan to enable a sustainable business that benefits stakeholders.

Changes in our risk exposure last year demonstrate the progress we have made in implementing group and divisional strategies, as well as the dynamics in the group’s operating context. In an ever-changing risk landscape, emerging risks have been identified where their extent, nature and potential impact on the group are uncertain. Emerging risks are monitored on an ongoing basis as their impact is typically understood only over time. Emerging risk themes across the Group that have been incorporated in our divisional strategies include the impact of global economic conditions and geopolitical uncertainties; cyber vulnerabilities and disruptive innovations; customer and brand loyalty and their related reputation management; business disruptions from third-party reliance; and environmental factors like climate change.

Through stakeholder engagement, we continue to address and disclose our risks. Our Risk Management Department is tasked with managing internal controls effectively. The group’s risk profile is determined by:

- Reviewing and reassessing our divisional and operational risk registers.
- Discussing and assessing risk profiles with the relevant management teams and appropriate Risk Action Plans are established to mitigate the identified risks.
- Reviewing the current and future business environments in which we operate to identify emerging risks.
- Monitoring risks on quarterly basis.
- Updating and reporting the risks to management on quarterly basis.

This is followed by the determination of significant risks for the TDMB Group in each segment as illustrated below:



SUSTAINABILITY MATTERS

PLANTATION

NO. IN CHART

1

RISK EXPOSURE

Health, safety, environmental hazards

MATERIALITY MATTER

Safety & Health of Workers and Sub-contractors & Public and Customer Safety & Waste Management

CONTEXT

It is important to promote a safe working environment and ensure that our workers' and staff's well-being is protected. Failure to adhere to and comply with requirements could lead to reprimands and penalties by the authorities, affect TDMB's reputation and lead to higher costs e.g. medical / legal costs.


RESPONSE

- Established SOP on safety procedures as guided by the authorities and monitored compliance with RSPO and MSPO standards, including ensuring that OSHA in all operating units is carried out by the Safety & Health Officer.
- Ensured monthly scheduled maintenance is performed by the maintenance team with cleanliness of mill compounds managed by gardeners.
- Ensured DOE and MPOB counter-check samples provided by our mills. Conversion of Waste (EFB) and POME into environmentally-friendly by-products is in place.

SUSTAINABILITY PILLAR

 Social (Workplace) / People

 Social (Marketplace) / People

 Environment / Planet

NO. IN CHART

2

RISK EXPOSURE

Outbreak of pests & diseases

MATERIALITY MATTER

Economic and Business Performance & Environmentally friendly


CONTEXT


Inability to control the outbreak of diseases may lead to loss of crops, resulting in declining quantity of FFB available for production and additional costs incurred for rectification treatment.

RESPONSE

- Prioritised prevention of P&D issues by updating the Company's policy and SOP on P&D Management and making them known to everyone.
- Implemented Integrated Pest Management (IPM) by increasing barn-owl populations and beneficial plants in estates.
- Implemented IPM by screening and testing less hazardous chemicals.

SUSTAINABILITY PILLAR

 Economic (Governance) / Profit

 Environment / Planet

NO. IN CHART

3

RISK EXPOSURE

Delays in replanting programme

MATERIALITY MATTER

Economic and Business Performance


CONTEXT

The Plantation sector has been rejuvenating its plantations with replanting programme since Year 2012. This programme is critical to the Company as any delay in replanting process may affect revenue and the Group would have to depend on fresh fruit bunches ("FFB") from other market players to fulfil market demand for CPO and palm kernel ("PK") oil. Delays could also lead to low yields of FFB and oil extraction rates ("OER") in the future.

RESPONSE

- The Group to carry out and complete replanting activity as per the replanting programme.
- Periodic site visits are carried out to monitor the progress of the replanting programme.
- Study and proposal of the setting up of replanting fund.

SUSTAINABILITY PILLAR

 Economic (Governance) / Profit

SUSTAINABILITY MATTERS

HEALTHCARE

NO. IN CHART

4

RISK EXPOSURE

Loss or leakage of critical information

MATERIALITY MATTER

Customer Privacy & Bribery and Corruption

CONTEXT


The risk refers to unwanted losses or leakages of patient medical records. The respective Hospitals could face legal implications from patients in the event that medical records are intentionally or unintentionally exposed.

RESPONSE

- Information or documents are stored in a locked document storage room equipped with a fire door.
- On-site storage and cloud back-up storage is performed for all data.
- Documents are classified according to the degree of confidentiality for information security via individual passwords to access the system.

SUSTAINABILITY PILLAR

 Social
(Marketplace)
/ People

 Social
(Governance)
/ People

NO. IN CHART

5

RISK EXPOSURE

Competitive environment

MATERIALITY MATTER

Customer Feedback and Satisfaction, Economic and Business Ethics & Public and Customer Safety


CONTEXT


Lack of competitive advantages could result in potential losses due to competitive pressure from other healthcare providers. Without a competitive advantage, it could lead to failure in achieving the targeted profit and creating a sustainable healthcare business. Competitive advantage is simply a factor that distinguishes our healthcare from others and makes customers more likely to choose our products over the competitors.

RESPONSE

- Strengthening our patient proposition by enhancing our capabilities and boosting our capacity.
- Marketing strategies are communicated to all relevant staff to ensure staff are well-informed and able to promote to customers / clients. Additional and clearer marketing messages are prepared to promote the desired 'Hospital Brand'.
- Creating new branding strategies to stand out in the marketplace such as user-friendly website and improving web content. The Group initiated the improvement of branding positioning through differentiating our brand in the healthcare industry (Community and single bedded).
- Ongoing improvement and upgrading of existing facilities e.g. upgrading of patients' rooms.
- Community outreach programme is carried out as part of marketing initiatives.

SUSTAINABILITY PILLAR

 Social
(Marketplace)
/ People

 Economic
(Governance)
/ Profit

NO. IN CHART

6

RISK EXPOSURE

Inability to attract or retain medical consultants

MATERIALITY MATTER

High Quality Services


CONTEXT

Due to stiff competition in the market, the healthcare business could face challenges in attracting and retaining consultants which could disrupt the day-to-day operation e.g. long waiting time that eventually affect the image of the hospitals as well as the Group resulting from loss of customers.

RESPONSE

- Visiting consultants are hired to ensure sufficient resources through advertisements in the website and on online employment marketplace Jobstreet when there is a requirement.
- Attractive remuneration packages and benefits to consultants and immediate family members are reviewed on a periodical basis, in line with benchmarks against industry competitors.
- Promoting consultants by involving them with talks, seminars and public forums.

SUSTAINABILITY PILLAR

 Social
(Marketplace)
/ People

SUSTAINABILITY MATTERS

GROUP

NO. IN CHART

7

RISK EXPOSURE

Liquidity

MATERIALITY MATTER

Economic & Business Performance

CONTEXT

A combination of factors which includes internal and external elements such as increasing operational costs and the market volatility may have contributed to the liquidity risk of the Group.

With continuing fluctuation in Crude Palm Oil price as well as global economic uncertainty, the Group has to ensure all liquidity requirements are met without affecting its operations and financials.

RESPONSE

- For the plantation division, the focus primarily is on productivity improvement programme to improve our profitability and cash flow generation. Hence, we have embarked on replanting programme since year 2012 which will be critical to increase productivity from the old areas and low productivity areas.
- For healthcare division, the focus is on the capacity and capability expansion programme where we continue to increase our operating bed capacity in our facilities and to introduce new services such as catherization lab to improve our cash flow generation.
- At the Group level, we have embarked on monetisation and fundraising programmes to increase liquidity through sale of idle asset (Pulau Perhentian land) and the Revolving Credit Facility-i from our financier as well as the advance payment arrangement from long term supply contracts with our buyers. In addition, Group Centralised Treasury function will be implemented in 2020 as part of our efforts to improve visibility of the Group liquidity as well as to maximise income from our funds.

SUSTAINABILITY PILLAR



Economic (Governance) / Profit

NO. IN CHART

8

RISK EXPOSURE

Investment monitoring

MATERIALITY MATTER

Economic & Business Performance

CONTEXT

The success of an investment does not depend on the evaluation process, but also on the close monitoring of investments such as our palm oil operations in Terengganu and Indonesia and healthcare operations. This will result in the ability to achieve the expected returns on investment, Net Asset Value and turnover of the Group.

RESPONSE

- Developed specific business recovery plans (with timeline) for the identified companies that did not meet industry benchmark ratios. The proposed business recovery plans will be submitted to the Boards of the respective companies for approval and implementation.
- To enhance the investment evaluation process from second feasibility study following investment (approximately after two years of initial investment) and evaluation, including test assumptions for any variation from original assumptions used during the initial evaluation process. Results of the study will be used to enhance the investment evaluation process.

SUSTAINABILITY PILLAR



Economic (Governance) / Profit

SOCIAL SUSTAINABILITY: CREATING SHARED VALUE FOR COMMUNITY DEVELOPMENT

“We are committed to the mutual respect of TDM’s local communities and stakeholders in surrounding areas of our operations and to uphold legal, communal or customary rights on any project that occurs in their territories that might affect their way of life.”



Stakeholder Engagement

PLANTATION

Engaging with our plantation stakeholders and local communities within the areas of our operations is pertinent to ensuring smooth daily operations and sustainable business growth. It enables us to gather feedback from our stakeholders and resolve issues, besides meeting the needs of our stakeholders. As some of our operations are located in remote areas, we strive to improve the livelihood of our stakeholders by upgrading the facilities and providing modern conveniences. Guided by our Philanthropy Policy, TDM aims to leave positive social impact that will benefit our stakeholders namely employees, suppliers and customers and community, especially smallholders.

In 2019, we held four stakeholders’ meetings at our mills and estates to gather feedback on any issues that impacted the stakeholders. TDM held two meetings while RSPO and

MSPO hosted one meeting each in the North and South zones respectively. The meetings, which highlighted updates and Group policies, enabled TDM to respond to the issues raised and resolve grievances positively.

Sustainable Community Initiatives

The well-being of our stakeholders is a matter close to our heart. In tandem with our core and sustainable business objectives, we aim to uplift the socio-economic status of our local community to create long term positive social impact.

