



TAN CHONG MOTOR HOLDINGS BERHAD

Registration No.: 197201001333 (12969-P)

DRIVING RESILIENCE

SUSTAINABILITY REPORT 2023

SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

Tan Chong Motor Holdings Berhad (“TCMH” or “Group”) is pleased to present our Annual Sustainability Statement for 2023 (“Sustainability Statement” or “Statement”). The purpose of this Sustainability Statement is to communicate TCMH’s sustainability initiatives and activities, in particular their progress towards achieving our targets and goals in fostering sustainability within our organisation and outwardly, towards the environment and society.

This Statement provides an overview of the Group’s sustainability performance, significant activities, events and changes that took place during the financial year ended 31 December 2023.

The Board of Directors is mindful of its responsibility to ensure transparency and accuracy in reporting and communicating information to our valued stakeholders.



Reporting Period

1 January 2023 to 31 December 2023 (“FYE2023”).

Reporting Scope

This Statement includes information covering Economic, Environmental, Social and Governance (“EESG”) data from our Malaysian and regional operations (Vietnam, Cambodia, Laos, Myanmar and Thailand).

This Statement excludes reporting on:

- 1) the Group’s dormant and associate companies, and
- 2) FYE2021 and FYE2022 EESG data

Reporting Framework

This Sustainability Statement has been prepared in accordance with Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Sustainability Reporting Guide (3rd Edition) with reference to the Global Reporting Initiatives (“GRI”), where applicable.

TCMH is committed to supporting the goals and initiatives adopted by the

United Nations Sustainable Development Goals (“UNSDGs”). In the upcoming years, the Group will be working towards setting performance targets in relation to our common sustainability indicators and a net zero roadmap in addressing climate change-related disclosures that are aligned with the Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations.

Feedback

We welcome feedback from our stakeholders on this Sustainability Statement as the comments will help us to improve our sustainability efforts and reporting journey. Please reach out to us at corpcomm@tanchonggroup.com.

A Message From Group Chief Executive Officer

Dear Stakeholders,

We are pleased to present the TCMH's 2023 Sustainability Statement. This Statement aims to provide a comprehensive overview of our commitment to sustainability and its journey within the communities and environment we serve. Therefore, we have adopted the newly introduced Illustrative Sustainability Reporting format issued by Bursa Malaysia in providing an informative statement of TCMH's EESG initiatives to our stakeholders.

In today's rapidly evolving global landscape and pressing climate changes impacting everyone, the significance of sustainable business practices cannot be emphasised enough. At TCMH, we recognise that our actions and decisions made today will shape the society and the world which we will leave for our future generations. Hence, we are dedicated to fostering a sustainable future for generations to come.

As we remain dedicated to our overarching theme of "Driving Resilience", TCMH is steadfast in its commitment to providing long-term value creation to our shareholders. Through innovative technologies, responsible business practices and community engagement initiatives, we aim to inspire positive changes within our industry and community.

In early 2024, we successfully launched the operations of our floating Large-Scale Solar Photovoltaic ("LSSPV") plant in Serendah, Selangor. This initiative aims to significantly propel TCMH's continuous efforts in net zero emissions from its operations. When operating at its full capacity, this solar plant is expected to contribute to a total reduction of 610,221 tonnes of Carbon Dioxide (CO₂) emissions to the atmosphere, which is comparable to removing 132,656 units of cars from the road, or planting of 29,058,175 trees.

TCMH is sustaining our efforts in greening the automotive ecosystem through the retailing of new line-up of electric and energy efficient passenger vehicles. Concurrently, the Group also launched the low carbon emission Euro 5 engines for UD Trucks Quester and Croner in our

Commercial Vehicle Division. This is aimed at providing products that meet industry demands, thus bolstering the momentum of eco-friendly automotive initiatives in Malaysia and the region.

On the social front, TCMH continued with its long-term support towards the underprivileged families by providing childcare and education assistance to the children of these families after school hours. This is to promote sound mental and physical health development for these children while reducing the burden of their families on having to deal with the rising cost of living.

This year, TCMH's scholarship and education programme resulted in 71 students graduating from Tan Chong Technical Institute, the educational arm of Tan Chong Education Services Sdn. Bhd.

In 2023, the Group promoted the involvement of our employees in social activities through voluntary participation in community activities and adopting the philosophy of "giving back" to society. Through volunteering, employees interacted with members of the community, fostering relationships and networking helping companies build stronger ties with local organisations and communities. Furthermore, this virtue resonates closely with TCMH's core values that emphasise a positive workplace culture centred on empathy, social consciousness and integrity.

As we look back, it is clear that TCMH's legacy relies on the dedication and perseverance of its employees who faithfully strive to reach new heights and set new milestones for the Group. Hence, in 2023, TCMH revisited its human capital

strategy, dedicated its resources in talent development and retention through enhanced employee engagement initiatives aimed at nurturing our employees and fostering teamwork, thus enabling us to deliver superior products and services to our customers.

Moving forward, we shall remain steadfast in our pursuit of sustainability excellence through the implementation of good governance and conducting our business with integrity. We understand that our stakeholders, including shareholders, customers, investors, authorities, regulators, business partners, employees and communities, expect nothing less than the highest standards of ethical conduct and environmental stewardship from us. Therefore, we are committed to transparency, accountability and continuous improvement in all our sustainability endeavours.

With this, we invite you to join us on our journey of "Driving Resilience" towards a more sustainable future. Together, let us drive a meaningful difference and create shared values for all stakeholders.

On behalf of the Board,

Daniel Ho Wai Ming
Group Chief Executive Officer

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

The Group regards sustainability as fundamental towards creating long-term value to shareholders and other stakeholders. Ultimately, we accentuate on embracing robust EESG practices, which are aligned to the UNSDGs.

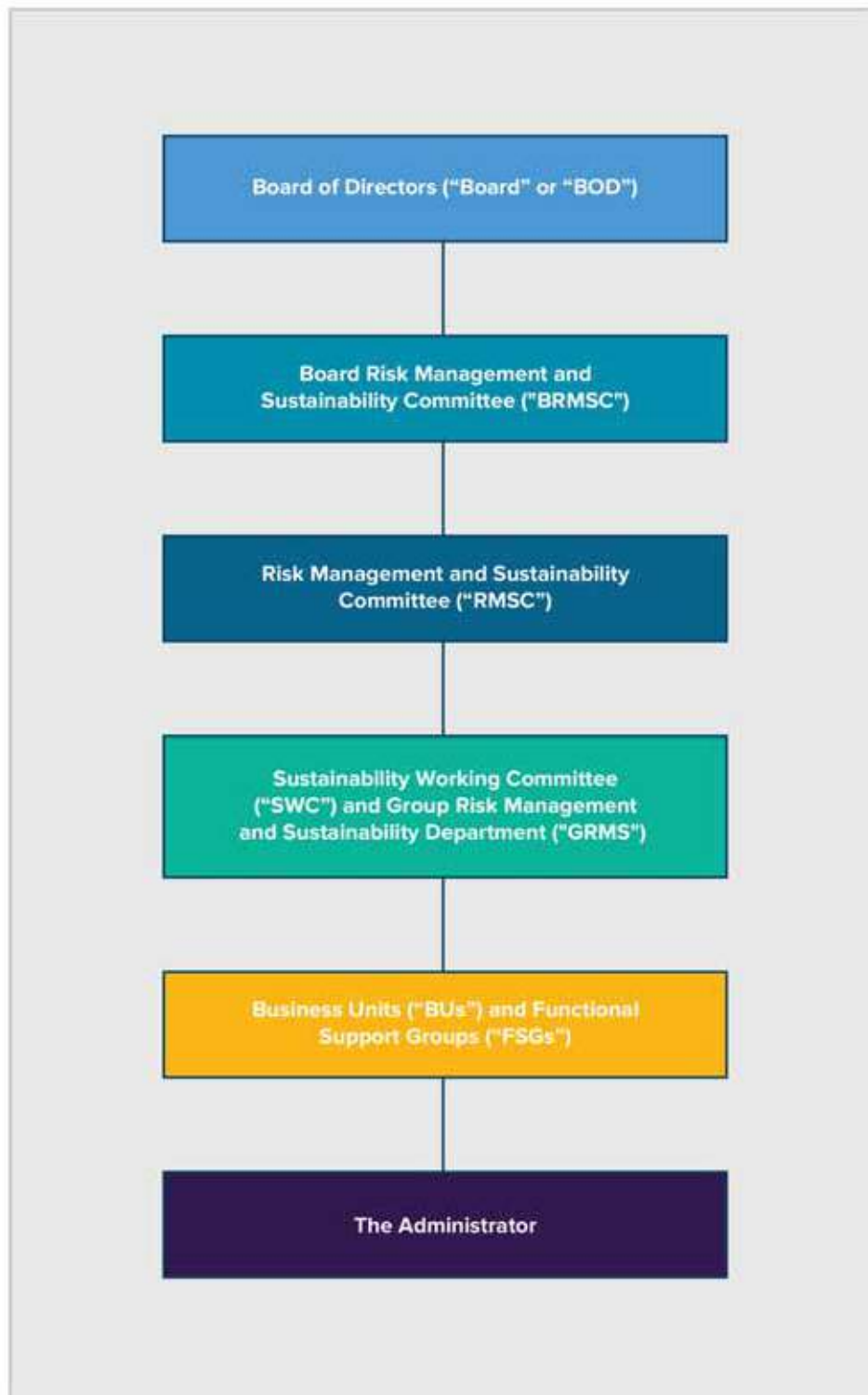
TCMH's Core Values ("TCFIMPeD"), which span across seven (7) focal areas, serve as the foundation of the Group's Sustainability Framework. We remain vigilant in supporting our stakeholders' interests in the greater community we serve.



SUSTAINABILITY STATEMENT

The Group's 5-Year Sustainability Framework (FYE2022 to FYE2026) "Driving Resilience" emphasises the integration of sustainable practices at every level of our organisation. Sustainability-related Key Performance Targets and Indicators ("KPIs") have been defined and incorporated according to the directives of the Board and Senior Management to ensure all business units are aligned in achieving the Group's EESG goals.

SUSTAINABILITY GOVERNANCE STRUCTURE



At TCMH, we manage sustainability responsibly with dedication, precise guidance and strategic influence under the Group's leadership, all underpinned by our robust sustainability governance structure. The sustainability governance guides us in the implementation of our sustainability strategy across business operations, goal-setting and reporting processes, thus strengthening our relationship with external stakeholders and upholding overall accountability.

As we progress, we remain agile in making adjustment and modification on the sustainability approaches throughout our business units across all regions to ensure adaptability within the Group.

With this in mind, and in accordance with Bursa Malaysia's Main Market Listing Requirements, we have adopted a progressive approach to our sustainability governance by reviewing and strengthening our governance structure from time to time.

