GO BEYOND SUSTAINABILITY 2021

Achieving greater heights in our drive to manage sustainability



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MFM GROUP BUSINESS DIVISIONS

Our Sustainability Report will be reported for three business divisions: flour division, poultry integration division and aqua feeds division.





MANAGING DIRECTOR'S MESSAGE

Dear Stakeholders,

On behalf of MFM, we are delighted to share the sustainability initiatives we have employed in 2021. We continue to embrace United Nations Sustainability Development Goals ("UN SDGs") and remain focused on "growing responsibly", especially during this crucial period.

Year 2021 had been a tremendously *challenging year* for all of us in business. The COVID-19 pandemic had a major impact on the people and economy with lockdowns, restrictions on the movement of people which led to shortage of



labour as well as temporary shutdown of businesses to curtail the spread of COVID-19. In addition, MFM Group's businesses were also impacted by the surge in the wheat cost, raw material cost for poultry feeds, diseases which affected the supply of poultry and the massive floods in December 2021 which impacted the poultry industry negatively due to high mortality. Facing all these challenges concurrently was unprecedented.



During this unprecedented situation, MFM has had three priorities: care for the safety and health of its employees, ensure business sustainability and continue to contribute to the society.

As the recovery begins, the learning and growing from this *challenging year* will better position us for our future success.

In compliance with the National Recovery Plan as well as for the safety and health of the employees, we have made it a priority in ensuring that our employees, including foreign workers, received two doses of the COVID-19 vaccine as well as the booster dose. 99.57% of our workforce is now fully vaccinated.

For human capital development, we continuously carried out various leadership trainings and development programmes to boost the performance of the employees. This is to ensure sustainable talent pipeline and leadership capability in achieving the business objectives and goals.

On 31 May 2021, MFM had finalised its partnership with Tyson Foods, Inc. ("Tyson Foods"), one of the world's largest food companies, in the poultry integration business. This strategic partnership allows the joint venture, Dindings Tyson Sdn Bhd (formerly known as Dinding Supreme Sdn Bhd) ("DTSB"), to leverage on Tyson Foods' global marketing network and supply chain, its proprietary technology in relation to integrated poultry production as well as the branding and market reputation of its product portfolio. This will also add more supply flexibility for both companies in serving halal poultry products in the country, especially in the further processed poultry segment, as well as across priority export markets.



Joint Venture between MFM and Tyson Foods, Inc.



As part of the initiatives of the joint venture, Value Creation Teams were formed to carry out various value creation projects for DTSB Group. Despite the challenging business landscape and work conditions, both MFM's and Tyson Foods' team members had dedicated time to create value in their respective workstreams, in an enthusiastic and collaborative manner to create value for growth and sustainability.

MFM also continues to create value for society and bring joy to people's lives through a broad range of community initiatives, charitable donation and support of non-profit agencies in the communities in which we operate.

We endeavour to continue to focus on the area of sustainability and contribute to the UN SDGs. Together, we make improvements for people and the environment, and create value for our shareholders, customers, consumers, society and employees.

Last but not least, to all stakeholders, thank you for your continued support, confidence and trust in MFM.

TEH WEE CHYE MANAGING DIRECTOR



ABOUT THIS REPORT

MFM Group publishes the annual Sustainability Report with the objective of improving transparency, visibility and communication to a wide array of stakeholders. It showcases our commitment and responsibilities towards achieving Economic, Environmental and Social ("EES") values.

This 5th edition of MFM Group Sustainability Report is part of Annual Report 2021.

The UN Sustainability Development Goals ("SDGs") are incorporated in this report. The specific SDG goals below are mentioned in the subsequent pages of this report wherever it is applicable.





SCOPE & BOUNDARIES

The reporting period for this report is from 1 January 2021 to 31 December 2021. It covers our flour, poultry integration and aqua feeds businesses in Malaysia and Vietnam. It does not include our joint venture, PT Bungasari Flour Mills Indonesia. There has been no changes to our scope for sustainability reporting since our last reporting in 2020.

REPORTING FRAMEWORK

The Second Edition of Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") is used in preparing this report.

SUSTAINABILITY GOVERNANCE



Our Sustainability Task Force is led by our Managing Director, Mr. Teh Wee Chye to ensure reliable decision-making process for our Group in achieving greater sustainability.

Sustainability risk management is integrated into our Group's risk assessment and is spearheaded by our Sustainability Task Force which assesses the risk and publishes the Sustainability Report annually.

Our business divisions implement and manage sustainability initiatives.



SUSTAINABILITY FRAMEWORK



We aspire to be a leading food manufacturing enterprise in the region.