Besides ensuring that our estates and mills are well equipped with amenities such as schools, clinics and living quarters for staff and workers, TDM also provides quality training and education. In 2019, we invested RM1,570,359 to enhance the well-being of our local community, which included

providing healthcare services and religious lessons for workers and their children. Other facilities in our estates and mills include:

- School vans
- Places of worship i.e surau and mosques
- Amenities i.e halls, sports areas, guard houses and Auxiliary Police (AP)

TDM had in the past upgraded over 1,000 km of internal roads within its estates to ease the journey of transporting FFB from the estates to the mills. The shorter the lag time between harvesting and milling, the less free fatty acids will form in the FFB, resulting in better yield and quality CPO at the mill. Some of these roads were also used by communities in the surrounding areas to commute to nearby towns as well as to transport their produce for sale.

SOCIAL SUSTAINABILITY: CREATING SHARED VALUE FOR COMMUNITY DEVELOPMENT



Highlights:

Resettlement Matters

We are pleased to report that there were

ZERO
resettlements

in 2019

Invested over

RM
1.57
MILLION

to enhance the well-being of our local community

To further engage with our stakeholders, our employees across the Group are encouraged to participate in employee volunteer programmes to build meaningful relationships with the local communities. In 2019, Ladang Fikri staff and Majlis Permuafakatan Komuniti Kampung (MPKK) Kg Bt Nenas organised a Sports Day in conjunction with the Malaysia Day celebration in September. The event helped to foster closer ties between the plantation staff and the surrounding communities. TDM also joined the Terengganu State Tourism Department to clean up the Pantai Batu Burok beach in Kuala Terengganu on 11 September 2019.

We understand the importance of measuring social impact on the community to quantify the quality of the return of investment in our ventures. Thus, we engaged a third-party assessor to conduct Social Impact Assessment where applicable.

Engaging Our Suppliers

TDM acknowledges the significance of maintaining healthy relationships with its suppliers to drive business results. It is indeed key to achieving our KPIs in three areas: yield (production of FFB), production cost and Profit Before Tax (PBT).

Our engagement with suppliers is guided by MSPO and RSPO guidelines, which all suppliers, their traders and third-party vendors are encouraged to comply with. The guidelines outline our commitment to:

- Respect human rights
- Adhere to national laws
- Be more inclusive of smallholder farmers
- Increase the traceability of our supply chain

We further entrench transparency in the supply chain by providing a comprehensive complaints and grievance mechanism that allows suppliers and other stakeholders to give feedback or file complaints. Our systematic approach includes a framework that ensures the handling, investigating and resolving of social and environmental issues within our supply chain are conducted efficiently. All complaints, conflicts and grievances are resolved through an open, transparent and consultative process, in accordance with Criteria 4.2, 5.1, 6.1, 6.3 and 6.5 of RSPO Principles.

Stakeholders and members of the public can file complaints by writing or through TDM's corporate website, email at info@tdmberhad.com.my or via phone at +609 620 4800. Complaints and grievances are managed by our Head of Corporate Communication, who usually responds within 14 days.

We are pleased to report that there were no complaints or grievances reported for Plantation Division in 2019.

Sustainable Procurement and Supplier Assessment

In our commitment to uphold efficient, fair and transparent procurement practices, we have put in place a robust e-procurement system that promotes accountability and

compliance since 2010. The system enables suppliers to purchase goods and services electronically and has improved efficiencies, reduced cost as well as controlled spending. In addition, we have an e-bidding system that allows for a fair and transparent bidding process for contracts above RM500,000. We ensure our contractors and suppliers are familiar with our procurement process by holding dialogues and briefing sessions including during site visits as well as conducting training on the e-bidding system.

The Group also keeps track of its suppliers and contractors who contribute to the local economy and embed sustainability practices in their operations, delivery and services. It enables us to work better with each supplier through different approaches, which help to identify the Economic, Environmental and Social risks and opportunities. Apart from that, our estates and mills also conduct random audits on their suppliers and contractors to ensure they comply with MSPO and RSPO requirements including the Minimum Wages Order.

Land Tenure Rights

TDM recognises that the nature of our business is associated with tenure rights. Therefore, we uphold the protection and sustainable use of land, forests and fisheries. We also comply with the national obligations, constitutions, local laws and regulations of the country where TDM operates in.

We respect the individual rights of indigenous and local communities to give or withhold their free, prior and informed consent (FPIC) to the development of land to which they hold legal, communal or customary rights. The Group is committed to ensuring legal compliance as well as international best practices in FPIC are implemented prior to the commencement of any new operations. In 2019, there were zero incidents involving violations of rights of Indigenous People living in Malaysia.

SOCIAL SUSTAINABILITY: CREATING SHARED VALUE FOR COMMUNITY DEVELOPMENT

HEALTHCARE

Ensuring High Quality Healthcare Services

Kumpulan Medic Iman (KMI) is guided by its people-centric mission statement that aims to deliver quality professional services responsibly. We aspire:

- To provide safe, quality, compassionate and personalised care to our customers.
- To be a learning organisation for employees.
- To create sustainable value for our stakeholders.
- To be accredited by recognised bodies.

In 2019, we rolled out an enhanced Customer Experience Programme (CxP) 2.0 with the aim to transform and improve the service culture at all our hospitals, focusing on sustaining service standards and practices under 'Special Heartfelt Practices' (SHP). SHP was designed to emulate a mother's touch as it consists of courtesy, care, clarity (in communication) and compassion. This second edition of CxP is an essential part of our guidelines and refresher course for new and existing employees. A series of workshops were conducted for the top



CxP 2.0 Special Heartfelt Practices designed to emulate a mother's touch

management of KMI Hospitals while front liners including new employees were coached on the programme. A year-long roadshow, which was launched at the end of 2019, highlights the importance of the CxP 2.0.

To enhance customer experience, KMI improved its customer feedback form in 2019 to further meet the needs and demands of customers. The form was created based on the Customer Service Index (CSI), which focuses on the standard Net Promoter Score and Customer Satisfaction Score. The analysis of the form is reviewed and presented quarterly during our Group Marketing Meeting. These scores will help us to forecast business growth and cash-flow, and to assess the positioning of our brand and overall customer satisfaction. Data collected is analysed every month by the respective hospitals.

We continue to gather feedback through our 24-hour customer call centre, suggestion boxes and interviews with inpatients before they are discharged. We also ensure a

comprehensive grievance mechanism is communicated to patients and customers so that they can channel their grievances and complaints to the hospital. The mechanism also enables us to collate, investigate and resolve any grievances within 10 days. Any feedback and comments received are given serious attention. Patients' complaints are monitored daily and they are attended to within 24 hours. Unresolved complaints will be further investigated and brought to senior management for further resolution.

In 2019, we received 882 complaints, where most of the complaints were resolved. Issues pertaining to infrastructure and parking are however pending and yet to be resolved.

Apart from measuring satisfaction scores and resolving customer complaints, we also participate actively on social media platforms such as Facebook, YouTube and Instagram to help customers make informed decisions. This will not only retain customers but also enable us to improve internal processes and deliver quality services.



Highlights:

In 2019, we received positive results for both Customer Satisfaction Score and Net Promoter Score:

Customer Satisfaction Score (average for all four hospitals)

90%

To measure customer loyalty and overall service satisfaction

Net Promoter Score (average for all four hospitals)

86%

To measure customer loyalty and the likelihood of gaining new and repeat customers

SOCIAL SUSTAINABILITY: CREATING SHARED VALUE FOR COMMUNITY DEVELOPMENT

4 COMMUNITY-BASED SPECIALIST HOSPITALS

- KUALA LUMPUR
- SELANGOR
- PAHANG
- TERENGGANU



PATIENTS' CHARTER

- Right to Healthcare and Compassionate Treatment
- Right to a Choice of Care
- Right to an Acceptable Level of Safety
- Right to Adequate Information and Consent
- Right to Redress of Grievances
- Right to Participation and Representation
- Right to Health Education
- Right to a Healthy Environment



ISO 9001: 2015

The Group's Healthcare Division received its first ISO 9001:2008 Quality Management Systems certification in 2012. Today, all our hospitals have been ISO 9001:2015 certified in 2018. The new revision focuses on leadership and addresses risks and opportunities. ISO 9001 helps organisations to deliver high quality products and services to ensure satisfied customers, management, and employees. All our hospitals undergo an annual internal and external audit to certify that the management system complies with the requirements.

Baby Friendly Hospital Initiative (BFHI)

In December 2019, the Kuala Terengganu Specialist Hospital achieved Baby Friendly Hospital Initiative, a programme launched by World Health Organisation and UNICEF in 1991. The initiative is a global effort to implement practices that protect, promote and support breastfeeding.

Expanding Our Services and Infrastructure

KMI hospitals constantly strive to fulfil the needs and demands of the local communities by expanding its facilities to support its capacity and capability growth. On 11 April 2019, the Kuantan Medical Centre (KMC) launched its newly built Catheterization Laboratory (Cathlab). The Cathlab has been operating since February 2019 and has received positive response from the community. Since the commencement of its operations until the end of 2019, it has performed more than 300 angiograms and angioplasties.

In increasing our capacity, we target to increase the number of beds from 407 to 882 by 2024 either by building new hospitals or through acquisitions. To enhance customer experience, we have also made it a point that all our rooms are single-bedded rooms to ensure privacy and comfort of our patients and their guardians as well as to avoid the spread of infection to other patients.

Healthcare Community Engagement Programmes

KMI employees continue to strengthen their relationship with local communities through voluntary and philanthropic programmes that promote healthy living. TDM contributes 2% of its consolidated annual net profit after taxation, minority interest and dividend payments to authorised organisations in Terengganu that support noble causes, sports and economic development.

In 2019, TDM invested over RM300,000 in healthcare community programmes to engage with key stakeholders namely the local community, customers, patients and suppliers. Programmes such as free health screening and talks were held in public areas and social centres to raise awareness and provide education to the wider community on chronic diseases. Compared to 2018, we have increased our investment in healthcare community engagement programmes and added more activities.

2019 Healthcare Community Engagement Programmes



11

Blood donation drives



42

Health screening



3

Symposium



13

CPD seminars



24

Health talks



48

Health awareness



4

Sports activities



302,029

Investment Total (RM)

SOCIAL SUSTAINABILITY: CREATING SHARED VALUE FOR COMMUNITY DEVELOPMENT

Our medical staff also volunteered at community events such as sports days, blood donation drives and festive celebrations. Among our healthcare programmes in 2019 were:



Festival of First Event

Held in January, the event was to reach out to the wider community and promote services offered by the Kuala Terengganu Specialist Hospital (KTS).