SUSTAINABILITY STATEMENT

Roles and Responsibilities

 <p>Board of Directors</p>	<ul style="list-style-type: none"> • Ultimately responsible for the oversight of the Group's sustainability journey, including EESG integration and its execution, ensuring accountability and transparency of the Group's ethical and social responsibility footprints. • Reviews updates on material issues, developments and progress reports on a quarterly basis, so as to monitor achievement of the Group's sustainability targets.
 <p>Board Risk Management and Sustainability Committee</p>	<ul style="list-style-type: none"> • Comprises six (6) Board members entrusted by the Board of Directors with specific terms of reference to assist the latter in overseeing the EESG agenda, including making recommendations of action plans for the Board's consideration.
 <p>Risk Management and Sustainability Committee</p>	<ul style="list-style-type: none"> • Provides strategic direction and support in the development and execution of the Group's sustainability strategies, targets and initiatives as well as regularly reviews the actions and outcomes. • Drives the Group's sustainability focus areas to ensure alignment with Group's sustainability efforts, review of sustainability policies, issues and monitoring the effectiveness of sustainability plans and Key Performance Indicators ("KPIs"). • Oversight of the implementation of sustainability strategies, coordinates and communicates sustainability initiatives to promote awareness of such initiatives, both internally and externally. • Drives performance through target setting and measurement of KPIs and engaging with internal and external stakeholders in ensuring effective execution of planned initiatives. • Reports to the BRMSC, discusses sustainability matters and monitors emerging sustainability trends.
 <p>Sustainability Working Committee and Group Risk Management and Sustainability Department</p>	<ul style="list-style-type: none"> • SWC and GRMS jointly work together as an active taskforce delegated by the Chairman of RMSC to perform the materiality assessment and submit to RMSC and BRMSC for review and BOD for approval. • Implement sustainability strategies, coordinate and communicate sustainability initiatives to promote awareness of such initiatives, both internally and externally. • Review the sustainability matters yearly, propose to RMSC for consideration and decision for any changes and need for reassessment of materiality matters. • Facilitate and guide business units on the directives given by the Chairman of RMSC in relation to sustainability strategies and plans. • Monthly monitoring of sustainability KPIs and BURSA's common indicators with quarterly reporting to RMSC and BRMSC.
 <p>Business Units and Functional Support Groups</p>	<ul style="list-style-type: none"> • Owners of sustainability initiatives and their implementations. • Determine and track performance metrics and targets by identifying, assessing and implementing sustainability initiatives and programmes planned. • Review the effectiveness of relevant policies based on their materiality, including initiatives undertaken.
 <p>The Administrator</p>	<ul style="list-style-type: none"> • Active involvement with BUs and FSGs in gathering and analysing key performance data to ensure meaningful disclosure. • Entrusted to engage with internal and external stakeholders to elicit feedback to determine sustainability matters that are material to TCMH.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

The Group recognises the importance of its stakeholders and values their feedback in helping TCMH formulate pertinent action plans to address the EESG challenges faced by the Group. These matters can significantly influence stakeholders' decisions regarding the Group. To ensure a meaningful engagement with our stakeholders, TCMH's sustainability-focused stakeholder engagement guidelines help to define the goals of the dialogues, set criteria for identifying and prioritising stakeholders' key concerns and provide an effective framework in carrying out these stakeholder engagement activities.






The following table presents the Group's stakeholders, the most common engagement channels and the frequency of engagement.

Frequency of Engagement				
 Annual Half-yearly Quarterly Continuous As Needed				
Key Stakeholder Groups (Internal and External)	Engagement Mechanism			
	Channels of Engagement	Frequency	Stakeholders' Key Interests and Concerns	Our Responses
Investors and Analysts	<ul style="list-style-type: none"> Quarterly analysts and fund managers' briefing Annually and quarterly financial results announcements Other announcements made to Bursa Malaysia Investor relations channel Corporate website Press release and coverage 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; gap: 5px;"> </div> <div style="width: 15px; height: 15px; background-color: #f96; margin-top: 5px;"></div> </div>	<ul style="list-style-type: none"> Financial and operational performance Market and industry insights Corporate governance approach Business strategy Risk management 	<ul style="list-style-type: none"> Regular updates via communication channels Ensuring transparent and timely dissemination of information to all
Customers/ Dealers	<ul style="list-style-type: none"> Customer satisfaction survey Customer feedback channel Customer Care Centre and Customer Service Hotline Social media and corporate website Marketing events, roadshows and both physical and virtual showrooms 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #00b050;"></div> </div>	<ul style="list-style-type: none"> Customer satisfaction Product safety and quality Service quality Ethical business practices Environmental impact 	<ul style="list-style-type: none"> Ensuring customer satisfaction through high-quality products and services Sales and marketing campaigns to attract and retain customers Digitalisation efforts, mobile applications, virtual showroom
Employees	<ul style="list-style-type: none"> Trade unions Staff engagement events and functions Training programmes Intranet Email circular updates Mid-year and annual performance appraisal 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; gap: 5px;"> </div> <div style="width: 15px; height: 15px; background-color: #333; margin-top: 5px;"></div> </div>	<ul style="list-style-type: none"> Career development Health, safety and well-being Diversity and inclusivity Talent development Employee welfare Emergency preparedness Remuneration, benefits and compensation 	<ul style="list-style-type: none"> Implementing a robust learning and development plan across all areas of the business Hiring and promotions are based entirely on merit Occupational Safety and Health Act ("OSHA") policies and procedures
Local Communities and Non-Governmental Organisations	<ul style="list-style-type: none"> Social enhancement and environmental conservation programmes Events/Roadshows Strategic partnerships 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #00b050;"></div> </div>	<ul style="list-style-type: none"> Enhancing the community's standard of living Environmental impact Support for vulnerable groups 	<ul style="list-style-type: none"> Charitable activities for the needy community Long-term social partnership with relevant institutions/organisations in driving positive changes in the targeted communities

SUSTAINABILITY STATEMENT

Frequency of Engagement

Annual
 Half-yearly
 Quarterly
 Continuous
 As Needed

Key Stakeholder Groups (Internal and External)	Engagement Mechanism			
	Channels of Engagement	Frequency	Stakeholders' Key Interests and Concerns	Our Responses
Media	<ul style="list-style-type: none"> Events and press conferences Press releases Corporate advertisements 		<ul style="list-style-type: none"> Business performance, strategy and direction New products and services Strategic business partnership with others 	<ul style="list-style-type: none"> Timely dissemination of information via various channels such as email circular updates, corporate website, social media platform Short response time to media enquiries
Principal Partners	<ul style="list-style-type: none"> Scheduled engagements such as meetings and teleconferencing Summit and conference 		<ul style="list-style-type: none"> Operational and business performance Supply chain management Environmental, health and safety Quality and compliance 	<ul style="list-style-type: none"> Conduct regular meetings for review of decision-making and updates Comply with quality standards and environmental, health and safety requirements
Suppliers/ Vendors/ Contractors	<ul style="list-style-type: none"> Meetings/Briefings Pre-qualification assessment Screening and due diligence Performance evaluation Trade exhibitions Factory/Site visits 		<ul style="list-style-type: none"> Efficient procurement processes Transparency in procurement processes Supplier's Code of Conducts ("SCoC") Quality and performance management 	<ul style="list-style-type: none"> Emphasis on provision of transparent procurement processes Briefing for the suppliers/vendors on the Group's Anti-Bribery and Anti-Corruption ("ABAC") Policy Obtain acknowledgement from suppliers/vendors on their commitment to comply with SCoC and the Group's ABAC Policy Annual evaluation process
Regulators and Government Bodies	<ul style="list-style-type: none"> Meetings Audits Association periodical meeting 		<ul style="list-style-type: none"> License to operate Automotive industrial related issues Industry compliance requirements 	<ul style="list-style-type: none"> Constant engagement with the authorities to share and exchange ideas
Financiers	<ul style="list-style-type: none"> Meetings Annual review Product launches 		<ul style="list-style-type: none"> Financial performance Future outlook 	<ul style="list-style-type: none"> Timely disclosure of audited financial statements Forward-looking statements

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT

The Group is cognisant of the fact that our material issues can directly or indirectly impact our ability to create long-term value for our stakeholders and at the same time, define our business strategy and decision making process. A full scale materiality assessment was conducted in 2022 for both our key internal and external stakeholders to ensure that their interests and concerns were addressed in our business strategies.

While we aim to conduct a comprehensive materiality assessment once every 3 years, we undertake an annual review of the relevance of our previously prioritised economic, environmental, social and governance impacts arising from our day-to-day activities.



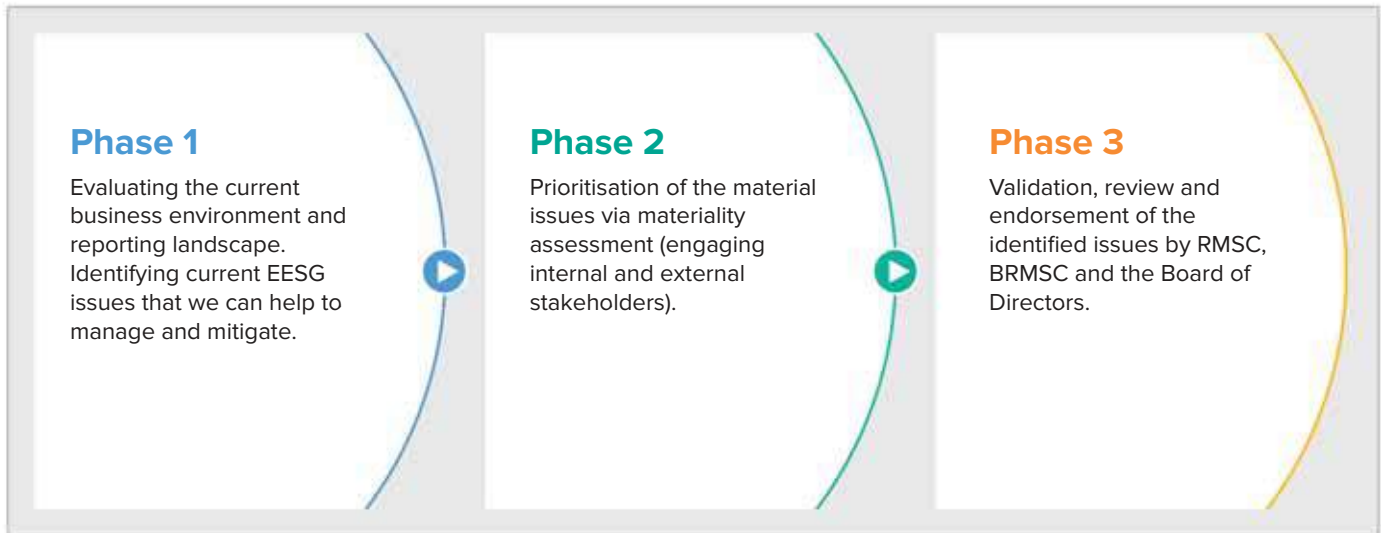
This year, through our limited-scale materiality review, we aligned all 18 material matters with TCMH's strategic priorities and stakeholders' expectations. These were also benchmarked against our local and regional peers, as well as mapped against emerging risks and relevant frameworks which were mentioned in the Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), in particular referring to GRI standards.

Whilst the material matters remained the same, the Group has heightened its focus on addressing "Climate Change" and "Human Rights" to ensure adequate emphasis is placed on these matters, which are significant to the Group, the environment and society as a whole.

