

## SUSTAINABILITY STATEMENT

The Group has embraced the values of corporate responsibility and elements of sustainability management since the early days of its operations. These values are reflected in our core values, policy statements and work practices across our operations and contribute to the development of the Group's Sustainability Framework. The Group is cognisant of the three aspects of sustainability i.e. economic, environmental and social ("EES") underpinning sustainability management and is incorporating good sustainability practices into its operations and businesses.

This Sustainability Statement provides an overview of our sustainability practices and performance for the financial year ended 30 June 2017 in the areas of corporate governance, upholding stakeholders' interests, promoting a safe, healthy and harmonious working environment for all our employees and contributing to the communities in which we operate. We have taken steps to incorporate standard disclosures from the Global Reporting Initiative ("GRI") reporting guidelines and Bursa Malaysia Securities Berhad's revised Main Market Listing Requirements on sustainability reporting.

### ECONOMIC

We are focused on building sustainable relationships with stakeholders and utilising our resources optimally to contribute to economic growth and bring value to all our stakeholders. This section covering the Marketplace and Workplace, highlights the continual measures to support the economic sustainability of our operations by giving due attention to our suppliers and customers, and our employees respectively. We have strengthened our policies governing our business dealings, conduct of employees and business continuity management via our Sustainability Framework. These policies pertaining to group procurement, vendor code of conduct, code of business ethics and conduct, integrity and fraud, competition, whistleblowing and sexual harassment, are disseminated to all our companies and employees as well as uploaded onto our website for public viewing.

#### Marketplace

We are committed to uphold ethical and responsible marketplace practices by practising transparent business conduct and operating our business with integrity and a commitment to excellence to improve our competitiveness and foster long-term relations with our stakeholders.

- **Supply Chain and Responsible Procurement Practices**

Our procurement department ensures that we engage in responsible procurement practices which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to the Code of Conduct. Our initiatives start with the supplier selection process incorporating sustainability considerations such as fair labour practices and safety requirements. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner is sought through performing audits and making continuous improvements in our procurement processes and policies.

- **Vendor Code of Conduct**

This serves to inform our vendors of their role and contribution as a key business partner and on the need to comply with all rules and regulations including health and safety standards, and labour standards; avoid conflict of interest, conserve the environment, and notify the Group of any breaches or non-conformance.

- **Employee Code of Conduct**

We apprise our employees on the Group's Code of Business Ethics and Conduct and the need to conduct business at the highest ethical standards. We do not tolerate bribery and corrupt practices or behaviours that may bring disrepute to the Group or its employees. Above all, we expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group.

- **Whistleblower Policy**

We are committed to conduct our affairs in an ethical, responsible and transparent manner. To this effect, we encourage our stakeholders to disclose suspected wrongdoings which may involve or concern our Group's Directors, management, employees, performance, relations with other stakeholders, assets and reputation. Whistleblowers will be accorded protection of their identity unless the disclosure is required by any applicable law.

All concerns may be disclosed in writing and submitted to the Chief Internal Auditor of the Group via mail, facsimile, email, text or image messages to mobile or telephone call to the office as follows:

Mobile No. : 017-214 3195  
Tel No. : 603-33442882 ext. no. 3900  
Email : whistleblowing@parkson.com.my  
Fax No. : 603-33442889  
Address : Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan

- **Customer Satisfaction**

Customer support and loyalty is critical to the success of our business. Thus, we stress heavily on developing strong customer satisfaction and loyalty programmes to build long-lasting relationships with our customers. We place high priority on customer engagement with various customer feedback channels and work towards providing excellent customer service and achieving customer satisfaction.

- **Privacy and Data Protection**

We continuously strive to ensure the confidentiality and protection of customer and stakeholders' information and documents based on requirements under the Personal Data Protection Act 2010 and secrecy provisions under the Financial Services Act 2013. Information on our vendors, suppliers and customers is strictly private and confidential, and is treated as such at all times.

## Workplace

We recognise our employees as key assets, hence managing talent at all levels is a key priority. Our Human Resource (HR) policies and guidelines comply with all relevant legislations and have been designed to ensure that our workplace embraces diversity, inclusion, equality and innovation.