Larian Jantung KMC

A 7km fun run was held in April to promote health awareness and increase engagement between KMC staff and members of the public. Several activities were included such as a mini carnival, booths and the launch of Kuantan Medical Centre official Facebook page.



Cooking and Colouring Competitions

A cooking competition and a colouring competition were held in April to promote KMC's newly launched Cathlab and its cardiovascular treatment.



Antenatal Workshop

A workshop was organised by KMC in February for expectant mothers to understand more about pregnancy and preparation for birth. It was conducted by KMC's obstetrician and gynaecologists, midwives and dieticians.



Korean Week - "Annyeong Kts-Imnida"

The five-day event in August was conducted to introduce KTS In-Body 770 Body Composition Analyser and promote their Wellness Centre Package. Themed "We Bring Korea To You", various Korean-themed activities were held to attract visitors.

SOCIAL SUSTAINABILITY: CREATING SHARED VALUE FOR COMMUNITY DEVELOPMENT



Run from Diabetes

A total of 2,000 people took part in the run that was held in conjunction with the opening of the bridge in Kuala Terengganu in August. The fun run gave the KTS Hospital staff an opportunity to work out together with the hospital's business partners and staff from the state government.

TDRA Merdeka Run

A total of 130 runners took part in this event at SMK Taman Desa in August, which was aimed at promoting a healthy lifestyle and increasing awareness about Taman Desa Medical Centre in Kuala Lumpur. TDMC also offered free health screening while promoting its services and facilities.



Customer Privacy

At KMI hospitals, ensuring public and customer safety includes the safety of customer privacy. The Group has fully complied with the Personal Data Protection Act 2010 (PDPA) since 2014, which regulates the processing of personal data in commercial transactions. We will continue to uphold our commitment to protecting the confidentiality of our patients' health information.

Efficient Supply Chain Management

In the business of healthcare services, efficient supply chain management is vital to ensure smooth daily operations and sustainable business growth. This includes ensuring our suppliers and vendors comply with all regulatory rules and are legally authorised to sell health products. We work closely with our ethical suppliers and ensure they are committed to the sustainable development of the business. We will continue to uphold the integrity of the healthcare services industry by improving the visibility and transparency of our supply chain. This is done through conducting assessments, identifying and managing risks to improve procurement processes, utilising resources efficiently and achieving set targets.

TDM understands that Malaysian laws and regulations have strict policies and impose heavy penalties on business operations that are non-compliant. Any non-compliance will result in serious consequences on our suppliers, customers, smallholders and the local community. In 2019, we were not fined for any negligence from local authorities.

SUSTAINABILITY OF THE PLANET

“TDM’s commitment to the environment includes protecting, conserving and enhancing ecosystems and the environment for our future generations regardless of any business industry we pursue, now and into the future.”

Good Watering for Best Quality of Oil Palm Seedlings

PLANTATION

At TDM, sustainability is an integral part of our business operations and we continuously seek ways to incorporate sustainable practices within our work processes. We are committed to maintaining a balance between creating value and being responsible to society and environment.

Our success is measured in the form of new work policies, improved product qualities, adoption of new and innovative work practices as well as processes that change our employees’ behaviour and the way we operate the business.

TDM is committed to maintaining a sustainable biodiversity to ensure a healthy ecosystem. One of the approaches we have adopted is maintaining the health of the biodiversity at our estates and mills, particularly in areas that will impact biodiversity the most. A healthy biodiversity will enable the local ecosystems to function effectively and benefit the local communities living around the areas.

A healthy ecosystem will provide clean air and water, mitigate floods, droughts and pest infestations while benefiting communities in the form of recreation and education.

To this end, we uphold the regulations in the Principles and Criteria (P&C) of the RSPO and MSPO. We adopt best agricultural practices in the use of pesticides, chemicals, air and water pollution control, soil erosion control and soil formation, nutrient cycling and natural habitats for plants and animals. This includes the practice of Integrated Pest Management (IPM) for control of rats and palm leaf pest such as rearing barn owls (*Tyto Alba*) and growing *Tunera subulata*, *Casia cobanensis* and *Antigonon leptopus* plants.

Water usage, for mills and domestic use, is always measured via the standard process control and Workers’ Minimum Housing Standard and Amenities Act 1990 respectively. In the estates, water is also used for irrigation and watering in the field and nursery. We acknowledge that good water management

translates into optimum palm yield and lower expenditure from less wastage, while the quality and quantity of water resources is conserved and maintained. Moreover, we put in every effort to mitigate and prevent air and water pollution in the areas that we operate via close monitoring and stringent process control. To manage and reduce waste, we process bio-organic waste into mulch and fertilisers.

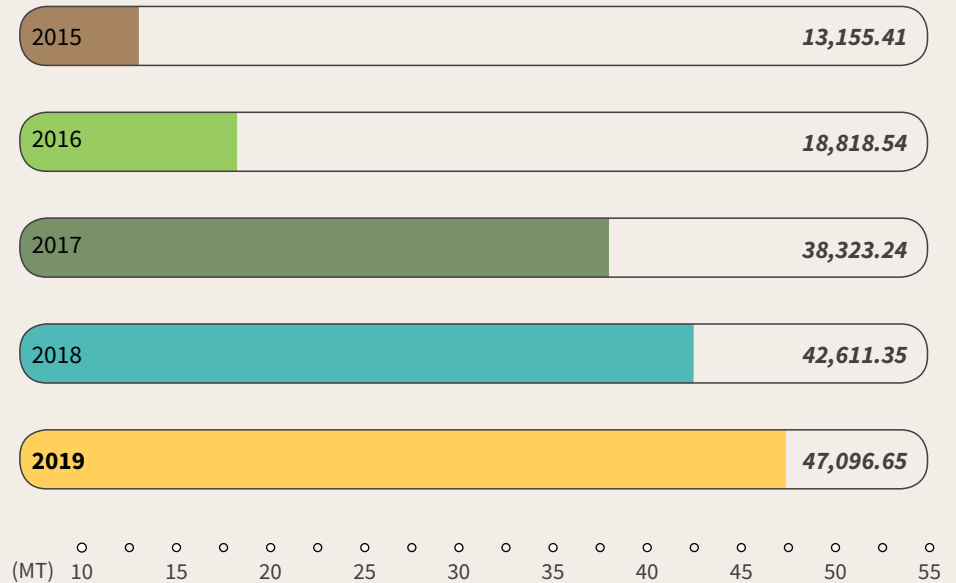
To sustain the economic sustainability of our plantation operations, we use high yielding planting materials, adopt high density planting per hectare (Ha) and practise good standards of maintenance and upkeep from the replanting stage. This is to ensure continuous high returns per unit land area.

TDMB produces green palm oil and our operating units were certified with the Roundtable on Sustainable Palm Oil (RSPO) since 2013 and the Malaysian Sustainable Palm Oil (MSPO) in 2017. In 2019, we produced 83,843 metric tons of RSPO

SUSTAINABILITY OF THE PLANET



Production of Bio-Organic Fertilisers (BOF)



Certified Sustainable Palm Oil (CSPO) and 19,617 metric tons of Certified Sustainable Palm Kernel (CSPK). We sold 34% of these green palm oil with a price premium amounting to RM3.4 million with another RM1.1 million received for price premiums from sales of CSPK.

Going forward, we will roll out some new initiatives to continue maximising our natural capital by growing diversified crops in areas of our estates.

In line with the above initiatives, a pineapple trial project has been scheduled to begin in second half of 2020 in Jerangau Estate.

There are also plans to plant other crops if they are agronomically suitable and economically feasible.

PROFILE

HCV Area by estates

696.88 Ha

12 Estates in Malaysia

31,295 Ha

Planted in Malaysia

AGE PROFILE 2019

Immature (0-3 years)	- 4,954 Ha
Young (4-10 years)	- 4,796 Ha
Prime Young (11-15 years)	- 3,339 Ha
Prime Old (16-20 years)	- 3,701 Ha
Old (21-25 years)	- 10,086 Ha
Very Old (>25 years)	- 4,419 Ha

SUSTAINABILITY OF THE PLANET

“TDM is committed to protecting the environment and to conserve biodiversity through sustainable development that preserves the environment and biodiversity in all aspects and stages of our operations.”

BIODIVERSITY

Biodiversity is a priority at TDM. We recognise the fact that some of our plantations and operations are close to forest reserves or conservation areas that are home to endangered, rare and threatened species. To underline our commitment to biodiversity, we pay close attention to the management of our operations to conserve the pristine environment of these areas while reducing our impact on biodiversity.

Our Environmental and Biodiversity Policy ensures that we do not develop HCV areas and peatlands. The Group has pledged to undertake conservation initiatives for the continuous protection of the natural ecosystem and its services including implementing zero-burning practice.

Human – Elephant Conflict (HEC)

In the plantation business, human-wildlife conflict is an inevitable predicament. As agriculture activities require deforestation, they cause loss of habitat, foraging sites and hunting grounds, leading to wildlife encroachment into the plantation. In the oil palm industry, particularly in Malaysia, human-elephant conflict (HEC) has been one of the biggest issues since the beginning of the industry.

While several methods such as electric fencing, elephant trenching and night patrolling have been tried and tested, the elephants have learned to overcome these obstacles. In 2007, scientists found that beehive fencing would keep elephants away from plantation farms. Studies conducted in small scale farms showed that beehive fencing at the farms’ entry points successfully reduced the number of elephant encroachments. Displaying empty beehive boxes also kept the elephants away if they had been stung by the bees before.

Although the model has yet to be tested in large scale farms, TDM is currently testing out the method in the Jernih Estate in Terengganu. *Apis cerana* or Asian honeybees are being used in the method, which has been modified to suit the local environment. The Kemaman district in Terengganu had the seventh highest number of HEC reported cases in the country, from 2006 to 2015.



SUSTAINABILITY OF THE PLANET

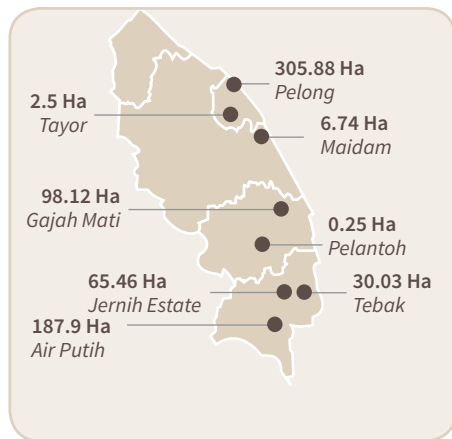
“As a member of the Roundtable on Sustainable Palm Oil (RSPO), TDM is committed to safeguarding High Conservation Value (HCV) areas within its plantation areas.”