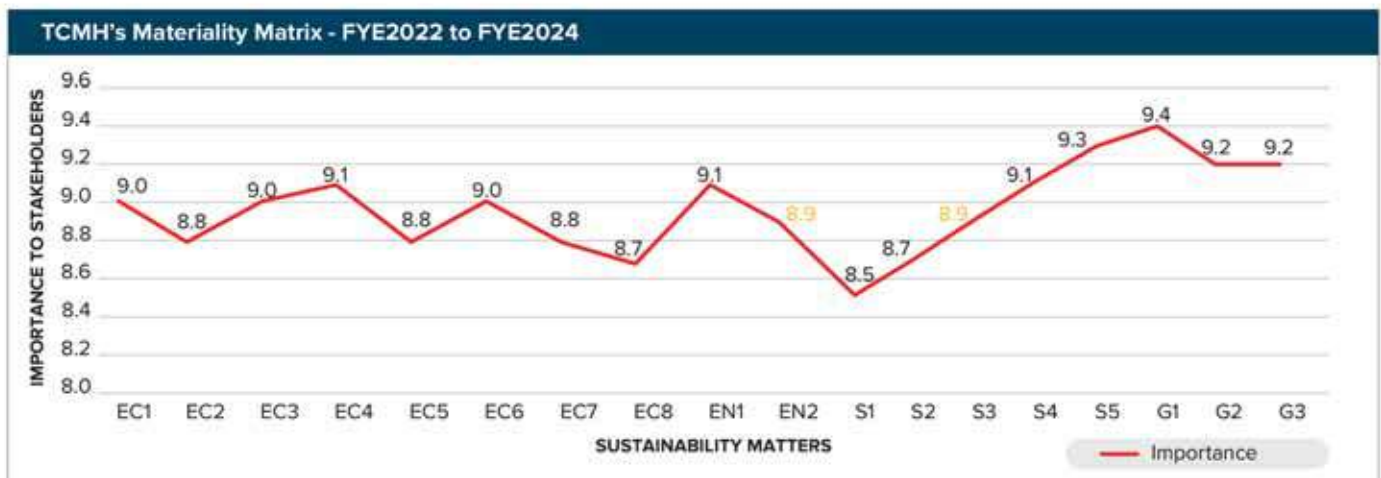
The material matters were derived at after series of engagement sessions with external stakeholders on these topics and through the materiality review exercise which reflected an increased interest in our environmental footprint and carbon management strategy as well as the protection of human rights throughout the value chain. A taskforce has been established to jointly evaluate and analyse the Greenhouse Gas ("GHG") emissions on Scope 1, 2 and 3 in order to address TCMH's carbon footprint in 2023.

SUSTAINABILITY STATEMENT

Our Materiality Assessment Approach



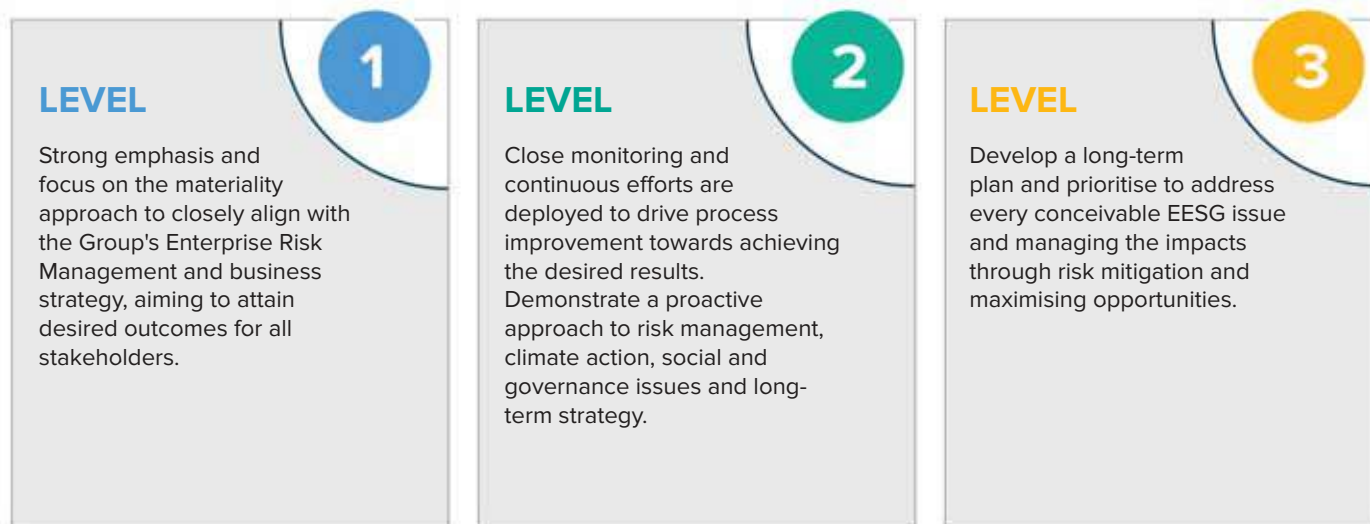
Our revised Materiality Matrix determined the material matters which form the basis of this Statement, while the respective indicators facilitate the measurement of our sustainability performance. This is further discussed in the Risks and Opportunities section in this Statement from pages 38 to 40.



ECONOMIC	ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> • EC1 - Financial Stability and Revenue Growth • EC2 - Optimum Assets Utilisation and Capital Allocation • EC3 - Sustainable Productivity • EC4 - Succession Planning and Bench Strength • EC5 - Convenient After-Sales Service • EC6 - Customer Outreach • EC7 - Automation and Digitalisation • EC8 - Innovation and Value-Added Services 	<ul style="list-style-type: none"> • EN1 - Environmental Compliance and Regulation • EN2 - Emissions, Waste and Effluent Management 	<ul style="list-style-type: none"> • S1 - Community Engagement and Empowerment • S2 - Diversity and Inclusiveness • S3 - Human Rights • S4 - Talent Development and Retention • S5 - Employees' Safety and Well-Being 	<ul style="list-style-type: none"> • G1 - Information Security • G2 - Good Corporate Governance • G3 - Supply Chain Management

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Our focus on importance of sustainability matters is based on the weighted average of ratings obtained from the internal and external stakeholder engagements, ranging from 8.5 (least important) to 9.4 (most important) covering all four (4) pillars of EESG. Based on feedback gathered from stakeholders, the Group has categorised the priority into 3 levels, which are elaborated below:



Level	Ranking by Importance	Material Matters	Description
1	G1 (9.4)	Information Security	Protection of all data, information and intellectual property against cybersecurity breaches.
1	S5 (9.3)	Employees' Safety and Well-Being	Providing for the health, safety and well-being of our employees in ways that address key challenges and bring positive development to their livelihood in the workplace. It covers all aspects of working life, from the quality and safety of the physical environment, to how workers feel about their work and their workplace environment.
1	G2 (9.2)	Good Corporate Governance	Upholding good corporate governance practices.
1	G3 (9.2)	Supply Chain Management	Consideration of EESG factors across supply chain management and processes.
1	EN2* (8.9)	Emissions, Waste and Effluent Management	Aspiring towards the circular economy within our operations, supply chain waste management and reducing CO ₂ footprint.
1	S3* (8.9)	Human Rights	Adherence to human rights standards across all operations.
2	EN1 (9.1)	Environmental Compliance and Regulation	Manage of evolving changes in the regulatory landscape and ensure compliance with all environmental laws and regulations.
2	EC4 (9.1)	Succession Planning and Bench Strength	Building a robust workforce by strategically developing the next generation of managers. Building talent pool to drive business sustainability.
2	S4 (9.1)	Talent Development and Retention	Promote the development of employees' competencies to respond to the rapidly changing and complex business environment.
2	EC1 (9.0)	Financial Stability and Revenue Growth	Continuously map out long-term strategic directions of the Group in ensuring its financial sustainability and navigate the highly disruptive era.
2	EC3 (9.0)	Sustainable Productivity	Driving productivity improvement while creating new job opportunities.
2	EC6 (9.0)	Customer Outreach	Fostering good relationships with customers by delivering high standards of interaction.

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Level	Ranking by Importance	Material Matters	Description
3	EC5 (8.8)	Convenient After-Sales Service	Prioritising convenience and ease of after-sales service provided to customers.
3	EC2 (8.8)	Optimum Assets Utilisation and Capital Allocation	Optimising assets utilisation and capital allocation to ensure a better Return On Assets ("ROA") employed.
3	EC7 (8.8)	Automation and Digitalisation	Technological innovation to enhance key internal business functions, improve process efficiency and effectiveness, and promote innovation and business continuity.
3	S2 (8.7)	Diversity and Inclusiveness	Zero tolerance on all forms of discrimination, championing a diverse and inclusive working culture.
3	EC8 (8.7)	Innovation and Value-Added Services	Responding to the need to innovate to meet market needs and provide value-added services to the customers.
3	S1 (8.5)	Community Engagement and Empowerment	Financial and non-financial contributions to support local communities, underprivileged and underserved groups.

Note:

* The sustainability matters (as highlighted in yellow in the matrix graph) related to EN2 (Emissions, Waste and Effluent Management) and S3 (Human Rights) were reclassified to Level 1. The Group elevated the priority of these two matters due to their considerable environmental and social impacts to the organisation and stakeholders.

RISKS AND OPPORTUNITIES

TCMH aligns our risk management process with the ISO 31000:2018 Risk Management Guidelines to build readiness and resilience through the identification and management of actual and potential risks encountered by our organisation. Our Enterprise Risk Management ("ERM") framework streamlines sustainability and environmental risks, such as climate-related risks, alongside with the Group's risk appetite. This integration occurs through regular reviews and monitoring by the designated risk owners, the GRMS department and SWC. The outcome is further deliberated by RMSC and BRMSC.

This section represents a comprehensive alignment of our material matters with the identified risks and opportunities, as well as our strategic initiatives in value creation for our stakeholders.

Material Matters	Risks	Opportunities
Economic – Long-Term Value Creation		
Financial Stability and Revenue Growth	Under-performing financial results may lead to disruptions in achieving and sustaining the Group's business goals, challenges in securing new financing and perceived lack of optimum investment return to attract interest from stakeholders.	Continuously map out the long-term strategic directions of the Group in ensuring its financial sustainability and navigating through these challenges, enabling the Group to attract investors and drive long-term return growth for all stakeholders.
Optimum Assets Utilisation and Capital Allocation	Non-optimum assets utilisation and capital allocation can result in a lower return on equity, loss of business opportunities and stagnation in growth.	Optimisation of assets utilisation and capital allocation can achieve a better ROA and maximise shareholders' values.
Sustainable Productivity	Unsustainable productivity may cause inefficient workflow and loss of talents.	Fostering sustainable productivity increases employee ownership and accountability, thus creating a more productive and competitive organisation. This can also promote employee engagement and retention.
Succession Planning and Bench Strength	Lack of succession planning may cause business disruption in the event of departure of key personnel from the company without suitable replacements.	Succession planning drives business sustainability by building internal talent pool through various leadership development programmes. Protect the Group by ensuring smooth operation and minimising interruption.