The Group's efforts to attract, develop, motivate and retain its employees are pursued within the ambit of five HR strategic focus areas or pillars – Talent Management, Rewards, Capability Building, HR Operational Excellence and Employee Engagement.

The following are key highlights of our efforts to create a healthy and conducive workplace:

- **Talent Acquisition**

We assess applicants for employment in our Group of Companies based on objective criteria regardless of their ethnic background, gender, age, religion, disability or any factors which do not have bearing on job requirements. Lion-Parkson Foundation scholarship programme builds a healthy pipeline of talent for our businesses.

- **Talent Management**

We take stock of talent requirements for our businesses to allow high-potential employees the opportunities to be developed and progressed to senior and challenging roles at the Company and Group level. This will also serve to retain and cross-pollinate key talents within the Group.

- **Capability Building**

We provide learning and development opportunities in respect of technical, functional and behaviour competencies for our employees in line with their job requirements and career aspirations. Learning interventions are delivered on-the-job, via formal class training and continuing education.

- **Rewards and Performance**

We review and implement remuneration practices that are externally competitive and internally fair and equitable. Our reward process is closely linked to performance management process; our employees can expect to receive salary adjustments and bonus awards which directly relate to their performance and contributions.

- **HR Operational Excellence**

We continue to streamline, standardise and simplify our HR policies and processes in line with the requirements of our global organisation. We trust that with our LionPeople Global HR Information System (HRIS), it will take our people management agenda to the next level.

- **Employee Engagement**

We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town-halls, “lunch & learn”, festival open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees.

- **Safety & Health in the Workplace**

The safety and health of our employees is vital to our businesses, hence the Group subscribes to the safety, health and environmental regulations with a systematic approach reinforced by constant training and monitoring to ensure the safety and well-being of our employees. Workplace incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence.

In compliance with legal requirements such as the Occupational Safety and Health Act, Factories and Machineries Act and related regulations, we have in place our Safety and Health Policy and Guidelines. Compliance with the safe work practices stated in these guidelines is the primary responsibility of all employees, consignors and their promoters, contractors and consultants performing their duties at our premises. Safety campaigns are held to remind and refresh the staff on safety awareness and related issues with training conducted for staff on the use of fire extinguishers, first aid i.e. CPR and injury management, and evacuation procedures.

## ENVIRONMENT

The Group remains steadfast in our commitment to sustainable development and seeks to operate in a way that minimises environmental harm. We seek to uphold environmental concerns with emphasis on application of new technologies and industry best practices that are environmentally friendly, optimise the use of resources and promote energy efficiency.

The Group’s operations comply with the environmental laws and regulations governing the industries in which it operates. Our focus is on managing and reducing the impacts arising from operational activities over which we have direct control such as energy and water consumption and wastes management.

We acknowledge that the environmental impact of paper usage is significant. Our approach is to avoid unnecessary paper consumption and waste generation, where possible and appropriate. We always look at ways to reduce paper usage and encourage the usage of electronic platforms such as social media, SMS and email as efficient alternative modes of communication with our customers and for our day-to-day internal operations, and to use recycled paper to print any document as far as possible.

We constantly explore greener alternatives in our day-to-day operations such as introduction of more efficient and energy-saving products and processes and 5S management techniques in our operations. The usage of plastic bags which are not bio degradable is being reduced and replaced with paper or bio degradable packaging as well as recyclable shopping bags. More than half of our chain of Parkson stores have been converted to use energy saving lighting devices in the form of LED lightings. We have also endeavored to give priority to work with malls that are certified green buildings such as MyTown Shopping Mall.

## SOCIAL

In keeping with its philosophy of giving back to the community, the Group is focused on helping to uplift the community via Lion-Parkson Foundation and Lion Group Medical Assistance Fund established by Lion Group of Companies of which the Group is a member. The companies within the Group also support the local community wherein they operate by participating in charity programmes and fundraising drives to assist those in need.

### **Empowerment through Education**

Lion-Parkson Foundation started in 1990 and organizes fund-raising activities for charity and to provide educational opportunities for the less fortunate. The true sustainability of our project lies in the on-going transformation of peoples' lives through the benefits of education. We believe in Empowerment through Education; that education is the catalyst to bring about sustainable change for the better, for our future generations.