Aerial view of Gajah Mati Oil Palm Nursery

High Conservation Value (HCV)

Oil palm plantations have the potential to leave a negative impact on biodiversity, climate, hydrology and the physical and chemical properties of soil. To reduce our environmental impact and conserve natural resources, TDM has set aside several High Conservation Value (HCV) areas to maintain the biodiversity and protect Rare, Threatened & Endangered (RTE) species in the areas. Currently, we have a total of 696.88 Ha of HCV in the Sungai Tong, Kemaman and Bukit Besi Complex estates.



Plan and expectations for HCV areas:

- Applying, enforcing and maintaining formal protection and conservation area
- Conserving the habitats of protected and endangered species of wildlife
- Sightings of any wildlife is recorded in logbook
- No encroachment

As part of our planting processes, we take great responsibility in ensuring the suitability of the land for sustainable agricultural expansion. To this end, TDM has put in place a methodology guided by international environmental and social sustainability standards to help us facilitate and manage degradation and land rehabilitation.

The methodology supports:

- Non-governmental organisations seeking to identify priority areas for conservation
- Private sector in identifying future agricultural expansion in areas that comply with sustainability criteria
- Malaysian government at both local and national levels in aligning their land-use planning for agricultural expansion with their commitment towards social acceptability and environmental sustainability
- Scientists and land use planners in identifying alternatives for agricultural expansion in areas with conservation value
- Implementing plans for biofuels and carbon sequestration

Highlights:

TDM upholds its NDPE Policy that emphasises on:

- No development of High Carbon Stock (HCS Forest) ;
- No development of High Conservation Value (HCV) Areas ;
- No burning following our No Burn Policy. This policy also follows RSPO commitment under Principle 5.5 ; and
- Reduction of Greenhouse Gas (GHG) Emissions.

SUSTAINABILITY OF THE PLANET

NO DEFORESTATION, NO PEAT AND NO EXPLOITATION (NDPE)

TDM upholds its NDPE Policy and ensures its plantation areas in Malaysia are not in peat areas and do not experience peat fires.

Furthermore, our Peat Management strategy focuses on the management, protection and rehabilitation of peatland at a landscape level, which involves:

- TDM not accepting any future development of any peatland regardless of the depth of peat.
- TDM's commitment to supporting RSPO Principle and Criteria 7.7.6 and the standards set out in the RSPO Manual on Best Management Practice (BMPs) for existing plantations on peat lands.

- Working with experts to explore options of peat definition, restoration or alternative uses in areas unsuitable for replanting.



Natural Vegetation Growth in Buffer Zone



Redesigned Planting at Taylor Estate

REPLANTING

Sustainable planting is an integral part of the sustainability of the palm oil industry. TDM is committed to replanting palms and reducing our environmental impact. We uphold best industry practices and emphasise on zero-burning practice, with future drainability and GHG emissions reduction as our focus.

Our replanting programme aims to achieve an average age profile of 13 years by 2022 and we replant at least 1,500 Ha per year. We are committed to replant 5% of the total hectareage in our Terengganu plantations.

Over the last few years, TDM has embarked on an aggressive replanting programme to correct the current skewed age profile and achieve a figure of more than 60% prime age palms in the future. To increase productivity and efficiency, we continuously regenerate our estates through high density planting, using superior planting

progenies and redesigning estates to enable higher rate of mechanisation.

Good agricultural practices (GAP) are adopted throughout our operations to boost early maturity and high and early palm yields. Adequate field infrastructure for future mechanisation are also considered at terrace planting and flood prone low-lying areas. This includes having adequate roads connecting to terraces and building raised harvesting paths with Closed Ended Conservation Trenches (CECTs) and collection drains.

For good replants, we start replanting oil palm seedlings sourced from known seed suppliers such as Sime Darby Calixs, Applied Agriculture Research (AAR), FELDA Yangambe and RISDA materials. Due to new planting material and improved processes, we can now harvest after 30 months compared to 36 months previously. In Terengganu, we started replanting in 2012 and reaped the first produce in 2016.



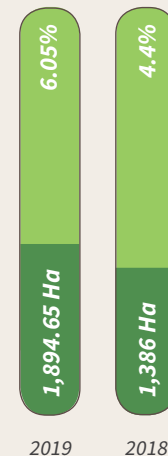
Highlights:

Slope Protection & River Buffer Zone

TDM is committed to protecting slopes and rivers and has in place a Slope Protection & River Buffer Zone policy that entails:

- Slopes above 25°: must be excluded from any new plant development and replanting programme;
- Slopes of less than 25°: existing plants and plants should be maintained accordingly; and
- Buffer zones should be maintained on both sides of a river bank within the range of 5 to 50 meters based on the river's width.

Replanting Programme 2019



- Total Replanted in Malaysia
- Replanted in Malaysia

SUSTAINABILITY OF THE PLANET

GOOD AGRICULTURAL PRACTICES (GAP)

As a leading sustainable palm oil producer, we place great importance on striking a balance between environmental conservation and business as well as economic development. TDM adopts good agricultural practices (GAP) in our operating units for long-term improvement and sustainability of our oil palm production. We constantly strive to improve our field practices and benchmark them against best industry practices. TDM's estates observe GAP such as soil management and conservation, water conservation and management, Integrated Pest Management (IPM) as well as best agricultural practices in our replanting activities.

Soil Management and Conservation

TDM's soil management is guided by the Group's Environment & Biodiversity Policy and Agrochemical Management Policy. We strive to maintain the quality and fertility of our plantation soil in order to sustain high yields while observing GAP and Good Milling Practices (GMP).

The quality of soil is highly determined by geographical factors and management practices. At TDM estates, efforts are being taken to improve the soil quality by incorporating organic matter, preventing excessive erosion of surface soil, improving soil micro-organism population and ensuring the soil stays moist. Depending on the health of the palms, we plan to gradually reduce the use of inorganic fertiliser by incorporating more of our own produced Bio-Organic Fertilisers (BOF) from the Kemaman and Sg. Tong plants. Other methods of improving the soil include EFB mulching and planting soft grasses, ferns of *Nephrolepis biserrata* species and Leguminous Cover Crops (LCC) to prevent severe erosion.



Good ground vegetation at terrace planting



Oil Palm Planting in Low Lying and Terrace Area

Integrated Pest Management

In our commitment to conserving the environment, the Group has progressively reduced the use of pesticides for pest management and control. We adopt Integrated Pest Management (IPM) in all TDM estates to reduce environmental risk associated with extreme use of pesticides. Our IPM policy consists of various methods to control pest populations and reduces our usage of chemical pesticides, ultimately minimising potential ground water and air contamination.

Our IPM includes installing barn owl boxes for *Tyto Alba* owls every ten Ha in the estates. Keeping *Tyto Alba* owls, which feed on rats, is an effective and eco-friendly method to control the population of rats.

We also plant beneficial plants along the main road of the estates and in the field to encourage the proliferation of natural enemies for the control of bagworms and nettle caterpillars to ensure ecological balance. These beneficial plants provide shelter and supplementary food such as nectar to encourage the population of predators and parasites that will control pests.



Integrated Pest Management (*Tyto Alba*)

SUSTAINABILITY OF THE PLANET



Irrigation Project – Ram Pump

Water Conservation and Management

Water is a crucial component throughout the lifecycle of oil palm production. It is essential for healthy palm growth and high yield as well as for processing FFB in the production of CPO. Good water management will translate into optimisation of crop production, while the quantity and quality of water resources is conserved and maintained. TDM implements good field practices that reduce surface run off, hence decreasing top soil erosion and diverting surface run off into sumps constructed along roadsides and silt pits in the field.

When replanting in hilly and steep areas, terraces are either constructed with palms planted along the contours and silt pits or built with sedimentation traps to reduce the flow of silt laden water down the slopes into waterways. In flat and undulating areas, soft grasses and leguminous covering crops will break the speed of run-off water and allow it to percolate into the ground. Organic waste such as EFB, Bio-Organic Compost (BOC), palm fronds stacked along palm inter-rows and chipped palm trunks are applied and retained in the field. Collection drains are periodically blocked, and water is retained to conserve moisture during the dry season. In some estates, natural water bodies are being maintained and a gravity feed water pump is used to irrigate the field during the dry period.

At low lying fields, Closed Ended Conservation Trenches (CECT) are constructed to regulate and maintain water levels in the field. Palms are planted on raised paths and water in the CECT is maintained at the desired level for palms' growth. Only excess water will flow out into collection drains.

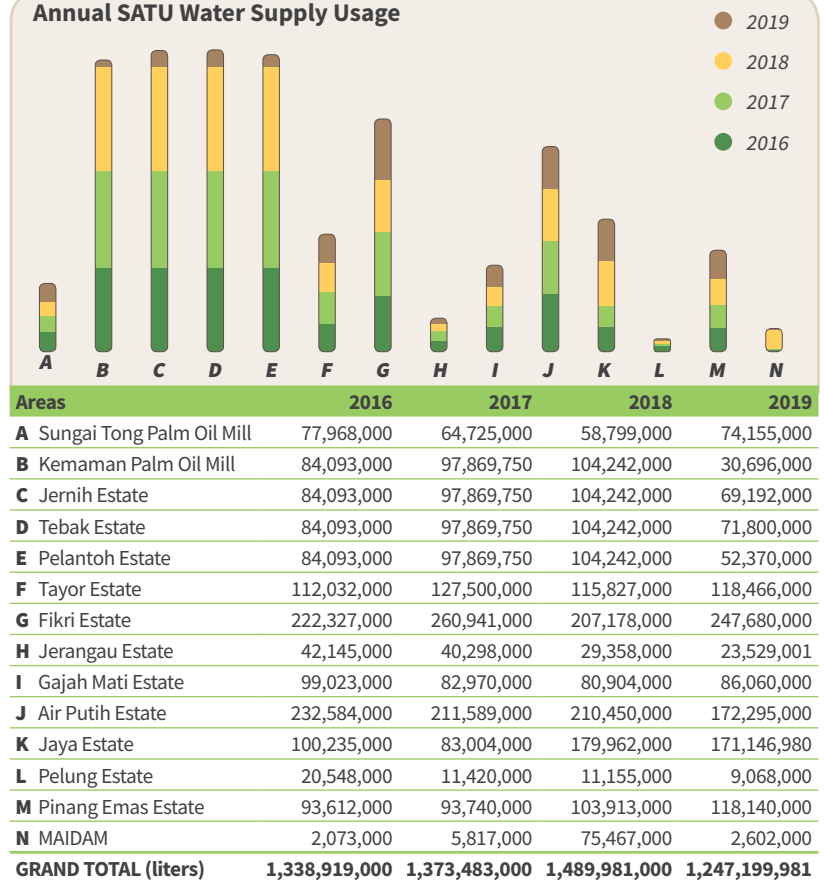
In accordance with national guidelines, we established buffer zones along water sources such as rivers, streams and ponds. Buffer zones are strips of land where “no treatment” is practised to allow natural vegetation, shrubs and grasses to grow. These zones will filter soil sediments from entering the waterways besides conserving the biodiversity in the areas of our plantation.