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Material Matters	Risks	Opportunities
Economic – Innovation and Digitalisation		
Convenient After-Sales Service	Failure to satisfy customers may result in negative impacts on revenue and reputation.	The digitalisation of after-sales service minimise the hassle in process requirements and boost customers' satisfaction.
Customer Outreach	Ineffective method/approach of customer outreach may result in limited sales coverage and loss of business opportunities.	Excellent customer outreach may generate more revenue as the business grows by engaging potential, active and passive customers.
Automation and Digitalisation	Delay in automation and digitalisation will result in operational inefficiency, higher operation costs, loss of opportunities to grow, and difficulties in attracting new and younger talents.	Implementing automation and digitalisation has the potential to boost operational efficiency, minimise manual labour, and elevate the quality of products and services while managing overall operating costs to an optimal level.
Innovation and Value-Added Services	Lack of innovation in business can cause loss of productivity, poor customer engagement and decline in profits.	Implementing innovation and value-added services can enhance the Group's competitive advantage and brand image. In return, it will boost customers' and stakeholders' experiences and satisfaction.
Environmental – A Green Future		
Environmental Compliance and Regulation	Any violation to environmental regulations will result in penalties, financial loss, reputational damage, and loss of confidence from stakeholders.	Environmental compliance enables business to embrace more sustainable practices that lead to improved operational efficiency, lower costs, minimal waste and enhance corporate image.
Emissions, Waste and Effluent Management	Failure in emissions, waste and effluent management may result in adverse impacts to the environment and society.	Effective emissions, waste and effluent management can reduce operating expenses related to waste disposal, treating effluents and penalties, and reduce environmental impacts.
Social – The Human Connection		
Community Engagement and Empowerment	Negative impacts from our business operations on local communities will affect the Group's reputation.	Effective community engagement programmes nurture our relationship with local communities and enhance the Group's reputation.
Diversity and Inclusiveness	Discriminatory employment practices may incur complaints from stakeholders (e.g. employees, authorities, trade unions) and tarnish the Group's image.	A diverse and inclusive work culture attracts talents and cultivates fresh perspectives that improves decision-making. A diverse and inclusive workplace can create good value and drive sustainable growth.
Human Rights	Non-compliance to human rights requirements leads to regulatory penalties, reputational damage and financial loss.	Upholding human rights commitments can strengthen the Group's reputation and improve employee retention rate.
Talent Development and Retention	Lack of talent development restricts employees' capability to achieve business goals and market demands. Inadequate professional development programmes may result in employees' poor performance and productivity.	Talent development can enhance talent retention and growth. Employees who receive professional development can strengthen the Group's ability to adapt to future challenges and market fluctuations.

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Material Matters	Risks	Opportunities
Social – Employees' Safety and Well-Being		
Employees' Safety and Well-Being	Poor health and safety practices lead to potential health hazards at workplace, employee inefficiencies and lower productivity of the Group.	Cultivating employees' awareness towards safety and well-being can boost workforce productivity and performance.
Governance – Governance Responsibilities		
Information Security	Inadequate implementation of IT governance procedures may cause the business to be vulnerable to cybersecurity breaches, loss of customer trust and reputational harm.	Robust and effective IT governance system and procedures can minimise cybersecurity threats, better data protection and business continuity.
Good Corporate Governance	Weak corporate governance practices may result in regulatory non-compliance and loss of confidence from stakeholders.	Uphold transparency, accountability and sound governance practices within the Group to ensure successful management of the businesses in achieving long-term business value and driving growth.
Supply Chain Management	Irresponsible practices throughout the supply chain can increase operational costs and cause operational disruptions.	Sustainable procurement can leverage on cost reduction, comply with environmental regulations, as well as being socially responsible. Sustainable supply chain practices ensure sustainable business growth.

SUSTAINABILITY FRAMEWORK

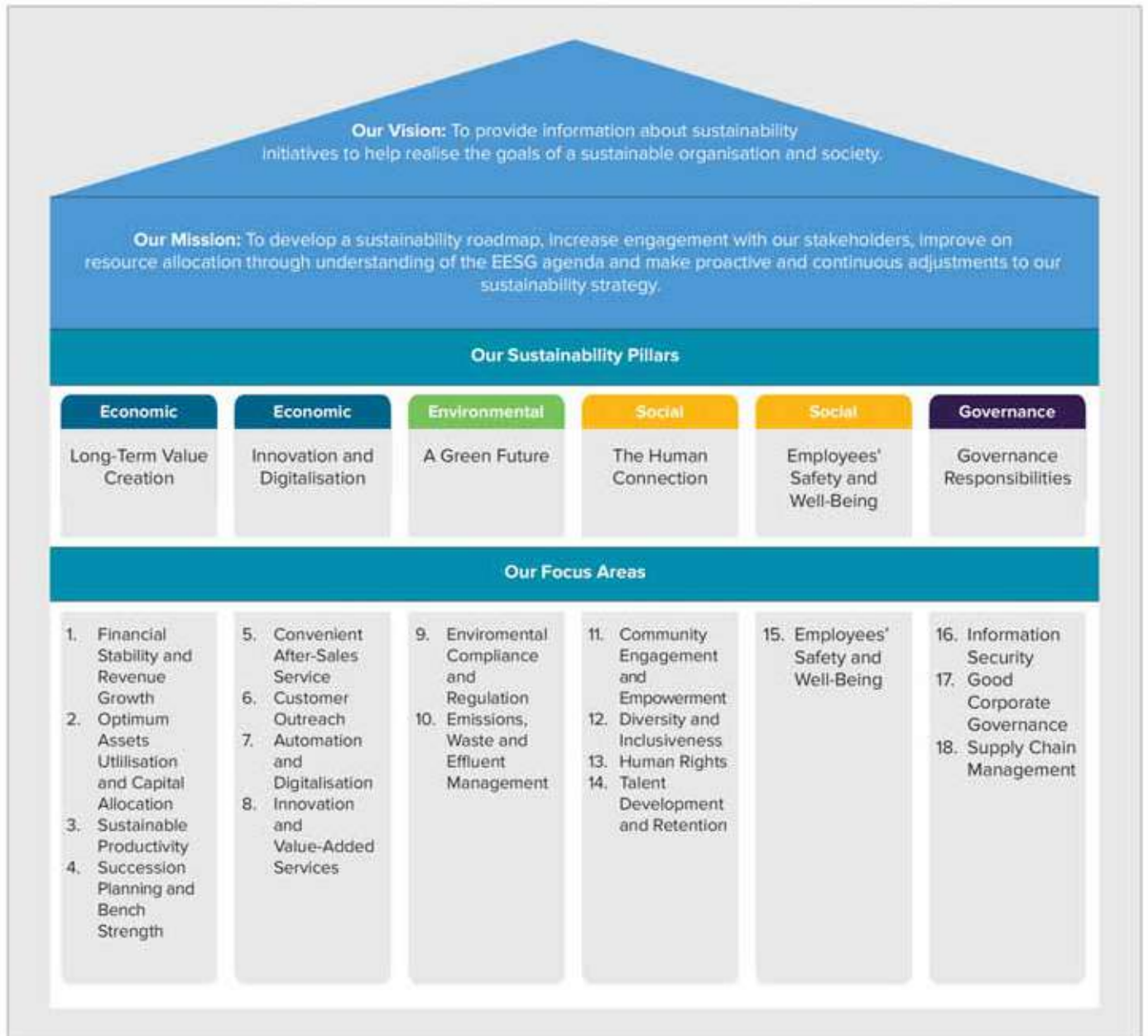
Our Purpose Statement



We strive to create long-term value for our stakeholders and hence, embarking on a journey to create long-term financial and operational sustainability, based on the theme of “Driving Resilience”.

SUSTAINABILITY STATEMENT

“Driving Resilience” is aligned with our business strategy and guided by the Group’s core values where we defined our sustainability vision and mission. Through this framework, we aspire to meet the needs of our stakeholders, reduce our environmental impact as well as contribute positively towards the local communities where we operate in. Our focus areas in these six (6) ESG robust thematic pillars are:

















We aim to deliver the objectives under each focus area by addressing the concerns related to each of our material matters. Accordingly, we have established targets to empower us to accelerate and monitor our sustainability performance and continuously improve towards achieving these targets.

SUSTAINABILITY STATEMENT

OUR PERFORMANCE SCORECARD

Legend: Progress Tracking

 Targets achievement: > 90%	 Target achievement: 50% to 90%	 Target achievement: < 50%
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Material Matters	Indicator/ Target	Target	Current progress against targets
G1 Information Security	Cybersecurity awareness	100% of employees (identified as computer users)	 100% (5,466 employees attended the cybersecurity awareness training)
	Incident management on successful cyber-attack	Zero successful attack impacting the business	 1 case reported on a successful attack with no impact
S5 Employees' Safety and Well-Being	Training programmes on health awareness	At least 12 programmes	 Conducted 14 health awareness programmes
	Training programmes on financial literacy	At least 6 programmes	 Conducted 7 financial literacy programmes
	Severity Rate	15% reduction in severity rate from previous year	 Achieved 20% reduction in severity rate in 2023
G2 Good Corporate Governance	Code of Business Conduct and Ethics ("CBCE")	100% acknowledgement by staff	 Achieved 100% acknowledgement by staff
	Briefing to 3 rd Party on Anti-Bribery Anti-Corruption ("ABAC") Policy requirements and endorsement on the Vendor Integrity Undertaking ("VIU")	100% attendance and endorsement by 3 rd Party/Vendors	 93% of 3 rd Party/Vendors have attended the ABAC briefing and acknowledged the VIU
G3 Supply Chain Management	Supplier Performance Evaluation	100% completion of performance evaluation of at least 20 key suppliers	 Evaluated more than 20 key suppliers
EN2 Emissions, Waste and Effluent Management	Solar energy harnessed	Solar power generation of 1,141,380 kWh	 Total of 1,091,668 kWh solar energy harnessed
	Total waste generated and recycled	Total waste diverted from disposal ≥ 95%	 Total waste diverted from disposal: 95% Total waste directed to disposal: 5%
S3 Human Rights	Number of substantiated complaints concerning human rights violations	Zero case	 Zero case substantiated complaints concerning human rights violations

MANAGEMENT APPROACH FOR MATERIAL MATTERS

ANTI-CORRUPTION

Related UNSDGs:



Why is this important

The Group is aligned with stakeholders to contribute and achieve defined strategic goals and objectives through ethical business conduct and quality management system. This is crucial for TCMH to protect the interest of our businesses and stakeholders while upholding integrity and reinforcing their confidence in us. Therefore, we strive to meet objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness in risk management and governance processes administered by Management. We uphold the responsibility to prevent corruption and bribery in all forms.

NO CORRUPTION

Tan Chong Motor Holdings Berhad and its Group of Companies (TCMH Group) take a zero-tolerance approach towards bribery and corruption in any business dealings.



OUR APPROACH/STRATEGY

Anti-Corruption Awareness Programme on Policies and Procedures

The Group adopts Principle V of the Guidelines on Adequate Procedures enunciated by the Government pursuant to Section 17A(5) of the MACC Act 2009, which focuses on Training and Communication. This Principle entails, amongst others, dissemination of the Anti-Corruption Policy, relevant codes, policies and regulations through training and other forms of communication. Henceforth, as part of our continuous efforts and commitment to uphold and maintain a zero tolerance towards bribery and corruption, training sessions to all employees have been carried out mandatorily so as to communicate and create awareness on the Group's ABAC Policy, Special Complaint Policy ("SCP") which is our whistleblowing policy, as well as Fraud Prevention Policy ("FPP"). The Group has also provided a secured platform for reporting.

The frequency of training sessions is set on an annual basis or on such frequency as shall be determined by the Group Integrity Officer (in consultation with the Governing Committee). Our communications are conducted through e-Learning (videos and recordings) with required post assessment test, e-poster on computers and scheduled email circular updates. Additionally, ABAC clauses are incorporated in our legal documents as part of communication and request for conformance prior to engagement.

Communication on Code of Business Conduct and Ethics ("CBCE") to Employees

Our CBCE emphasises acceptable ethical standards which the Group upholds in all its decision making for all its business units, both locally and internationally.

In 2023, 100% of our workforce completed and acknowledged the annual mandatory CBCE refresher training. The training materials are available on the Group's in-house Learning Management System ("LMS").