- To be the preferred provider and strategic partner in the food industry.
- To drive operational excellence by embracing a culture of continuous improvement.
- To add value to stakeholders by growing economies of scale.

Business Divisions adopt the well-known continuous improvement cycle Plan-Do-Check-Act ("PDCA") in managing sustainability initiatives.

SUSTAINABILITY APPROACH

In embracing good sustainability practices, MFM Group focuses on managing its social and environmental impact and seeks to improve operational efficiency and natural resources stewardship.

As wheat-related and poultry products would always remain as an essential part of food consumption worldwide, MFM is dedicated in constantly creating added value not only to shareholders but for society as a whole. Moving forward, MFM is committed to managing Economic, Environmental, Social and Governance matters, guided by MFM's Code of Conduct and related Policies, Standards & Guidelines.

Core Values

MFM Group upholds its core values of "QUALITAS", "CONSILIUM" and "PROGRESSUS" to identify key issues of EES.



QUALITAS

Produce and provide consumers with consistent quality products at reasonable prices





Unity of employees and management



PROGRESSUS

Continuous improvement to maintain its competitiveness and contribute effectively to benefit the society

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MANAGEMENT APPROACH TO SUSTAINABILITY

Our Group has identified and prioritised key issues related to EES for our business operations as follows:

Balanced Relationship With Nature

- To comply with the regulatory requirements & standards in relation to environmental concerns
- To raise awareness among our employees & the whole supply chain in order to act in an environmentallyresponsible manner
- To integrate environmental matter into our business decisions
- To ensure that energy & water are utilised efficiently & consumption is being monitored
- To recycle, reduce or reuse the waste or resources where practicable
- To reduce carbon footprint through energy efficiency & conservation practices



- To empower our employees by offering training, motivation & career advancement
- To provide a safe & healthy workplace & take care of employees' well-being
- To encourage open communication, ideas and innovation
- To support diversity in workforce
- To provide job security to employees



- To have good strategic management & wisely utilise our resources
- To advance sustainable profitable growth whilst satisfying our ethical, legal & contractual obligations
- To abide by the requirements of all laws & industry's best practices
- To provide our customers with safe products that adhere to Government's legislation & requirements
- To adopt good ethical practices through Code of Conduct
- To ensure an appropriate governance system is in place to oversee the strategic development & performance that relates to the maintenance of a sustainable business
- To ensure proper risk management & internal control system are in place



- To engage actively with civic project, charity events & the local communities through our corporate social initiatives
- To help our community survive & prosper economically
- To provide ample job opportunities



KEY STAKEHOLDERS ENGAGEMENT

Our Group has continually engaged each stakeholder to address their concerns. We have summarised our engagement platforms with the various stakeholders and the related outcomes from each engagement.

SHAREHOLDERS

Engage via:

Annual General Meetings, Quarterly Financial Reports, Annual Reports, Shareholders' Circulars, Announcements, Analyst Briefings & Corporate Website

Concerns:

Financial performance and returns, going concern and positive investment growth

COMMUNITY & NGOs

Engage via:

Internship programmes, charity events and volunteer programmes

Concerns:

Community living, care and development

CUSTOMERS

Engage via:

Service satisfaction, customer appreciation and social media platforms

Concerns:

Quality of product, market availability, product prices and values

GOVERNMENT & REGULATORS Engage via:

Compliance activities

Concerns:

Tax issues, pricing issues, labour practices, health issues, transparency and accountability

MEDIA

Engage via:

Media briefings, events, press conferences and internet

Concerns:

Group's performance and updates

COMPETITORS

Engage via:

Industry competition and market forces

Concerns:

Price competition, new business opportunity, innovation and creativity

HUMAN CAPITAL Engage via:

Town hall meetings, Employee Portal, Learning & Development programmes and corporate events

Concerns:

Career development, work-life balance and employee welfare

SUPPLIERS & SERVICE PROVIDERS Engage via:

Compliance with ISO Standards, suppliers' evaluation (audit) and quotation from suppliers

Concerns:

Payment and up-to-date information about the Group

OUR MATERIAL MATTERS

MFM Group adopted the materiality assessment in accordance with Bursa Malaysia Sustainability Reporting Guide. Material matters are defined in Bursa Malaysia Listing Requirements as those:

- · reflecting the business's significant EES impacts; or
- substantively influence the assessments and decisions of stakeholders.

In 2020, MFM Group conducted a materiality assessment of 14 material matters. The Materiality Matrix below was derived based on the input of the business leaders within the Group. They are familiar with MFM Group's material matters, and the significance of those matters to MFM Group and stakeholders. The materiality assessment of our Group for year 2020 is still applicable for year 2021.