RESOURCE MANAGEMENT AND CONSUMPTION**Water Consumption**

While TDM recognises the importance of water in our supply chain, we also understand that it is our role and responsibility to safeguard the quality of water for the local communities who rely on the rivers near our operations. In this regard, we reduce the risk of water contamination by conducting a monthly water quality assessment to ensure the health of the river's ecosystem as well as the quality of the water supply is maintained.

In addition, we conduct an annual river water quality monitoring programme for all rivers that run through our estates to monitor the biological and chemical parameters of the rivers. The programme helps to ensure that TDM's usage of fertilisers and chemicals do not contaminate the rivers. In 2019, the Group maintained its water quality index within the permissible range approved by the Department of Environment.

In 2019, TDM's water consumption decreased by 16.29% due to increased awareness among workers and stakeholders to save water besides the replacement of old piping and water meters to reduce and control leakages and wastage.

Annual SATU Water Supply Usage

* B,C,D & E for 2016, 2017 & 2018 were equally distributed due to a single bulk meter used for the mentioned areas.

Observation: Huge savings in water usage observed in FY 2019.

Conclusion: This is due to better awareness among workers and stakeholders to save water besides the replacement of old piping and water meters to reduce and control leakages/wastage.

SUSTAINABILITY OF THE PLANET

Waste Management and Recycling

TDM acknowledges the challenge of waste management in the palm oil industry and has implemented strategic management practices to ensure eco-efficiency in our operations. Every estate and mill also has its own on-site storage for scheduled waste, chemicals and general equipment or items.

We have two bio-composting plants in Kemaman and Sungai Tong with a combined production capacity of 61,000 MT. In 2019, 47,096 MT of bio-organic fertiliser (BOF) was produced. At the bio-composting plants, treated palm oil mill effluent (POME) mixed with empty fruit bunches as BOF are recycled back to the soil as natural fertilisers. Mesocarp fibres and kernel shells are turned into renewable energy to generate steam and electricity for mill processing, sustaining up to 98% of our mills' energy needs. Empty Fruit Bunches (EFBs) are also recycled to produce microbes-enriched bio-compost that acts as a soil conditioner. About 95% of our EFB contributes to our BOF production.

In 2019, there was an increase in re-usage of POME for the production of BOF as compared with 2018 due to an increase in BOF production. With the theoretical 1:1 formula for POME and BOF mixture, the tonnage for POME used will be almost similar with the production volume of BOF.

With the yearly increase in replanting areas, there was an increase in the requirement of BOF, leading to higher production of BOF. As per the Agriculture Policy, all newly planted seedlings require BOF application and mulching to improve palms growth. A dosage of 20kg per palm was allocated as the nutrient cycling, soil moisture and conservation initiative, is now entering its third generation. The application of BOF was also continued in mature palm areas to improve soil fertility by adding organic matter to the soil and releasing available nutrients.

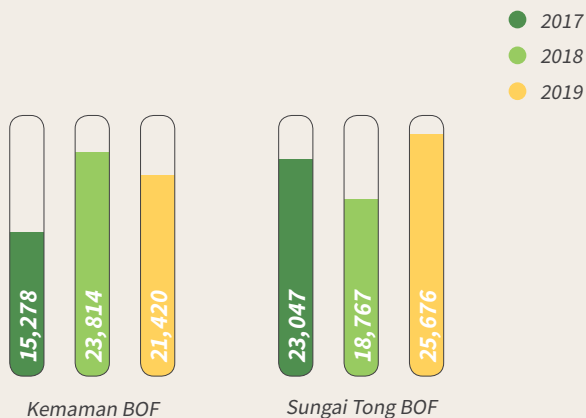


Kemaman Bio-Organic Fertilizer Plant



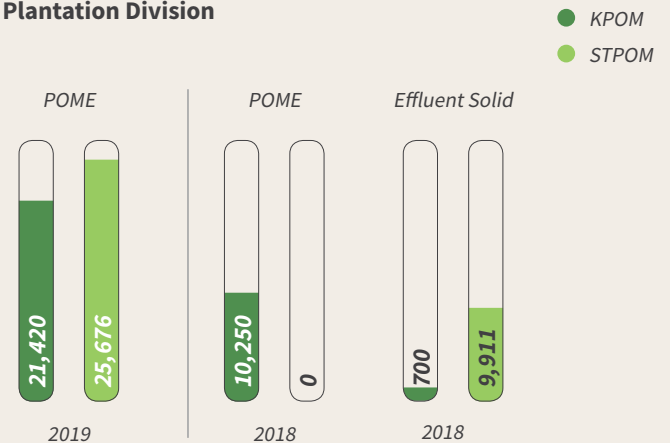
Routine Compost Temperature Monitoring

PRODUCTION OF BIO-ORGANIC FERTILISERS (MT)



WASTE MANAGEMENT IN TDM PLANTATIONS (MT)

Plantation Division



SUSTAINABILITY OF THE PLANET

(3R) practice

WE ARE A STRONG ADVOCATE OF THE REDUCE, REUSE AND RECYCLE (3R) PRACTICE AND AS SUCH SEEK TO PROACTIVELY INCULCATE GOOD HABITS AMONG OUR EMPLOYEES IN ALL AREAS OF OUR OPERATIONS.

These include:

- Use of recycled paper for printing drafts.
- Placement of recycling bins at all our hospitals and headquarters.

TDM's wastewater is managed through a ponding system consisting of a combination of anaerobic and aerobic processes. While we reuse 20% of the wastewater in bio-organic fertiliser plant processes, we release 80% of the treated effluent into natural water systems with a Biological Oxygen Demand (BOD) of less than 100 parts per million (ppm). There are no protected or biodiversity rich areas adjacent to where our wastewater or effluent are released as recommended by the Department of Environment Malaysia.

We ensure that all wastewater in inhabited areas within our estates is first trapped by either grease traps or sumps before it is released into the estate lands or nearby rivers. To further ensure efficient management of the wastewater, we conduct a monthly water sampling at the final discharge point in all our mills. An annual water sampling is also conducted within the estates at specific entry and exit points at the end of the estates' river boundaries.

Rainwater Harvesting

The Group ensures all its operation units have installed rainwater tanks to collect rainwater for watering plants and general washing purposes. It is part of our effort to conserve water and reduce wastage. To further validate our commitment, our Kemaman Bio-Organic Fertiliser (KBOF) plant was designed with slanting roofs to enable rainwater collection for washing and watering flower plants.



Rainwater Harvesting in Estate with Hilly Area



Treated Palm Oil Mill Effluent

SUSTAINABILITY OF THE PLANET

ENERGY MANAGEMENT

With climate change becoming a pressing global concern, TDM is aware of its role as a leading sustainable palm oil company to contribute to emission reduction. The Group has continued to monitor the consumption of non-renewable sources for energy generation to ensure efficient utilisation.

Renewable Energy and Biomass

Our mills at Kemaman and Sungai Tong are powered by boilers that rely on biomass renewable energy made from recycled fibre and shell. The biomass renewable energy represents 95% of our energy requirements.

In 2019, there was an increase of biomass usage due to higher crop production and the decision to reduce diesel usage for cost and fossil fuel efficiency initiatives.

The Group leverages on innovation in the plantation sector to drive sustainability at all levels of operations. It is slated to start generating energy from biogas under a feed-in-tariff (FiT) to supply electricity from both the Kemaman and Sungai Tong facilities in 2020. Thus, FiT generates economic returns for the Group while reducing electricity and water consumption as well as air pollution. We are also in discussions to capture the by-product of methane gas for conversion into fuel or chemical feedstock as well as to supply direct electricity into the national grid from our FiT efforts.

Looking ahead, our future sustainability initiatives will include bio-composting operations via microbial technology with bacteria from our own ponds, recycling and reusing of all wastes.



Compost Windrow



Aerial View of Kemaman Palm Oil Mill

ENERGY CONSUMPTION REDUCTION INITIATIVES AT KEMAMAN AND SUNGAI TONG MILLS

Installation of Timers

Both mills are installed with automatic switches with timers to ensure optimum energy consumption.

Solar Panels

The Kemaman Complex is also installed with solar panels to generate electricity to the water influent meter.

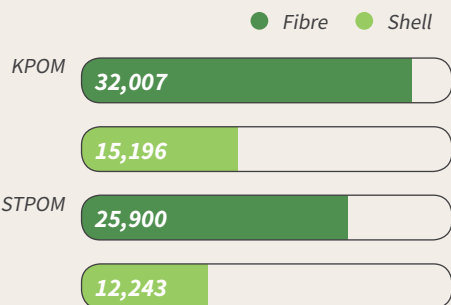
In the estates, the energizer for our electric fencing is recharged via solar panels.

MANAGING OUR EMISSIONS

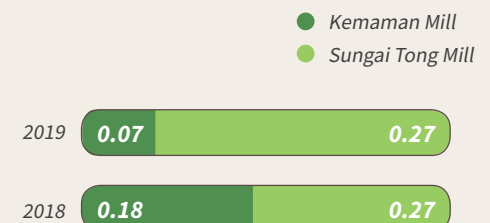
The Group collects data and information from all operating units to continually monitor and manage its GHG emissions. We measure our emissions using the RSPO GHG Calculator V4 and ensure the data is audited and certified annually by BSI Malaysia, an appointed RSPO certification body.