Assessment on Corruption-Related Risks

In August 2020, the Group established a Corruption Risk Assessment Framework to provide guidance to all business units in evaluating their existing processes for potential and significant corruption risks. Operational business units have since implemented the framework, conducted assessments to identify corruption risks and taken steps to address any potential corruption risks. Each risk is evaluated in terms of its impact on organisational performance, goals and reputation, with an analysis of its underlying causes to implement corrective actions aimed at minimising or eliminating these risks.

In 2023, the GRMS team has conducted training on this framework to enable the business units and risk champions to review and receive updates on the corruption risk assessment process, enabling sound understanding and effective execution. Apart from this training, all business units were required to conduct mandatory annual reassessments of their risks, considering any changes in their organisation's processes or new developments. A written assurance is required from the

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respective business units to confirm compliance with corruption risk management and to closely monitor any potential risks exposure.

To ensure continuous monitoring and review of risk exposures, a Key Risk Indicator ("KRI") was set with predefined thresholds to monitor movements in risk exposure. This enables prompt attention and action to be taken to address the risk and escalate to the top management for immediate attention and action.

In 2023, all the 68 active business units performed their corruption risk assessment, with monthly monitoring of their KRI(s). The status of the KRIs was reported to RMSC and BRMSC on a quarterly basis.

There was no incident reported (substantiated and investigated) on corruption in 2023.

Anti-Bribery Awareness Programme and Risk-Based Due Diligence on Corruption Risk for Key Suppliers and Contractors

The Group is committed to winning business awards based on merit, capability and fairness. We strive to be a responsible and relevant driver of positive change within the communities and societies where we operate in. As part of this commitment, combating and preventing corruption is a high priority to ensure credibility and avoid leakages at all levels within the Group.

In 2023, the GIO carried out awareness programme for our key suppliers and vendors with regard to our ABAC Policy as well as our whistleblowing mechanism. The main objective of this programme was to raise awareness and build partnership with our vendors to fight against corruption and bribery in all forms. This year, we have achieved 93% participation from our key suppliers and contractors. Moving forward, we will continue with this programme to encourage more participation from our business partners to jointly fight against corruption and bribery.

Additionally, the Group had also formalised the Risk-Based Anti-Corruption Due Diligence Guidelines in December 2020. The guidelines were designed to help our business units conduct risk-based due diligence on both existing and newly on-boarded business partners within their supply chain. The guidelines provide a process for information to be collected, analysed and stored, including ownership of the operational processes, integrity, anti-corruption standards and any significant bribery and corruption risks. This exercise empowers business units to determine the risk treatment and take appropriate actions to mitigate those risks as to acceptable levels.

OUR PERFORMANCE/VALUE CREATED

In 2023, all employees have participated in the anti-corruption e-training and taken the assessment test at the end of the training session to ensure the content of the training was well understood. This training is mandated and required to be completed by all employees annually.

BURSA's Common Indicator C1(a)		
Measurement Metric	2023	Target for 2023
Percentage of employees who have received training on anti-corruption by employee category		100% of employees attended the training on anti-corruption
Management	100%	100%
Executive	99.99%	100%
Non-Executive/Technical Staff	100%	100%
General Workers	100%	100%

All existing and new joiners of the Group are required to complete the awareness e-training of CBCE and the assessment test to ensure the content of the training was well understood. This training is mandated and required to be completed by all employees annually.

Indicator: Yearly Training on CBCE		
Measurement Metric	2023	Target for 2023
Yearly training on CBCE attended by employees	100%	100% attendance by all employees

In 2023, GRMS team facilitated assessments or reassessments of corruption risk profiles for a total of 68 active business units. They ensured that all identified risks were diligently monitored on a monthly basis and reported quarterly to RMSC and BRMSC.

BURSA's Common Indicator C1(b)		
Measurement Metric	2023	Target for 2023
Percentage of operations assessed for corruption-related risks	100%	100% of operations assessed for corruption-related risks

This year there was no case reported on incident of corruption across all business units of the Group.

BURSA's Common Indicator C1(c)		
Measurement Metric	2023	Target for 2023
Number of confirmed incidents of corruption and action taken (substantiated and investigated)	Zero	Zero incident

The inaugural awareness programme by GIO in 2023 recorded a 93% participation from our vendors.

Indicator: 3 rd Party Awareness on ABAC		
Measurement Metric	2023	Target for 2023
Percentage of 3 rd party participated in ABAC briefing and acknowledgement on VIU	93%	100% of 3 rd Party (Vendors/Contractors) attended briefing and endorsement on VIU

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COMMUNITY/SOCIETY

Related UNSDGs:



Why is this important

Community and society work has always been an integral part of TCMH. The Group's active engagement in community and societal initiatives has demonstrated a commitment to broader social responsibility.

Through community projects, charitable initiatives and sustainable development programmes, TCMH strongly believes that the Group can make a tangible impact on issues ranging from education and well-being of the community to environmental conservation and economic empowerment.

Additionally, community and societal work which involves employee participations enhances employee morale, attracts top talent and differentiates the organisation as a socially conscious entity in the marketplace.



OUR APPROACH/STRATEGY

The Group places emphasis on nurturing the next generation and enhancing the quality of life for surrounding communities by ensuring equitable access to education and empowering disadvantaged individuals. This is carried out via various corporate social responsibility ("CSR") projects such as childcare centre programme, scholarship and other philanthropic initiatives.

Providing Education Needs

TCMH's Childcare Centre Programme

The welfare of children has always been the focus for the Group and 2023 marked the 10th, 12th and 15th consecutive year of our childcare centre programme at Persatuan Kebajikan Kanak-Kanak Kajang, SJK (C) Sungai Way and SJK (C) Sungai Chua respectively, signifying the Group's longest-running CSR projects.

This programme aims to provide a safe after-school sanctuary for children of single parent/guardian or those from B40 families (the bottom 40% of national households with the lowest income), specifically catering to those with working parent(s). It offers meals, tuition, and counselling.

The centres serve as a platform for these children to have the opportunities to improve their academic performance and additionally, participate in enrichment classes curated for their mental and physical well-being such as drawing, dancing, music, badminton and more.

Scholarships and Job Opportunities

In alignment with the UNSDGs for Goals 4 and 8, which advocates for Quality Education and Decent Work and Economic Growth respectively, the Group launched its scholarship initiative at the end of 2022. This programme was aimed at assisting teenagers from B40 households to advance their skills in

automotive mechanics through courses offered by Tan Chong Education Services Sdn. Bhd. ("Tan Chong Education").

In 2023, the Group provided five scholarships specifically for the Sijil Kemahiran Malaysia ("SKM") Curriculum of Competency Unit ("CoCU") Level 2 automotive certification. These scholarships were awarded to students who have recently completed their studies in early 2024. These students now have the option to either pursue employment within the Group or to continue their education towards SKM CoCU Level 3 and Diploma Kemahiran Malaysia ("DKM") Level 4, which is on par with a Diploma qualification.

Tan Chong Education, serving as an educational service provider, delivers extensive training programmes in the automotive sector, designed particularly for school leavers. In 2023, a total of 60 students achieved their SKM CoCU Level 2 certification, with 40% being absorbed into the workforce by the Group, and 22% chose to advance their studies. In

SUSTAINABILITY STATEMENT

In addition, 17 students sponsored by the Majlis Agama Islam Wilayah Persekutuan ("MAIWP") completed their Level 3 automotive certification. Within the various business divisions of TCMH, 34% of the graduates from Tan Chong Education's 2023 class have found employment, exemplifying the Group's commitment to fostering job opportunities and contributing to society's progress.

Indicator: Conversion Of Graduates From TC Education To Full Time Employment		
Measurement Metric	2023	Target for 2023
Conversion of graduates from Tan Chong Education to full-time employment in TCMH	34%	40% absorbed into Tan Chong Group of Companies yearly

Empowerment of B40 Women

Collaboration with Komuniti Tukang Jahit ("KTJ") in Sustainable Gifting Ideas

In 2023, the Group collaborated with KTJ, a charitable establishment that empowers B40 women of Malaysia to achieve financial independence, to produce a mooncake packaging for the Mid Autumn Festival. Employees who purchased the mooncakes gift from Tan Chong Trading (Malaysia) Sdn. Bhd. ("TCT") were presented with this limited edition 100% hand-sewn jute bags with a batek twill.

This initiative was mooted by the Group to support the vulnerable group, especially low income families by providing them an opportunity to generate income while utilising eco-friendly resources for the production of the bags. A total of 400 orders were received from our employees, who were also inspired by the idea of giving back to society. This initiative benefitted 10 women, including some who are single mothers.

Promoting Employee Volunteerism

Supporting Selangor and Federal Territory Association for The Mentally Handicapped ("SAMH") Food & Fun Fair

To further cultivate the virtue of caring for others, TCMH promoted employee volunteerism in its CSR programmes. This serves to educate and encourage employees to volunteer their time and energy for the betterment of the environment and society.

In 2023, the Group extended support to the Food & Fun Fair organised by SAMH. Apart from offering financial assistance, our employees collaborated with the organiser in overseeing activity stalls, contributing daily necessities for the Jumble Sale and purchasing tickets for the carnival. This partnership showcased our commitment to fostering a positive community impact and reinforced our belief in the transformative potential of collective endeavours to breathe significant changes in the community.

Road Safety Awareness Programme

In December 2023, employees of UD Trucks Corporation's hub in Malaysia and Tan Chong Industrial Equipment Sdn. Bhd. ("TCIE") have recently held a year-end CSR event for the children of Shelter Home For Children ("SHFC") Petaling Jaya, Selangor. The half-day event was filled

with a variety of experiential activities including a 'get-to-know-a-truck' road safety awareness, a live virtual tour of Singapore Zoo and a pen-pal programme with children from orphanages in the Philippines and Japan, where similar CSR events were also simultaneously held by UD Trucks' staff in the region. The CSR initiative reflects UD Trucks' corporate purpose of creating better life for the people.

At this event, an actual UD Quester heavy-duty truck was brought in by TCIE to provide these children a hands-on experience and to help them understand the risks and safety precautions when dealing with trucks. The children's interests were piqued throughout the activity which began with basic explanations about the truck's chassis anatomy and the features inside the driver's cab. The children were brought around the truck so that they could experience blind spot education at the rear, front and side of the vehicle.

Giving Back to the Society

Care for Rumah Warga Emas National Council of Senior Citizens Organisations Malaysia ("RWEN")

TCMH contributed essential groceries to RWEN, a welfare organisation located at Program Perumahan Rakyat Semarak, Setapak. RWEN Setapak is a self-managed home for senior citizens set up by the National Council of Senior Citizens Organisations Malaysia ("NACSCOM") and managed by a committee with a resident supervisor appointed by NACSCOM. The home currently houses 15 residents with most of them physically challenged.

During the visit, the employees spent time chatting with the elderly and listening to their sharing of life experiences. The visit was part of the Group's ongoing efforts to give back to the community and make a positive impact on the lives of those in need.

Collaboration with GR Natural Enterprise (Jammy Tummy) in Christmas Cookies for Tan Chong Group's Employees

TCT collaborated with Jammy Tummy in producing a range of affordable and naturally delightful baked cookies for the Group's employees during the Christmas season of 2023. The cookies were opened for sale to all employees who were looking for a gift set for their families, or simply craving for some delicious treats in the festive season.

Jammy Tummy works together with individuals who have received specialised training in autism to produce a wide range of baked goods for the community. This distinctive partnership contributes to the empowerment and inclusion of individuals with autism in a meaningful endeavour, fostering a more inclusive and supportive society.