Every year, the Foundation awards scholarships to undergraduates in the local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills and internships at our companies during their semester breaks to prepare them for the corporate world. This year, the Foundation awarded scholarships worth RM10,000 per annum each to nine students based on their academic performance, extra-curricular activities and leadership qualities. To date, the Foundation has sponsored a total of 436 students through various sponsorship programmes worth RM9.9 million.

The Foundation together with Parkson stores has been organizing an annual Lunar New Year Calligraphy Charity Sale since 2010 in aid of secondary school students. This year's charity sale in nine Parkson stores in the Klang Valley over two weekends in January raised RM188,308 from the sale of the calligraphy pieces by the students from the six participating schools.

The Foundation also participates in the yearly Educare programme in conjunction with Parkson's Back to School promotion whereby collection bins are set up in Parkson stores nationwide to collect school necessities contributed by the public and Parkson itself. This year, we managed to meet our targeted collection amount of RM100,000 worth of school items which together with the contributions from other Educare donors were distributed to 5,000 needy school children from 200 schools and orphanages throughout the country.

In reaching out to the various communities through education, we have not forgotten the less fortunate, namely the special children whose lives we seek to enhance and enrich through our Home for Handicapped and Mentally Disabled Children Association Selangor. It was built at a cost of RM2.2 million contributed by the Foundation on a 4.17-acres piece of land worth RM1.2 million donated by Lion Group, and can accommodate 100 children. The Home was officially opened by National Shuttle, Dato' Lee Chong Wei and Foundation Chairman, Puan Sri Chelsia Cheng on 4 November 2012. Construction work on the 2nd and 3rd phases which will enable the Home to accommodate another 100 children, an orphanage and old folks home is almost completed.

All in, to date a total of RM34 million has been contributed to the various charitable causes championed by the Foundation.

### **Medical Assistance for the Less Fortunate**

In reaching out to a broad and diverse cross-section of beneficiaries irrespective of race or religion, the Lion Group Medical Assistance Fund provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery, purchase of medical equipment and medication. Since its inception in 1995, the Fund has also assisted organisations that are geared towards helping the less fortunate achieve a better life, including sponsoring community health programmes such as medical camps and the purchase of 21 dialysis machines worth RM797,400 for Dialysis Centres providing subsidised treatment to those suffering from kidney failure.

In conjunction with its 21st Anniversary celebration this year, the Fund had donated equipment worth RM21,000 including Touch Screen Pulse Oxymeter set, Blood Pressure set, Autoscope & Ophthalmoscope set and Portable Suction Machine to the Paediatric Ward in Hospital Canselor Tuanku Muhriz, Pusat Perubatan Universiti Kebangsaan Malaysia (PPUKM); and two dialysis machines worth RM84,400 to the National Kidney Foundation (NKF) Dialysis Centre in Cheras. In addition, the Fund had contributed RM268,312.30 in financial assistance to 33 patients for their treatment in various hospitals this year.

To date, the Fund has disbursed a total of RM8 million being sponsorship of medical treatment to 893 individuals and for purchase of medical equipment and dialysis machines as well as medicine for medical camps.

### Store Visits

We welcome students and stakeholders to a tour of our stores to provide them with insights and hands-on experience in the retail industry. We entertain requests from students of related retail and business courses from local institutes of higher learning to visit our stores.

### STAKEHOLDER ENGAGEMENT

We recognise that stakeholder engagement, assessment and feedback are an integral part of our sustainability strategy and initiatives, and we are continuously improving our stakeholder engagement approach via various communication channels.

Stakeholder Group	Communication Channel / Platform
Employees	Meetings Training programmes Staff gatherings and other engagement channels
Customers	Face-to-face interaction through service channels Communication through Customer Service Department and Corporate Communications Department Feedback through website, e-mail, social media Events
Suppliers/Vendors	Liaison with suppliers before sourcing and engaging with contract managers Meetings, business alliance events/meetings Vendor service/support channel
Shareholders and investors	Investor relations channel and meetings Annual General Meeting Quarterly reports, Annual Report, media releases
Government and regulators	Meetings and events
Local communities	Activities organised by the Company, Lion-Parkson Foundation and Lion Group Medical Assistance Fund
Media	Media releases and interviews
Industry Associations	Meetings and events