Our emissions are reported under Scope 1 (direct emissions) and represent the data from the Kemaman and Sungai Tong complexes. In 2019, the Group's emissions reduced slightly due to increased awareness in energy usage, emissions and pollution among employees, which led to a more environmentally friendly operation in TDM.

BIOMASS FOR ENERGY GENERATION AT MILLS (MT)



PLANTATION DIVISION (tCO₂-e)/tFFB SCOPE 1 EMISSIONS



SUSTAINABILITY OF THE PLANET

“In 2019, KMI Hospitals managed approximately 100,000kg of clinical waste without incineration to prevent pollution and toxicity from being discharged to the environment.”

HEALTHCARE**WASTE MANAGEMENT**

In the healthcare division, our waste management is managed as per KMI Hospitals Policy. We ensure all waste is divided into scheduled waste (clinical waste, chemical waste, liquid waste and batteries) and non-scheduled waste (general waste, food waste and recycle waste). In addition, we segregate the various categories of waste using colour coded bags.

The Group acknowledges that spillages are harmful and requires all employees to strictly observe standard precautions. Employees are to seek immediate medical treatment upon contact with harmful materials. We always ensure that our safety policies, procedures and instructions are well communicated to all employees.

The waste at all our complexes is monitored by qualified Certified Environmental Professionals in Scheduled Waste Management (CePSWAM), who report regularly to the Environmental Performance Monitoring Committee (EPMC) and Environmental Regulatory Compliance Monitoring Committee (ERCMC).

As a majority of our clinical waste is non-hazardous, we have appointed a waste management vendor specialising in clinical waste for every hospital.



Energy audits are conducted at our hospitals to identify, assess and implement energy savings measures in our drive towards reducing energy consumption

WATER MANAGEMENT

As a healthcare service provider, providing high quality care to patients is a priority at KMI hospitals. As such, we need an adequate supply of clean water to ensure smooth and efficient daily operations. While we rely on many water intensive facilities to provide the best services to our patients, we are also aware that we need to reduce and mitigate environmental impact. In this regard, KMI hospitals are encouraged to practise water saving initiatives to reduce cost and conserve natural resources.

ENERGY MANAGEMENT

Hospitals operate round the clock, which naturally results in high electricity consumption due to the equipment, lighting, medical and cooling systems needed for patients, employees and visitors. Our hospitals are equipped with high-tech heating, ventilation and air-conditioning (HVAC) systems to control temperatures and air flow. Other daily activities such as sterilisation of equipment, refrigeration and food service, and the usage of computers, servers as well as medical and lab equipment also contribute to high energy consumption in a hospital.

To manage energy consumption in our hospitals, the Group has put in place strategic measures to increase energy efficiency in all our hospitals. Money saved from energy consumption reduction can benefit the hospitals in other ways such as investing in new technologies to improve patient care. All hospital employees are regularly reminded through awareness campaigns to reduce energy consumption.

SUSTAINABILITY OF THE PLANET



Energy Consumption Reduction Initiatives

TDM ensures all its hospitals practise sustainability strategies and initiatives in electricity management. This includes engaging with the Ministry of Energy, Green Technology and Water for energy saving grants and appointing an energy manager in any KMI Hospital that exceeds 3 million kWh of electricity usage in addition to controlling building energy intensity. Reports on energy reduction initiatives are discussed during Group operations meeting.

Replacement of Light Bulbs with LEDs

All our hospitals have started replacing their light bulbs with energy saving LEDs, particularly for areas that need 24 hours lighting such as corridors, lobbies, entrances and emergency exit signs.

Installation of Timers

Timers are installed at identified areas to better control electricity consumption on every floor. Electricity supply in these areas will shut off automatically according to the schedules.



Internal process improvement in our hospitals has always been a priority in order to deliver quality services

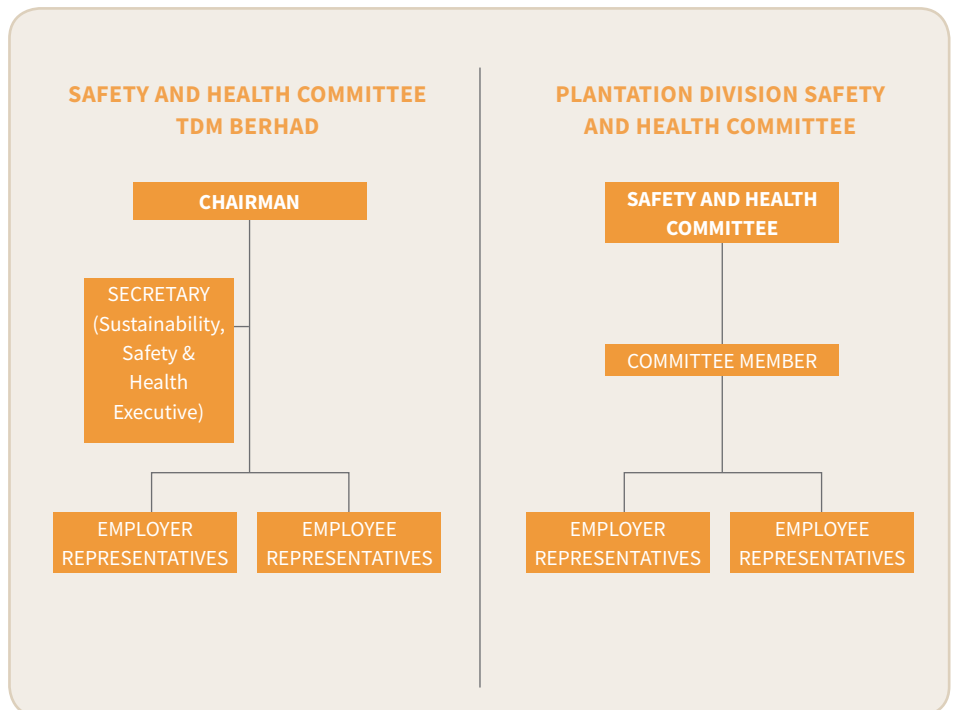
SUSTAINABILITY AT THE WORKPLACE: OUR PEOPLE, OUR GREATEST ASSET



The Group is committed to providing a safe, conducive and dynamic environment that caters to the needs and aspirations of our employees. An engaged, skilled and satisfied workforce will enhance our business sustainability. At TDM, we provide structured training programmes for career development, place critical focus on safety, health and wellness and practise the promotion of diversity and inclusivity, free from discrimination.

SAFETY AND HEALTH
Ensuring Our People Are Safe

Maintaining the safety of our people is paramount for TDM. The Group has an Occupational Safety and Health (OSH) policy that aims to provide a safe and healthy working environment for all our employees and workers from across all levels of the Group. We take pride in adhering to all statutory requirements, relevant standards, guidelines and code of practice pertaining to human rights, safety and health.



SUSTAINABILITY AT THE WORKPLACE:
OUR PEOPLE, OUR GREATEST ASSET

PLANTATION DIVISION

As the leading plantation company in the East Coast of Malaysia, the safety and health of our workforce is a top priority. We implement OSH best practices in our daily operations, and contractors and visitors to our sites are expected to strictly adhere to these practices as well. We have also formulated an emergency plan and regular training sessions are conducted to ensure preparedness within our organisation and neighbouring communities.




The Safety & Health Committee is jointly managed by our management team, the administration representative and our workers. Representatives from the All Malayan Estates Staff Union (AMESU) and the National Union of Plantation Workers (NUPW) also sit in the committee. As prescribed in our OSH Policy, new workers and employees are required to undergo safety and health training at their respective plantation areas. The training is conducted by the Safety and Health Officer (SHO) or appointed OSH coordinator in estates and mills. TDM also takes great care to ensure its employees and assets are secure from a safety viewpoint. We employ a total of 71 security personnel across three complexes.

In terms of monitoring and reporting, all operating units report to the SHO for OSH related activities, as well as OSH compliance for TDM Plantation. The SHO collects and compiles accident and injury statistics and activities related to OSH on a monthly basis before presenting it to TDM's top management.

Mitigation measures are in place to reduce incidents and accident rates within our plantation and mills. These include:

- Daily toolbox meetings and safety briefings to workers before commencement of work;
- Every Tuesday is Safety Day where briefings are held by management to all workers on safety and other work-related issues. This is a two-way engagement where workers can put forward their grievances or problems with the management team;
- The Operations Unit conducts periodical training sessions for workers focusing on SOPs, OSH and Sustainability;
- Safety and warning signages are regularly updated; and
- The SHO conducts an annual Compliance and Sustainability Audit for all operating units to ensure compliance with all regulatory requirements and TDM's OSH Policy.

In addition to the mitigation measures, our workers are also screened monthly or annually in the following areas to ensure that they are in the best of health:

-  Medical & Health Surveillance (Annually for mills and estates)
-  Audiometric Test for hearing (Annually for mills only)
-  Noise Risk Assessment (to be conducted for all mills and estates in 2020)
-  Chemical Exposure Monitoring (Annually for mills only)
-  Ergonomic (To be conducted for mills in 2020)
-  Monthly Health Checkup for staff (Monthly at mills)
-  CHRA (Chemical Health Risk Assessment) (Every 5 years in mills and estates)

PROFILE

Total TDMP Employee

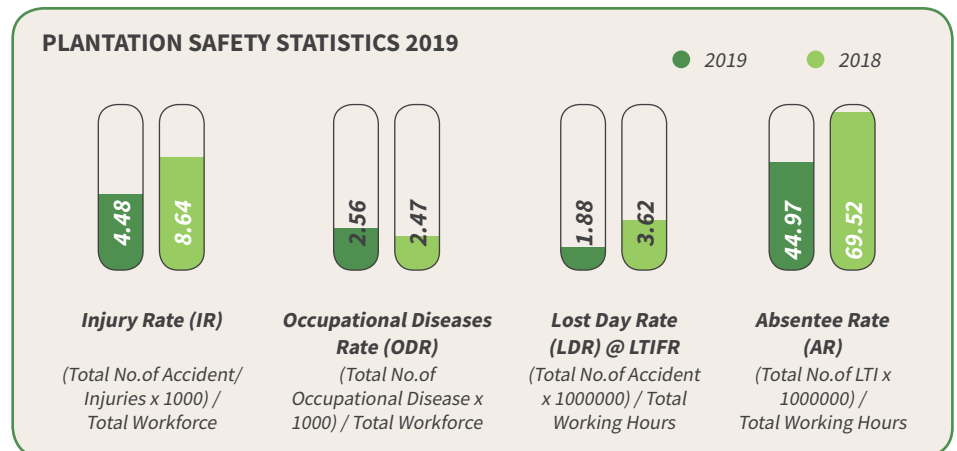
3,125

Total Working Hours for the Year

7,450,000

Plantation Safety Statistics 2019

Overall, there was a lower injury rate, lost day rate and absentee rate recorded in FY2019 compared to FY2018. Employees have become more responsible as they practise greater awareness about occupational safety, while observing stricter compliance to RSPO and MSPO requirements.