The Materiality Matrix has been endorsed by the Board of Directors.

MATERIALITY MATRIX



Significance to our Group

BALANCED RELATIONSHIP WITH NATURE

For sustainable business development, it is crucial for MFM Group to maintain a balanced relationship with mother earth where all resources come from.

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ENERGY

Energy conservation plays a crucial role in slowing down the greenhouse effect. As one of the market leaders in flour manufacturing and poultry industry, MFM Group aspires to reduce its carbon footprint by conserving energy. Energy conservation is not only about reducing energy consumption, but also using energy in a more efficient manner.



Energy usage of the Group has increased in 2021 due to the new poultry processing plant operating at a higher capacity for a full operational year in 2021, as compared to 2020. In conserving energy, we deploy the following initiatives:

- embrace energy-efficient building design;
- utilise heat recovering system;
- utilise energy-efficient equipment; and
- install LED lighting and others.

We also continue to monitor energy consumption through power meter and supervisory control and data acquisition (SCADA) system. Corrective actions are taken to reduce abnormal power consumption and minimise energy waste during idle production time.

In the long run, we endeavour to manage a balance between ensuring the quality of our products and minimising energy consumption. We will also continue to explore other alternative renewable source of energy in minimising our carbon footprint.

WATER

As a major food producer, MFM Group uses significant amount of water in its operations to produce safe and clean products. In conserving water resources, we will continue to measure and manage water consumption effectively at entity level.



The increase in water usage in 2021 was attributed to the new poultry processing plant operating at a higher capacity for a full operational year in 2021, as compared to 2020. The plant has been designed with a rainwater harvesting system which allows rainwater to be reused.





WASTE MANAGEMENT



MFM Group strives to implement effective, sustainable and ecologically sound waste management.

Competent persons are engaged to manage scheduled wastes. Trained and certified personnel will assist business units in managing risk associated with scheduled waste and comply with Environmental Quality Act 1974.

MFM Group invested in a new wastewater treatment plant in 2018. Wastewater generated in the poultry processing plant is treated before its final discharge point at the plant. All wastewater is treated to achieve a minimum effluent standard in line with Department of Environment (DOE)'s requirement.

The new poultry primary processing plant is supported by a rendering plant to manage solid waste from the processing plant. The rendering plant is designed to convert chicken by-products such as chicken intestines and feathers into raw material for animal feeds. The soft offals and feather meal line is a continuous production line. The rendering plant will reduce impact on environment by transforming our waste to be used as one of the protein source in animal / aqua feeds.



EMISSION



Emission represents the various air pollutant that affects the environment and surrounding community. We are committed to reduce emissions throughout our businesses in protecting our environment. We have adopted emission controls to reduce harmful emissions from our flour and feed operations. Air filters are installed at all possible emission areas, and we have certified external parties to assist in monitoring works and complying with applicable laws and regulations.

We have also constructed a biofilter to remove odours emitted from the rendering plant. The use of natural materials such as wood chips, coconut husk and coco peat provide a growth medium for microbes to remove bad odour from air emitted from rendering plant. This process reduces air pollution whereby clean air is released into the environment.



2 WORKFORCE & WORKPLACE ENVIRONMENT

As employees are the most treasured resource in MFM Group, we aim to always grow together in order to achieve greater success and to create a better future.



SUSTAINABILITY THEMES

MFM ensures the workforce, workplace and work sustainability through these five sustainability themes towards ensuring business continuity while remaining committed towards safety and the environment we operate in.



Response & Prevention during the Pandemic



Continuous Workforce Development



Holistic Workforce Wellbeing



Deliver Excellence with Diversity



Building The Future Workforce...today

As a testimony of Human Resources ("HR") Excellence in the organisation, we have been awarded by HR Asia as the Best Companies to Work For in Asia for four consecutive years.



SUSTAINABILITY REPORT 2021

RESPONSE & PREVENTION DURING THE PANDEMIC

During the pandemic, we have implemented various control frameworks to respond timely and aggressively to curb the spread of the virus as well as preventive measures to ensure our workforce, workplace and work is conducive and safe to ensure business operations continuity.





STRIVING TOWARDS FULLY VACCINATED WORKFORCE

In our strive to curb the spread of the contagious virus, we constantly monitor our workforce to ensure they are vaccinated and have received boosters according to the recommendation of the Ministry of Health Malaysia.



Note : A small negligible fraction of the workforce is unable to receive the vaccine due to medical reasons after consultation with certified medical practitioners.