SUSTAINABILITY STATEMENT

Blood Donation Drive at Edaran Tan Chong Motor – Vehicle Distribution Centre ("VDC") in Serendah

TCMH's VDC at Serendah, Malaysia continued with its annual Blood Donation Programme and completed two rounds of blood donation event in 2023. In June 2023, 85% of participants who signed up for the blood donation successfully donated blood, and in November 2023, an exceptional record of 93% successful donors was attained.

This initiative began in 2019, and up to now, VDC has conducted a total of 8 blood donation campaigns at its premises. Over the past three years, VDC has also extended this campaign to its neighbouring factories and plants.

OUR PERFORMANCE/VALUE CREATED**2023 CSR Activities at a Glance**

ITEM/ACTIVITY	AMOUNT (RM)	BENEFICIARIES
TCMH Childcare Programme 2023 - providing a safe and supervised environment for children after school hours	169,937	72
Tan Chong Education offered scholarship to B40 students in pursuing automotive skills training programme	78,025	5
UD Trucks Hub Malaysia and TCIE carried out a CSR event for SHFC on road safety awareness programme and other activities	NIL (volunteerism)	35
TCMH supported SAMH Food & Fun Fair 2023 through staff volunteering, coupons purchases and donations	8,200	194
TCT collaborated with Jammy Tummy in selling Christmas cookies to Tan Chong's employees	1,266	5
TCMH contributed essential groceries to Rumah Warga Emas NACSCOM	1,312	15
Tan Chong Group collaborated with KTJ in introducing a limited edition of environmentally friendly mooncake packaging, demonstrating shared dedication towards sustainability and community development	3,663	10
Blood donation at VDC	NIL (Volunteerism)	1 (National Blood Centre)

BURSA's Common Indicator C2(a)		
Measurement Metric	2023	Target for 2023
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM262,403	Nil

BURSA's Common Indicator C2(b)		
Measurement Metric	2023	Target for 2023
Total number of beneficiaries of the investment in communities	337	Nil

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2023 marked the 15th consecutive year of the Group's childcare centre programme at SJK (C) Sungai Chua.



Tan Chong Education offers hands-on automotive learning experience.



A collaboration with KTJ to produce a limited edition sustainable mooncake packaging.



Volunteers supported SAMH's games and gift booths to attract the children's participations.



UD Trucks and TCIE hosted the road safety awareness event for SHFC.



The residents from Rumah Warga Emas NACSCOM gratefully received the contribution from TCMH.

SUSTAINABILITY STATEMENT

DIVERSITY

Related UNSDGs:



Why is this important

Diversity and inclusion can bring many benefits to the Group such as higher performance, greater innovation, and a more positive environment for both employees and customers. It is important to maintain a diverse and inclusive working environment as this impacts upon employees well-being and improves job retention within the organisation.



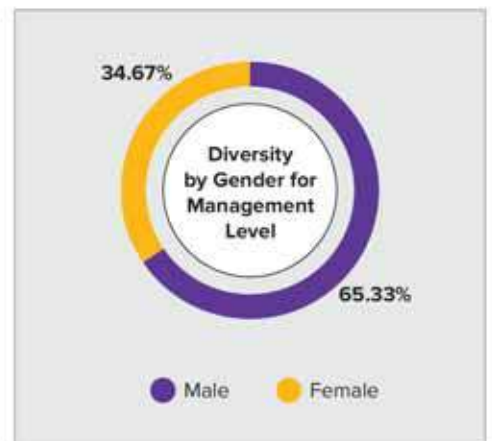
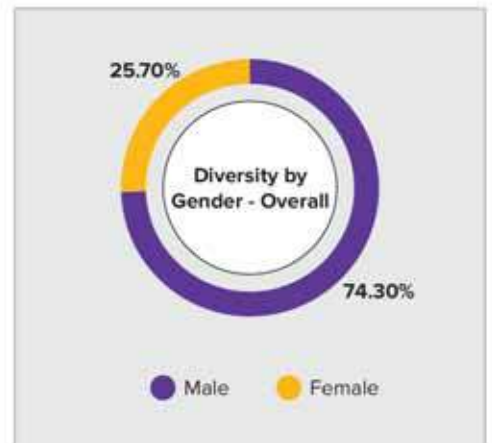
OUR APPROACH/STRATEGY

TCMH upholds fair and equitable employment practices, fostering a diverse workforce inclusive of gender, ethnicity, age and other factors. The organisation is committed to achieving full and productive employment, providing decent work opportunities for all individuals, including young people and those with disabilities, and ensuring equal pay for work of equal value.

Diversity and Inclusiveness

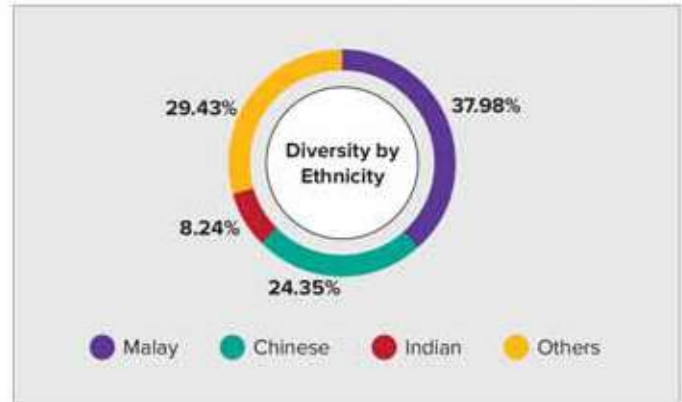
At TCMH, we embrace diversity and inclusivity as our strength. Our strong regional presence enables us to hire diverse talents around the globe. The Group provides fair and equitable treatment and opportunities for all of our employees, where we hire and promote talents based on their merit and capabilities, regardless of ethnic background, religion, gender, age, physical abilities and other aspects. The Group also practises zero tolerance against any form of workplace discrimination or harassment.

We strive to create a culture that promotes gender balance in all parts of the organisation, particularly at management levels. In 2023, the Group employed a total workforce of 6,300 individuals, with women comprising 25.70% of the workforce. In managerial positions (Assistant Manager and above), women accounted for a higher proportion, standing at 34.67%. The Group remains committed to cultivating a diverse pool of potential future leaders by bolstering balance within the internal succession pipeline and supplementing capabilities through our recruitment practices, all aimed at ensuring the Group's sustainability.



SUSTAINABILITY STATEMENT

We endeavour to promote diversity in terms of age and ethnicity. We generally have a young workforce with 88.24% of the workforce below 50 years of age. The breakdown by the different age groups can be seen in the diagram below, with 27.22% (below 30 years old), 61.02% (between 30 to 50 years old) and 11.76% (above 50 years old). The three major ethnicities namely Malay, Chinese and Indian made up 70.57% of the workforce, the remaining were from other nationalities such as Nepalese and the nationalities from the countries we operate in, namely Vietnam, Cambodia, Laos, Myanmar and Thailand.



Our Performance/Value Created

BURSA's Common Indicator C3(a)				
Measurement Metric: Percentage of Employees by Gender and Age for Each Employee Category	Management	Executive	Non-Executive/ Technical Staff	General Workers
Age Group				
Under 30	1.90%	24.93%	37.86%	31.31%
Between 30 to 50	71.04%	66.07%	56.38%	58.08%
Above 50	27.06%	9.00%	5.76%	10.61%
Gender				
Male	65.33%	56.14%	73.06%	84.38%
Female	34.67%	43.86%	26.94%	15.62%

BURSA's Common Indicator C3(b)		
Measurement Metric: Percentage of Directors by Gender and Age Group	2023	Target for 2023
Gender		
Male	86%	No target set
Female	14%	At least one (1) female director
Percentage of Directors by Age Group		
Under 30	0%	No target set
Between 30 to 50	0%	No target set
Above 50	100%	No target set

SUSTAINABILITY STATEMENT

CLIMATE CHANGE

Related UNSDG:



Why is this important

Climate change has become an increasingly urgent global issue.

As a prominent player in the automotive industry, TCMH faces regulatory pressures and consumer demands for cleaner and more sustainable transportation solutions. Governments are implementing stricter emissions standards, incentivising the adoption of Electric Vehicles (“EVs”), and promoting renewable energy sources. In response, we have put in place various eco-friendly technologies to meet these evolving regulations and consumer preferences.

Moreover, climate change poses risks to the Group's operations and supply chain. Extreme weather events, resource scarcity, and disruptions in raw material supply could impact production processes and increase costs. By addressing climate-related risks, we can enhance the Group's resilience and long-term sustainability.

Furthermore, the Group recognises the importance of CSR and sustainable business practices. Embracing environmentally friendly initiatives not only aligns with global efforts to combat climate change but also enhances the Group's reputation and competitiveness in the market.

At such, climate change is of utmost importance to TCMH, driving the need for innovation, regulatory compliance, risk management and sustainable business practices. By proactively addressing climate-related challenges, the Group can position itself as a leader in the transition towards a greener and more sustainable organisation.



OUR APPROACH/STRATEGY

As energy consumption is our primary GHG contributor, the Group prioritises energy conservation to reduce our carbon footprint by efficiently utilising resources in our production processes. By improving energy efficiency throughout all aspects of our operations and addressing climate change simultaneously, we have identified opportunities to strengthen and expand our competitive edge.

This involves our initiative to introduce energy efficient vehicles such as hybrids and electric vehicles to the market meeting the rising demand driven by society's concern on climate change.

The Group also ventured into the renewable energy business as part of its strategy to promote environmental sustainability, in line with the emergence of global transition towards a low carbon economy.

SUSTAINABILITY STATEMENT



TCMH is one of the pioneers in promoting electric vehicles in Malaysia, through both Nissan LEAF and Renault Zoe marques.

Energy Consumption and Conservation

TCMH's operations require a significant amount of energy to operate, typically at our plants. Hence, proactive steps were taken and systematic monitoring, control and optimisation of our energy consumption to conserve its usage and reduce energy costs. In our efforts to manage energy consumption, we practise Total Preventative Maintenance where we focus on maintaining the machineries used in our plants, showrooms, factories and workshops for optimal efficiency and reduction with energy usage, and by extension operation cost.

We also optimise energy usage at our workplace by insulating our buildings to reduce the demand for cooling energy and installing energy-efficient lighting solutions. Additionally, we educate our employees on ways to minimise energy usage by adjusting operational processes, human behaviours and habits to reduce unnecessary energy consumption.

In 2023, we began tracking the energy usage in our operations in Malaysia and Indochina which included our plants, factories and offices. We have since established a few taskforce committees on energy and emission management. Moving forward, we will be focusing on the reduction of purchased electricity under Scope 2 through initiatives such as the installation of rooftop solar panels to further reduce our carbon footprint and cost of electricity consumption.

Electrification of Our Operations

TCMH has embarked on an ambitious journey towards electrification of our workshop, factories and assembly plant by converting fuel-based machineries to rechargeable battery-operated equipment. This aims to reduce the Group's environmental footprint and enhance operational efficiency.

At TCMH's warehouse facilities, electrification entails the adoption of electric-powered machinery and equipment for material handling, storage, and logistics operations. This includes electric Material Handling Equipment which replaces traditional fuel-powered equipment. By transitioning to electric-powered equipment, TCMH reduces emissions of GHG and harmful pollutants, contributing to cleaner air and a healthier environment for its employees and surrounding communities. Moreover, electric machinery typically requires less maintenance and operates quieter than conventional diesel or gasoline-powered equipment, leading to cost savings and improved working conditions.