**SUSTAINABILITY AT THE WORKPLACE:
OUR PEOPLE, OUR GREATEST ASSET**

HEALTHCARE DIVISION

The Management of Kumpulan Medic Iman and the hospitals under its management are fully committed to driving Health, Safety and Environment (HSE) efforts to provide peace of mind for our customers, employees and other stakeholders. Numerous initiatives and proactive measures have been taken to ensure workplace safety to prevent incidents from occurring.

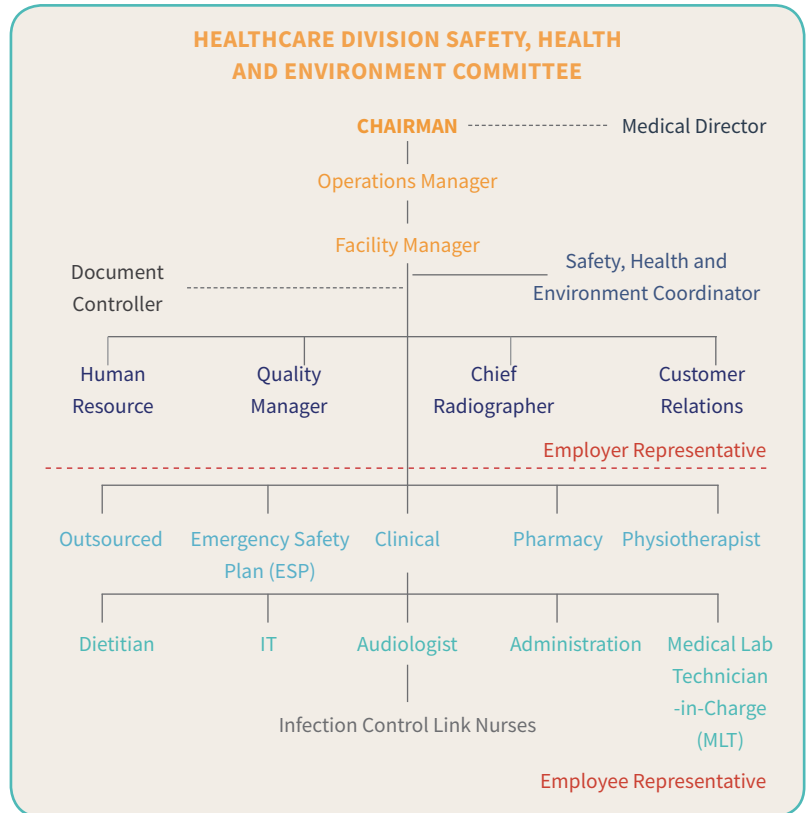
The Healthcare Division's HSE Policy is part of KMI's governance policies. It sets a clear direction for KMI-managed hospitals to ensure all aspects of health, safety and environment are carried out in the best interests of all staff, patients and stakeholders. In addition, we have other safety policies that cover risk management, incident reporting, no smoking, emergency preparedness and infection control to complement the HSE Policy. KMI hospitals have also embarked on Patients Safety Goals and HSE audits and risk monitoring besides identifying potential events and managing these risks through enterprise risk management activities.

Several key committees were set up to oversee our safety efforts and they are the OSH committee, Radiation Committee, Infection Control Committee, Emergency and Disaster Preparedness Committee and the Risk Management Committee.

These committees ensure that our initiatives, such as the ones below, are carried out according to plan:

- Infection control programmes for all hospitals;
- Dedicated Infection Control Nurses (ICN) are actively ensuring that appropriate blood screening is carried out for high risk healthcare workers and that their vaccinations are up to date;
- Hand hygiene awareness and surveillance conducted monthly to ensure compliance which helps to reduce the risk of transmission of organisms;
- Corrective, planned preventive and predictive maintenance of hospital equipment;
- Ensuring staff working in high risk areas comply with all policies and procedures and that they are provided with appropriate personal protection equipment;
- To monitor radiology staff for their radiation levels on an annual basis; and
- To ensure HSE training and awareness is conducted regularly and by qualified personnel.

In 2019, all four KMI hospitals recorded zero sentinel events and minimal incidents of non-compliance concerning the health and safety of products as per the Ministry of Health's regulations under the Private Healthcare Act. According to KMI's standard of practice, every incident has to be reported and proper investigation will be carried out so that corrective and preventive action can be taken. KMI is committed to further improving our standard of operations and reporting to mitigate future risk.



EMPLOYEE RIGHTS AND BENEFITS

TDM strives to ensure that its workers are fully aware of their rights and benefits. Comprehensive briefings and induction training programmes are held to help new employees understand the Group's policies and procedures of the organisation. The Human Resource Department continuously monitors the workers' understanding of their rights to ensure all employees are able to abide and act by the requirements of the prescribed policies. Our key employment policies and guidelines are generally aligned to upholding good human rights practices as we believe in protecting the rights of our employees.

In addition to this, our Senior Management and Board members conduct site visits at various facilities at both our Plantation and Healthcare Divisions. These visits serve as a platform for proactive engagement with our employees on site. While meetings and

discussions are regularly conducted at the estates and hospitals, Town Hall sessions are also organised to update employees on the Group's strategic initiatives, business developments, policy awareness and achievements as well as targets set by the Group.



Security Routine Activity

SUSTAINABILITY AT THE WORKPLACE:
OUR PEOPLE, OUR GREATEST ASSET

Human Rights

The Group is committed to protecting the rights of its employees and treating them with dignity and respect in line with all relevant legal requirements and regulations and in accordance with the Universal Declaration of Human Rights. The Group’s commitment is reflected in its Social and Humanity Policy as well as the No Deforestation, No Peat, No Exploitation (NDPE) Policy, which uphold the following principles and is stated in our Employee Handbook:

- Uphold and promote the Universal Declaration of Human Rights for all workers, contractors, indigenous people, local communities, and anyone affected by our operations.
- Apply compliance to minimum wages for workers.
- Promote diversity and inclusive culture in the workplace, premised on mutual trust and respect, and avoid practices that discriminate against gender, marital status, race, nationality, ethnicity or age.
- Apply zero tolerance to any form of forced labour, slavery, human trafficking and sexual exploitation.
- Respect and protect human rights, the right of all workers, including contract, temporary, foreign workers, the elimination of discrimination in employment and the promotion of equal rights, the freedom of association and the right to collective bargaining regardless of gender, race, caste, nationality, religion, age, physical condition, sexual orientation, marital status, union membership/affiliation/activity, employment status or political affiliation.
- Practise two-way communication with representatives of employees, and when the need arises, the Group resolves complaints and grievances through an open, transparent and consultative process.
- Provide estate workers with housing facilities.
- Allow a channel for whistleblowing when it is needed.

- Maintain a workplace that is free from abuse, harassment, intimidation and any other unsafe working conditions.
- Apply no child labour in any kind of work including external contractors.
- Workers reached an agreement with the Group to let management keep their passports for safekeeping. However, they may retrieve their passports at anytime.
- Respect the rights of employees to practise their religion during work hours.

In line with this policy, the Group is committed to maintaining a workplace and environment which is free of harassment of any form, and this includes sexual harassment. The Group will not tolerate violations of human rights principles and will address any grievances or complaints in a fair, effective and consultative manner. Our guidelines and grievance procedures provide a non-discriminatory and fair treatment framework for all stakeholders involved. Anonymous whistleblowing channels are also available to enable employees and other third parties to report actual or suspected misconduct without the fear of repercussion. We also have a Gender Committee established in 2012 at all operation units, specially formed to monitor the wellness of all female workers and any sexual harassment cases. In 2019, there were no complaints or grievances, or incidents of discrimination or the use of child labour.



SUSTAINABILITY AT THE WORKPLACE: OUR PEOPLE, OUR GREATEST ASSET

Compensation and Benefits

TDM is committed to paying all workers the statutory monthly minimum wage and overtime compensation in accordance with the current national labour regulations.

Beyond these benefits, we have also built kindergartens and nurseries to cater to workers' families who live in the areas surrounding our estates. Contributions for furniture and appliances, as well as cooking gas ensure that all families enjoy basic amenities.

For eligible employees, the Group provides medical benefits, life insurance coverage, housing for estate and mill employees, education allowance and scholarships for MBA and ACCA.

Collective Bargaining

The Group recognises trade unions which are registered with the Director-General of Trade Unions (DGT) and in accordance with applicable laws, may enter into collective bargaining with TDM. The collective bargaining process is regulated by law and takes place at the company level guided by the Collective Bargaining Policy and by the Malayan Agricultural Producers Association (MAPA). For the year ending 31 December 2019, a total of 3,058 employees were registered as members of AMESU and the NUPW. The notice period and provisions for consultation and negotiation are specified in collective agreements which vary from MAPA/ AMESU and MAPA/ NUPW.

Parental Leave

At TDM, we observe the following leave policies during these important times for our employees:

- Maternity Leave: 60 consecutive days from birth, up to five surviving children.
- Paternity Leave: Male employees are eligible for up to five working days leave from the birth of their own children, up to five surviving children.



- Compassionate Leave: Two consecutive working days upon death of immediate family members.
- Marriage Leave: Three consecutive days for the first legal marriage.

Facilitating Work-Life Balance

Recreational and sporting activities are organised within the Group to ensure a healthy and positive workforce. This also helps to reinforce team spirit among all employees. Employee involvement in sports and recreational activities are under the purview of the sports and recreational club, Kelab Sukan dan Kebajikan TDM, which was established exclusively for our employees. In addition to this, TDM's Hari Raya Gathering and Annual Performance Awards also provides another informal setting for employees to build rapport with one another.

DIVERSITY OF PEOPLE

TDM engages with a diverse workforce spanning a spectrum of different cultures, ethnic backgrounds, genders and ages. At the same time, we respect and welcome the distinct attributes of every individual within our workforce. This is in line with our Gender and Diversity Policy.