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CONTINUOUS WORKFORCE DEVELOPMENT

While most of the world and nation itself were in containment mode during the pandemic most parts of the year, our desire and passion for excelling through learning was not hampered, as learning through digital means emerged, reaching past our shores and borders.



Focus group learning with Subject Matter Experts from Tyson Foods to enable knowledge exchange and engage experts in poultry processing. Similarly, we nominated our workforce to attend webinars and virtual conferences that were organised by our raw materials business partners.



Leadership Development Programme collaborates with a world-renowned university to develop resilience and adaptive leadership to respond to challenges that emerge during this calamity.



The entire workforce is empowered to drive its individual development, leveraging a wealth of knowledge and competency training through the MFM Training Catalogue.



HOLISTIC WORKFORCE WELLBEING

Complementing the physical wellness program, we have launched the Caring & Connected programme with a whole series of programmes including our in-house training programme to hone on mental adaptability, which offers our support to our workforce during the challenging times of pandemic. We have also been recognised with the WeCare Award by HR Asia as one of the most caring companies to work for in Asia for two consecutive years.

Our corporate office has dedicated a Caring room to house certified counselors from a renowned university offering assistance to our workforce.







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DELIVER EXCELLENCE WITH DIVERSITY

The convergence of diverse talents is the precise formula for our organisation to achieve success and excellence. Two of our employees have been awarded both Silver and Bronze NABIM2021 Flour Milling awards respectively. All these are achieved through our culture of embracing diversity in our organisation.







The number of female workforce has increased 6% from 38% in 2020. Our colleague from the finer gender has propelled the standards of excellence being awarded the Silver NABIM2021 Flour Milling award. Multi generations who co-create, inspire, collaborate, contribute and learn from one another is crucial, as the organisation can thrive on the wisdom from the experienced workforce as well as the innovation from the younger workforce.





BUILDING THE FUTURE WORKFORCE...TODAY

MFM partners with local and international learning institutions to ensure we have a sustainable supply of talents to be part of our workforce. We collaborate with established learning institutions to obtain interns and talents, through campus roadshow and recruitment drives.

MFM partnered with over 15 learning institutions in 2021. Reaching out to more than 2,000 students and potential candidates	Virtual Career Talk (VCT)	Virtual Career Fair (VCF)	Virtual Open Interview (VOI)
TOTAL	14	6	5





HEALTH & SAFETY

MFM always puts workplace safety and employee health as the first priority. We equip related employees with proper Personal Protective Equipment ("PPE") to protect them from physical hazards at the worksite. Health surveillance was carried out for employees in accordance with Department of Occupational Safety and Health ("DOSH")'s requirements.

To create a healthy and safe working environment, we comply with laws and regulations, provide continuous and consistent trainings to related employees and establish Health, Safety and Environment ("HSE") divisions to oversee these matters.

Safety Officer

Our Safety & Health Officers are present to conduct regular checks to ensure compliance with statutory regulations, procedures and practices. They investigate any safety and health-related incidents that happen in the workplace, conduct safety campaigns and provide individual counselling on safety and health-related matters.

Compliance

We comply with the Occupational Safety & Health Act ("OSHA") 1994, Factories & Machinery Act 1967 and their regulations. Our poultry farm reinforces our commitment towards OSHA by developing Occupational Safety & Health Administration manual and implementing Hazard Identification, Risk Assessment and Risk Control ("HIRARC").

Zero Penalty & Fatality

In 2021, we did not receive any penalties related to occupational safety and health from relevant authorities. There were no workplace fatality cases in our Group.

Training

• Safety and Health Induction for new employees and contractors

- Noise Awareness & Hearing Conservation
 Programme
- Working at Height & Hot Work
- Lock Out, Tag Out ("LOTO") Safety Awareness
- Emergency Response Preparedness
- Chemical Management, Handling, Storage, & Disposal
- AESP (Authorised Entrant & Stand-by Person) for Confined Space
- HIRARC Workshop
- Implementing and Executing ISO 45001
- Developing IA Skills for ISO 45001
- Forklift Safety
- Personal Protective Equipment ("PPE")
- COVID-19 Awareness Campaign
- Incident Reporting
- Basic Occupational First Aid ("BOFA")



3 OPERATIONS EXCELLENCE & GOVERNANCE

To provide our customers with safe and high quality products that adhere to legislation and requirements.

PRODUCTS & SERVICES RESPONSIBILITY

Customer Relations

Developing a healthy relationship with customers is crucial to understand customers' needs in order to improve our products and services quality. MFM Group deploys Customer Relationship Management ("CRM") system to manage customers' feedbacks.