At our assembly plants, we have integrated electric-powered machinery and automation technologies. This includes electric assembly robots, conveyor systems and robotic arms, as well as automated guided vehicles. These technologies streamline production processes, increase throughput, and ensure precision and consistency in manufacturing operations. By leveraging on electric-driven

machineries and automation, TCMH is able to accelerate its production cycles, reduces labour costs, and enhances overall manufacturing efficiency. Furthermore, electric-driven machinery enables TCMH to adapt quickly to changing production demands, optimise resource utilisation, and maintain a competitive edge in the automotive industry.

TCMH is also committed to reducing the Group's energy consumption via an array of initiatives in view of the extensive amount of energy required in its daily operations. The initiatives include regular and timely maintenance of equipment at its plants and adoption of "Kaizen" to eliminate waste, improve productivity and achieve continual improvement in targeted activities and processes. The Group continues to identify any opportunities within its economical means to reduce carbon emissions.

Electric Vehicles ("EVs")

EVs are one example of avoided emissions. While the production process does emit GHG, EVs ultimately yield lower emissions throughout their lifespan compared to vehicles powered by traditional internal combustion engines.

TCMH is one of the pioneers in promoting EVs in Malaysia, through both Nissan LEAF and Renault Zoe marques. Other energy efficient vehicles include the hybrid cars like Nissan Serena and Nissan X-Trail.

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In 2023, the Group introduced the 2023 new Nissan LEAF EV, an upgraded version of the second generation, which was launched in 2019. The new upgraded LEAF comes with new features that increase the driving excitement and pleasure in the age of electrification. The 100% Nissan LEAF is among the pioneers of Zero Emissions Vehicles (“ZEV”) in Malaysia and produces no tailpipe emissions, reducing GHG emissions and improving air quality.

Equipped with a revolutionary motor, Renault Zoe offers our customers with greater performance in power and driving experience. The Renault Zoe features improved energy management with features such as ECO mode and air conditioning optimisation that will further optimise energy consumption or improve mileage per full-charge.

From our efforts in promoting EVs, the Group plays a vital role in Malaysia's climate transition roadmap by reducing GHG emissions, improving air quality, enhancing energy security, promoting renewable energy integration, stimulating economic growth and meeting international climate commitments. By embracing EVs, Malaysia can accelerate its transition to a sustainable and low-carbon transportation system, benefiting both the environment and society as a whole.

Renewable Energy Business Ventures

Climate change has been one of the most pressing issues globally. “Now or never to limit global warming to 1.5°C”, as quoted from the United Nation’s report on climate change in April 2022, perfectly depicts the urgency of the matter. Swift actions are required to mitigate the impact of global warming, including reassessing the energy policies, reducing fossil fuel usage substantially and promoting the adoption of alternative energy sources.

As climate change issues surge, Malaysia steps up its efforts in the implementation of nationwide adoption of renewable energy. The country included alternative energy such as biomass, biogas, municipal waste, small hydropower and solar in the energy mix since 2000. This use of renewable energy was accelerated vide the 2010 National Renewable Energy Policy, which set a target of 20% renewable energy in the power



LSSPV – Serendah is an important milestone signifying the Group's first venture into the renewable and sustainable energy sector.

generation mix by 2025. By March 2023, Malaysia has achieved 25% of renewables, surpassing the 2010 target, largely attributed to solar energy. In August 2023, the government has revised its target of renewable energy installed capacity from 40% by 2040 to 70% by 2050, aiming to achieve this target predominantly by increasing the number of solar panel installations.

By venturing into the renewable energy sector, TCMH is embracing the principles of sustainability and also actively participating in the fight against climate change. Through strategic investments in renewable energy projects, such as rooftop solar panel system and floating Large-Scale Solar Photovoltaic (“LSSPV”) plants, we are poised to revolutionise Malaysia's renewable energy landscape and drive positive environmental impact.

Tan Chong Group's First Floating Large-Scale Solar Photovoltaic Plant Offers Green And Renewable Energy For 25 Years

TCMH takes pride in its participation in the national climate agenda through its first floating solar photovoltaic plant in Serendah, Selangor. This is a significant milestone for the Group, imprinting its efforts toward environmental conservation, ensuring a clear world for future generations.

This initiative was realised through the Group's participation in the LSS@MenTARI 2020 bidding by the Energy Commission, with the aim of further increasing the capacity of renewable energy in Malaysia. The LSSPV plant commenced operation on 5 January 2024.

Built on Serendah Lake, the floating solar plant is expected to supply 1,043,114 Megawatt-hours (“MWh”) of green energy to Tenaga Nasional Berhad under a 25-year Power Purchase Agreement, contributing to a reduction of 610,221 tonnes of CO₂ emissions to the environment; equivalent to removing 132,656 units of cars from the roads, or planting 29,058,175 trees.

SUSTAINABILITY STATEMENT



Rooftop solar panel system is the Group's continuous efforts in reducing carbon footprints.

In efforts to preserve the ecosystem of the lake and its surrounding environment, the floating solar plant used up only 60% of the water surface for installation of the Floating Photovoltaic System, apart from preserving the water quality. The project complies with guidelines of the environmental management plans provided by Lembaga Urus Air Selangor and the Department of Environment.

The construction of this floating LSSPV plant took 16 months from the Notice to Proceed to the Commercial Operation Date.

Renewable Energy with Rooftop Solar Panel System

The rooftop solar panel system is the Group's continuous efforts in reducing carbon footprints. The energy harnessed from the rooftop solar panel amounting to over 1,000 MWh has contributed an estimated reduction of over 800 tonnes of CO₂ emissions in FYE2023. Moving forward, TCMH and its subsidiaries, domestically and globally, will continue to install more solar panels on the rooftop of their premises to further enhance energy efficiency.

As at 31 December 2023, total energy harnessed was recorded at 1,091,669 kWh. However, we were 4% lower than our target set at 1,141,380 kWh in 2023. It was mainly due to low performance of the solar panels, inverter units and climate factor as we experienced more rainy days during the last quarter of 2023. Swift actions were taken to rectify the issues, and we strengthened our preventative measures to ensure the panels are functioning efficiently.

OUR PERFORMANCE/VALUE CREATED

BURSA's Common Indicator C4(a)		
Measurement Metric	2023	Target for 2023
Total energy consumption	54,809.78 Megawatts* (197,315 Gigajoules)	No target set

*The total energy consumed data for 2023 was calculated based on the total electricity purchased, non-renewable fuel consumed for the products and services (petrol, diesel, liquefied petroleum gas and natural gas) subtracting the energy sold which was generated by our solar roof panels.

SUSTAINABILITY STATEMENT

HEALTH AND SAFETY

Related UNSDGs:



Why is this important

The Group strongly believes that our employees are valuable assets to the organisation. The safety and well-being (physical and mental) of our employees are of utmost importance to the Group. TCMH strives to create and maintain a safe working culture and nurture a healthy lifestyle for our employees.



OUR APPROACH/STRATEGY

Continuous efforts were taken to increase awareness on medical and health issues. Frequent engagements with employees were held to increase their awareness in relation to critical diseases, workplace safety Standard Operating Procedures (“SOPs”) and Occupational Safety and Health (“OSH”) requirements. The Group strives to preventing illnesses, accidents and injuries that may occur in the workplace by providing training on basic occupational first aids, conducting workplace emergency drills and improving incidents/accidents reporting mechanism. Scheduled routine inspections are taken on workplace safety and ergonomic risk assessment with the mission to reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

Environmental, Health and Safety (“EHS”) Compliance

The Group acknowledges that EHS compliance is adherence to all the laws, rules, regulations, procedures, programmes, roles, policies and efforts to help protect the safety and health of our employees, the public and the environment from workplace-related hazards and dangers. It is imperative to minimise environmental impact, promote responsible resource usage and maintain safe working conditions.

The Group’s EHS team has deployed a combination of actions, activities, prohibitions and directives to prevent workplace injuries or illnesses, contamination in the facility and pollution to the environment. In 2023, the indicators on EHS compliance were established to monitor and track any potential non-conformance and violation to environmental regulations at the business unit level.

Scheduled site visits and close follow-up on actions were carried out by the Group EHS team at the business unit premises to assess EHS compliance status. Continuous trainings and awareness programmes were conducted to raise awareness and enhance EHS management amongst employees. In the year under review, an external EHS speaker was engaged to help employees

understand the latest EHS regulatory requirements as well as to improve the level of EHS compliance within the Group.

Environmental, Health and Safety Training

In 2023, Group EHS organised a total of 128 training sessions for all TCMH employees, covering pertinent topics such as Fire Safety, Safe Operation of Equipment, General Safety Awareness, EHS Management, Environmental Compliance and Occupational Health. This initiative aims to develop awareness and knowledge at all levels of employees, ensuring they understand and execute the EHS Policy at their workplace. Our overall strategy is to inculcate a safe working environment as an integral part of the culture across all our business operations.



Staff were trained in the correct way to use fire extinguishers.

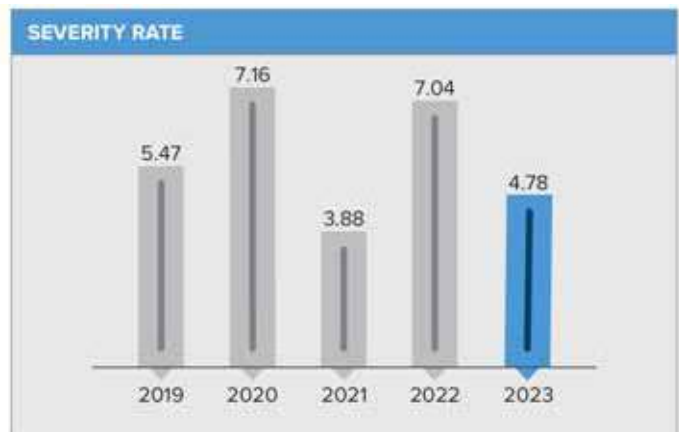
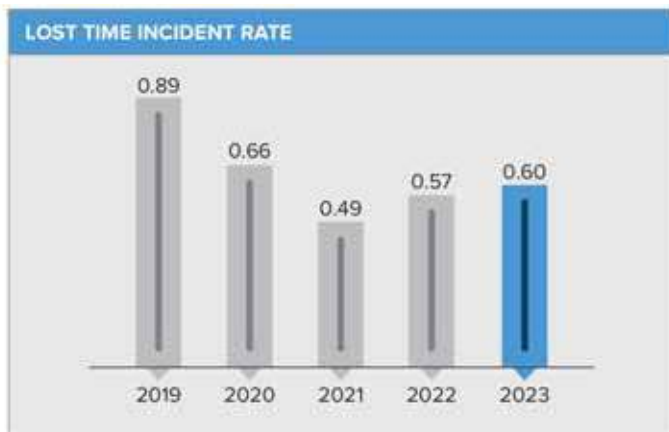
In collaboration with the Environment Institute of Malaysia, the Group took the lead as the first batch in the automotive industry to attend competency course on scheduled waste management where 71 workshop personnel participated in the training.

At the Group’s workshops, in addition to upgrading and refurbishing scheduled waste storage facilities, we have enhanced the workshop oil interceptors and emergency response equipment to comply with the local authority requirements and industrial standards.