As at 31 December 2019, the Group has a total workforce of 4,377 people. Of this total, 33% were women and 67% were male employees. In the Plantation Division, 15% were women and 85% were male employees while in the Healthcare Division, 80% were women and 20% were male employees. More than half of the workers employed in the Plantation Division are foreign labourers from Bangladesh and Indonesia.

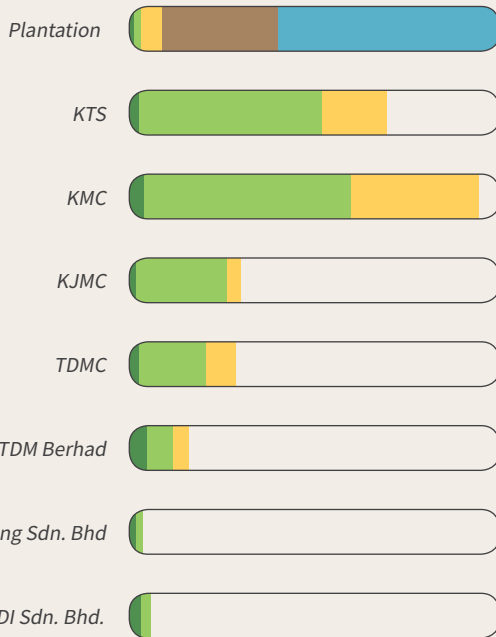
The Group actively encourages women to excel in both Divisions. However, the plantation sector is traditionally a male dominated industry due to the physical nature of the tasks involved. Nevertheless, to prevent workplace discrimination amongst women in the plantation industry, TDM has set up a gender committee at the estate level where women are encouraged to participate as committee members.

Notwithstanding this, we have female talents in the management team, which are involved in administrative activities. In the Healthcare Division, women employees are mostly nurses or engaged in administrative duties. Day care centres and kindergartens have also been made available to support the Group's female employees and their children. There were no disabled employees under our employment within the reporting period.

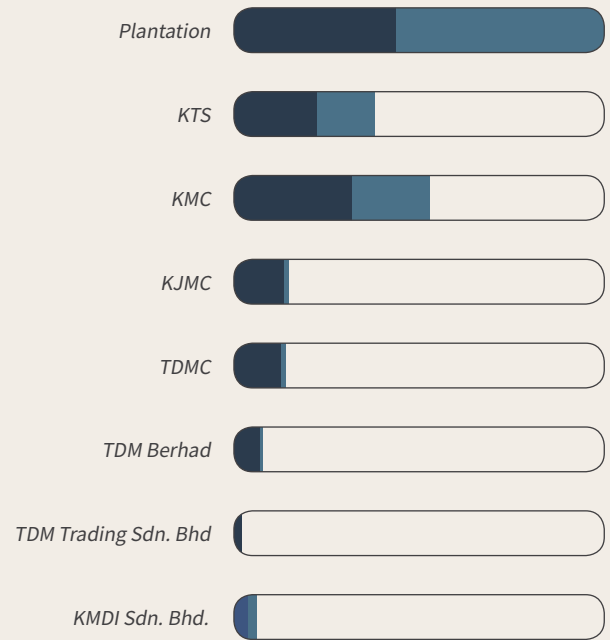
SUSTAINABILITY AT THE WORKPLACE:
OUR PEOPLE, OUR GREATEST ASSET

EMPLOYEES BY CATEGORY AND EMPLOYMENT

Category



Employment



● Managerial
 ● Executive
 ● Non-Executive
 ● Local Workers
 ● Foreign Workers
 ● Permanent
 ● Contract

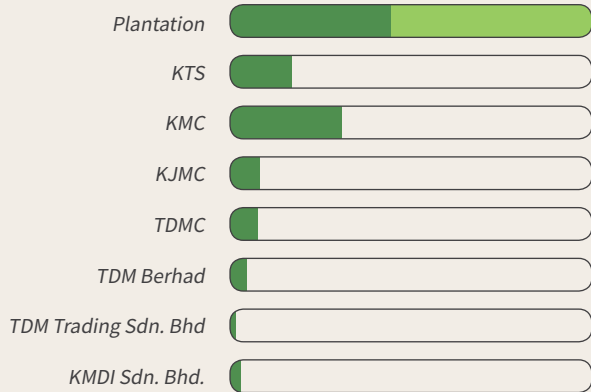
	Category					Employment				
	Managerial	Executive	Non-Executive	Local Workers	Foreign Workers	Total	Permanent	Contract	Total	
Plantation	20	47	178	1,141	1,739	3,125	1,364	1,761	3,125	
Healthcare:										
1) KTS	9	225	123			357	215	142	357	
2) KMC	20	276	223			519	336	183	519	
3) KJMC	5	110	27			142	137	5	142	
4) TDMC	9	79	50			138	132	6	138	
TDM Group:										
1) TDM Berhad	23	35	21			79	76	3	79	
2) TDM Trading Sdn. Bhd.	1	2				3	3	0	3	
3) KMDI Sdn. Bhd.	9	5				14	9	5	14	
Total	96	779	622	1,141	1,739	4,377	2,272	2,105	4,377	

SUSTAINABILITY AT THE WORKPLACE:
OUR PEOPLE, OUR GREATEST ASSET

EMPLOYEES BY NATIONALITY, GENDER AND AGE

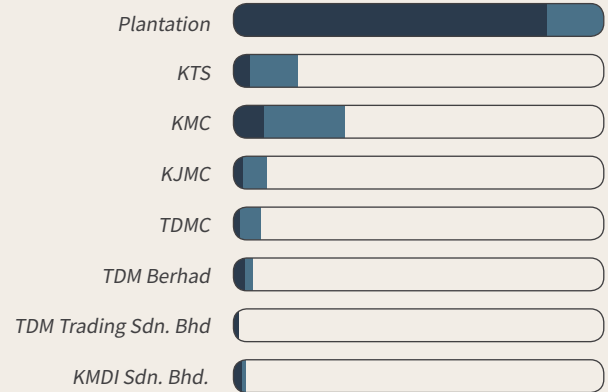
Nationality

● Malaysian ● Non-Malaysian



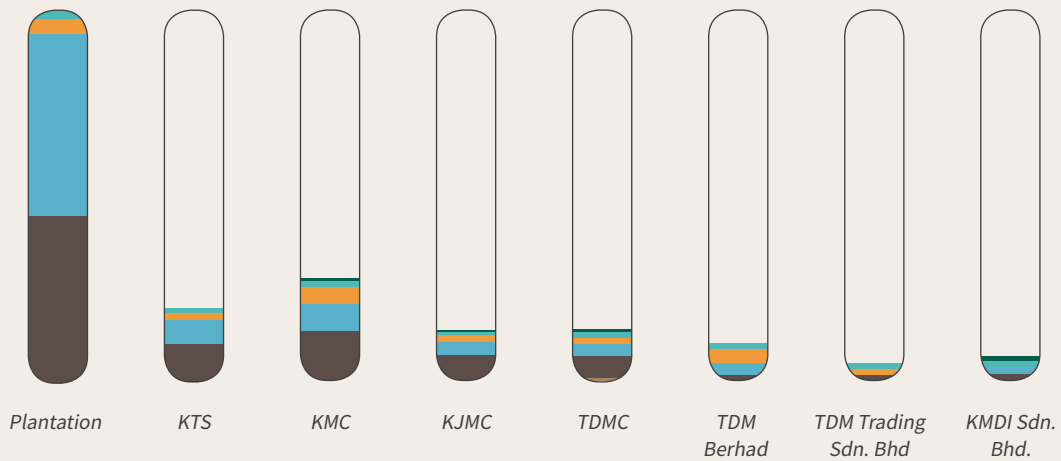
Gender

● Male ● Female



Age

● <20
● 21-30
● 31-40
● 41-50
● 51-60
● >60



	Nationality			Gender			Age						Total
	Malaysian	Non-Malaysian	Total	Male	Female	Total	<20	21-30	31-40	41-50	51-60	>60	
Plantation	1,385	1,740	3,125	2,649	476	3,125	2	2,079	1,884	232	166	14	4,377
Healthcare:													
1) KTS	357		357	69	288	357	0	221	110	16	10	0	357
2) KMC	519		519	106	413	519	0	307	141	51	16	4	519
3) KJMC	142		142	25	117	142	0	89	33	11	7	2	142
4) TDMC	138		138	26	112	138	2	51	42	19	19	5	138
TDM Group:													
1) TDM Berhad	79		79	48	31	79		7	30	31	11		79
2) TDM Trading Sdn. Bhd.	3		3	3		3		1		1	1		3
3) KMDI Sdn. Bhd.	14		14	8	6	14		3	5		3	3	14
Total	2,637	1,740	4,377	2,934	1,443	4,377	2	2,079	1,884	232	166	14	4,377

SUSTAINABILITY AT THE WORKPLACE: OUR PEOPLE, OUR GREATEST ASSET



Attractive remuneration packages and benefits to consultants are reviewed on a periodical basis, in line with benchmarks against the industry



In-House Training : Analytical Thinking & Problem Solving Skills (Second series)

NURTURING THROUGH TRAINING AND DEVELOPMENT

The Group continues to invest in its human capital to build a talent pool that is agile in meeting the rapidly evolving business needs in the industries in which we operate. We believe in nurturing our people for future growth and to inculcate a high-performance work culture, which will pave the way for a more sustainable future for TDM. In this context, we recognise the vital role of training and development to drive self-improvement and help our business needs.

We ensure our employees have access to continuous training and development opportunities, as stated in our Company Policy where each employee is to undergo at least two man days of training per year. These training programmes cover areas such as customer service, fire safety, financial management and corporate culture, which are either conducted internally or through external moderators. Some of the programmes are also targeted at building core competencies that will help deepen the talent pool available for succession planning. In addition to this, we provide capital development opportunities for our employees as well as our vendors to grow and develop. In 2019, TDM conducted in-house training to facilitate the development of a Talent Management Programme, for the purpose of succession planning, that will be implemented in 2020 through the Group's talent management policy.

Some of the training programmes, especially those for employees in the Plantation Division, are conducted by the Group's in-house Akademi TDM that was launched in 2017. In 2019, TDM Berhad and TDM Plantation Sdn. Bhd. invested a total of RM130,515 as compared with RM158,698 in 2018 for employee training and development programmes.