We value and safeguard customer data and privacy as company asset. In 2021, MFM Group did not receive any complaints concerning breaches of customer privacy.

Our Commitment To Food Quality & Safety











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Certificate & Training For Food Safety & Quality



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BIO-SECURITY

MFM Group's poultry farm and hatchery facilities are equipped with bio-security facilities. Bio-security is an effective and efficient way of disease prevention and disease control. Farms are cared by professional and qualified veterinarians who monitor the flock health, carry out diagnosis, provide treatment prescription and conduct research & development ("R&D"). Strict bio-security measures are in place to prevent infestation or disease in farms, thus protecting the environment and workers. The closed house system allows chicken house temperature to be regulated. This reduces bird stress, lowers bird mortality and improves farm performance.

COVID-19 pandemic is a material matter to the Group and management is fully aware of the bio-security risks. Special quarantine areas were set up at the onset of COVID-19. Such measures isolate workers with COVID-19 symptoms from others. The above plus strict adherence to Ministry of Health's Standard Operating Procedures has proven effective in managing COVID-19 risk. Compartmentalisation ensures the safety of employees and business continuity.

CODE OF CONDUCT

We instil high standards of professional and ethical conduct in all employees. Integrity helps us to earn the trust and respect of the people we serve. MFM Group's Code of Conduct sets out the ethical standards to all employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. We uphold our reputation and high standards by living the Code of Conduct. This will help us to achieve the highest possible standards across our businesses within the MFM Group.

ANTI-CORRUPTION

MFM Group has in place the Policy and Guidelines on Gifts and Entertainment to avoid misconduct by its associated persons which may tarnish the Group's reputation or violate the antibribery and competition laws.

The Whistle Blowing Policy and Standard Operating Procedures are also in place for all employees as well as external parties to raise genuine concerns on non-compliance of the Code of Conduct or any misconduct to instil the highest level of corporate governance.

ANTI-COMPETITION BEHAVIOUR

In 2021, MFM Group did not have any legal actions pending or completed related to anti-competition behaviour.





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4 COMMITMENT TO SOCIETY

MFM holds the responsibilities not only to consistently provide high quality food to people, but also to give back to society.

Corporate Social Responsibility Towards Workplace



Women's Day Celebration

We pay tribute to our female employees that contribute to the Group, by celebrating International Women's Day on the 8th of March every year.





Company Trip

Vimaflour Ltd and Mekong Flour Mills Ltd had organised company's trip and outings to take care of their staff as well as to build team spirit among colleagues.







Corporate Social Responsibility Towards Workplace



Baking Online Training Course

Vimaflour Ltd had provided bakers in the various provinces in North Vietnam with two online training courses on making mooncake and "coal miner bread" - a type of baguette enriched with milk and eggs to give more energy to miners. Both courses in total were participated by 500 individuals with positive feedback.





Technical Training and Support

Technical staff from Mekong Flour Mills Ltd visited customers to provide them with technical training and support on any quality related issue.







Corporate Social Responsibility Towards Community



"Ayam Cares, Ayam Dindings" Campaign

Dindings Poultry Processing Sdn Bhd had contributed Ayam Dindings' products to Bodhi Homes and Pertubuhan Kebajikan Orang Tua Rahman as part of the Campaign. In line with the Campaign, we will continue to provide our supports and cares to the communities.



Supporting the COVID-19 Vaccination Program

Mekong Flour Mills Ltd had shown support to the government's vaccination programme by donating to the COVID-19 vaccination fund of the Vietnamese government, Phu My Medical Central,.

Vimaflour Ltd had also contributed 5,025 COVID-19 rapid test kits to Quang Yen, Dong Trieu, Uong Bi & Tien Yen District of Quang Ninh province.





Corporate Social Responsibility Towards Community



Donation to COVID-19 Affected Areas

Vimaflour Ltd had cooperated with Huyen Hoan Distributor to donate 4 metric tonnes (MT) of Hoa Ngoc Lan flour to Covid-19 affected areas in Bac Giang province.



Charity Donation to Underprivileged Children

Vimaflour Ltd had participated in a charity event hosted by Cai Lan Plant Trade Union and provided 30 underprivileged children with daily necessities such as Hoa Ngoc Lan flour, quilted blanket, rice, cake, milk, stationeries, socks and cash as well as clothes collected from Vimaflour Ltd's staff.





Corporate Social Responsibility Towards Environment

Environmental Awareness Staff Contest

Mekong Flour Mills Ltd organised a contest among its staff to raise environmental awareness.



Tree Planting

Mekong Flour Mills Ltd had organised a tree planting activity on a vacant plot of land within its plant which was participated by its staff.