SUSTAINABILITY STATEMENT

OUR PERFORMANCE/VALUE CREATED

TCMH closely monitors workplace incidents and takes corrective and preventive actions progressively to ensure the safety of employees. However, the lost time incident rate ("LTIR") increased by 5.2% in FYE2023. For 2023, LTIR was recorded at 0.60 compared to 0.57 in 2022 whereas the severity rate ("SR") reduced by 32% to 4.78 in 2023 compared to 7.04 in 2022. Thorough investigation was carried out and the main contributing factors causing the incidences were due to trip-and-fall accidents and mishandling of hand tools. Corrective and preventive actions were identified and implemented to prevent recurrence of the same incident.



Indicator: Total Number of Severity Rate		
Measurement Metric	2023	Target for 2023
Severity rate	4.78	Achieving Severity Rate of ≤ 5.98

BURSA's Common Indicator C5(a)		
Measurement Metric	2023	Target for 2023
Number of work-related fatalities	Zero	Zero case reported

BURSA's Common Indicator C5(b)		
Measurement Metric	2023	Target for 2023
Lost time incident rate ("LTIR")	0.60	A reduction of 15% from 2022

BURSA's Common Indicator C5(c)		
Measurement Metric	2023	Target for 2023
Number of employees trained on health and safety standards	8,985	No target set

SUSTAINABILITY STATEMENT

LABOUR PRACTICES AND STANDARDS

Related UNSDGs:



Why is this important

TCMH is committed as a responsible organisation to promote human rights, including advocating fair labour practices and standards. Recognising its potential to foster equality in workplaces and communities, TCMH strives to offer employment opportunities that contribute to the progress of social and economic rights. Upholding human and labour rights and standards across all our activities remains paramount to our values and principles.



OUR APPROACH/STRATEGY

We are committed to eradicating forced labour, ending modern slavery and human trafficking, and ensuring the prohibition and elimination of the worst forms of child labour throughout our supply chain. We uphold the rights of all individuals, including children's rights and communities to assemble freely and engage in meaningful collective bargaining with unions.

TCMH promotes the realisation of human rights in our operations and ensures that business activities do not abuse people's rights. We strive to protecting labour rights and promoting safe and secure working environments for all workers by supporting equality of opportunity, fair treatment and positive outcomes related to benefits and compensation. We have formalised and enforced policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality within the Group and throughout our supply chain.

Human Rights Guidelines and Labour Practices

TCMH is committed to embedding human rights into every function of our business. We comply with all applicable laws and regulations pertaining to the hiring and

treatment of employees in all the countries that we operate in. The approach to human rights is embedded in our Core Values, CBCE, SCoC and all other underlying policies. All parties are expected to exemplify the highest standards of ethical business conduct at all times, and are obliged to familiarise themselves with the CBCE from time to time.

Our management approach to embedding human rights within our organisation is as follows:

1. A safe and healthy workplace – Ensuring a safe and healthy workplace that complies with applicable OSH national laws and regulations for all employees.
2. A respectful workplace – Prohibiting all forms of discrimination and/or harassment and ensuring that all stakeholders are treated fairly, with dignity and respect.
3. No forced or child labour – Prohibiting all forms of child, forced or compulsory labour. We expect our suppliers or business partners to adhere to these same principles.
4. Work hours and wages – Complying with all local applicable laws and regulations relating to wages, work hours, overtime, holidays and benefits.

5. Freedom of association and the right to collective bargaining – Encouraging constructive and effective dialogue between employees and management. All employees, regardless of rank or job grade, have the right to form and join associations freely and to bargain collectively, as permitted by applicable laws, rules in the countries we operate in.

Grievance Mechanisms

The Group has established both the grievance procedure and the Special Complaint channel for all employees and other stakeholders to raise concerns, complaints, or grievances related to their employment, working conditions, or treatment within the Group. A thorough and impartial investigation into allegations of violations and abuses is conducted by Group Human Resources ("GHR") and Group Investigation and Forensic Services. TCMH is pleased to announce that there have been no reports of any incidents involving human rights violations, discrimination, child labour, forced or compulsory labour during the financial year under review.

SUSTAINABILITY STATEMENT

Employee Management

At TCMH, we recognise that investing in employee engagement is more than just a business strategy, it is a reflection of our commitment to our people, their well-being and our collective success. We believe that engaged employees are active contributors who demonstrate commitment, passion and dedication to our shared goals and values. An employee who is engaged, will drive innovation, productivity and superior customer service. They are also more likely to exhibit loyalty, reducing turnover rates and fostering a positive workplace culture that attracts top talent. As such, the Group has put in place key initiatives to improve our employee turnover and talent attraction in 2023.

Training and Development

From the people development perspective, the focus of the Group remains on building fundamental personal and managerial capabilities to navigate future challenges effectively in this era of rapid change and transformation. The Group is committed to ensure that all employees have access to learning, development and training opportunities which will enable them to be better equipped and upskilled to effectively fulfill their roles within the Group in meeting its strategic objectives. We continue to leverage on our in-house capabilities to ensure that the training programmes and content are well-crafted and aligned with the Group's businesses and core values, as well as to utilise our own in-house developed Learning Management System ("LMS").

For the Personal Excellence and Managerial Framework, 1,451 participants or 49% of management staff (Officer and above) participated in the training programmes and we utilised 60% of total levy contribution of our Human Resource Development Corporation ("HRDC") for training. In 2023, we conducted a series of team building programmes with the objective of improving relationships and breaking silos within a department and/or function.

The List of training conducted for the employee category is tabulated below:

Category	Programme Title
Officer/Executive	<ul style="list-style-type: none"> Personal Excellence Towards Being Extraordinary Basic Business Writing Skills Supervisory Skills Critical Thinking and Problem Solving Team Leadership and Developing Others Design Thinking
Senior Executive/Assistant Manager	<ul style="list-style-type: none"> Supervisory Skills Critical Thinking and Problem Solving Team Leadership and Developing Others Design Thinking
Manager/Senior Manager/Deputy General Manager	<ul style="list-style-type: none"> Managing Performance The Art of Questioning Situational Leadership and Decision Making High Impact Presentation Skills Strategic Business Planning

Category	Total Programmes	Total Participants
Officer/Executive	35	808
Senior Executive/Assistant Manager	26	360
Manager/Senior Manager/Deputy General Manager	24	283
Total	85	1,451

Development Programme Title	Total Programmes	Total Participants
Sales Advisor Development Programme	14	163
Sales Manager Development Programme	3	36
Service Advisor Development Programme	4	53
Service Manager Development Programme	16	281
Contact Centre Agent Development Programme	10	97
Mechanic Development Programme	2	9
Total	49	639



The Group is committed to ensuring that all employees have access to learning, development and training opportunities.

SUSTAINABILITY STATEMENT

Employee Performance Management and Compensation

Employee performance management and compensation are integral components of TCMH's employee management strategy. Efficient performance management ensures that our workforce is aligned with the Group's goals and values, driving productivity, innovation and excellence across all departments. By setting clear expectations, providing regular feedback, and offering opportunities for growth and development, we empower our employees to perform at their best and contribute to the Group's success. As such, the Group places great emphasis on our annual mid-year and year-end appraisal to review employees' performance and offer compensation fairly to drive sustainable growth, thereby maintaining our position as a leader in the automotive industry.

TCMH is committed to creating a conducive workplace by providing financial reward for our employees' efforts with compensation that reflects the value and contributions they provided to the Group. We review our remuneration and benefit packages to align with the market in order to retain top talents and ensure that the Group remains as the preferred employer in the industry.

Employee Engagement Initiatives

The Group continues its commitment to foster a vibrant and supportive work environment by prioritising employee engagement and well-being. Our diverse range of initiatives are aimed at engendering teamwork and improving collaboration between businesses and functions to reinforce a sense of unity within the Tan Chong Group.

From Foodie Wednesdays, featuring affordable and diverse food truck options, to Movie Nights, we also started some volunteerism activities with Spring Cleaning at the HQ office and team-based Deepavali TikTok Dance Challenge. We organised Plant Tours for new hires as this initiative not only acquaints them with our operations but also instils a sense of pride and belonging as they become an integral part of our dynamic organisation.



Team-based Deepavali TikTok Dance Challenge.

We promote a culture of health and well-being within our organisation through a variety of ways such as webinars on various topics of having a healthy lifestyle to organising health screening events and tele-medicine services. In partnership with MiCare and Alpro Pharmacy, the Group has introduced a new e-approach to managing employees' medical requirements incorporating technology into our daily lives for our convenience and efficiency.

TCMH's Succession Planning

The Group takes a structured approach and process to ensure leadership continuity in key positions by identifying key talents to develop. In our succession planning framework and process, key positions for the sustainability of the organisation are identified and individuals with potential to take on these positions are then nominated. Annual talent reviews are conducted to ensure development plans and engagement with the identified successors.

The Group also employs contract or temporary staff to address various operational needs and challenges. These flexible staffing arrangements enable TCMH's business units to adapt quickly to fluctuations in workload, seasonal demands, or project-based requirements without the long-term commitments associated with permanent hires. By hiring contract or temporary staff, the Group can access specialised skills and expertise on an as-needed basis, filling specific gaps in knowledge or manpower without the expense and time investment of permanent recruitment.

Furthermore, temporary staff can offer fresh perspectives and insights, injecting new energy and creativity into projects and teams. Additionally, employing contract or temporary staff can help companies manage costs more effectively by reducing overhead expenses associated with benefits, training and retention. Overall, leveraging on contract or temporary staff provides the Group with the agility and resources necessary to remain competitive and responsive in a dynamic business environment.

SUSTAINABILITY STATEMENT

OUR PERFORMANCE/VALUE CREATED

BURSA's Common Indicator C6(a)		
Measurement Metric	2023	Target for 2023
Total hours of training by employee category		
Management	13,598	No target set
Executive	16,728	
Non-Executive/Technical Staff	8,220	
General Workers	7,499	

BURSA's Common Indicator C6(b)		
Measurement Metric	2023	Target for 2023
Percentage of employees that are contractors or temporary staff (Malaysia only inclusive of Senior Manager)	17%	No target set

BURSA's Common Indicator C6(c)		
Measurement Metric	2023	Target for 2023
Total number of employee turnover by employee category		
Management	133	No target set
Executive	217	
Non-Executive/Technical Staff	246	
General Workers	457	

BURSA's Common Indicator C6(d)		
Measurement Metric	2023	Target for 2023
Number of substantiated complaints concerning human rights violations	Zero	Zero complaint

SUSTAINABILITY STATEMENT

SUPPLY CHAIN
MANAGEMENT

Related UNSDGs:



Why is this important

The Group recognises the importance of supply chain management as it sets the foundation for economic growth and helps to streamline the process of the delivery of our products and services to the market and ultimately to our customers.



OUR APPROACH/STRATEGY

The Group constantly engages effectively with external stakeholders and employees through communication, training, auditing on effectiveness of internal controls and adherence to policies, procedures and regulatory requirements. We aspire to incorporate sustainability into our supply chain practices with the aim reducing our environmental footprint, and conformance with related regulatory requirements will enable the Group to gain competitive edge in the market. We continue to promote public procurement practices that are sustainable, in accordance with national policies and priorities with our business partners throughout our supply chain.

Supporting Local Suppliers

The Group continuously supports local small businesses especially the Small and Midsize Enterprises (“SME”) and the local community with the aim to stimulate local economy and keep businesses flourishing within our local region. We trust our support will help create more jobs, attract new businesses and improve public services jobs for the community that will further contribute to improved public infrastructure.

Supplier Performance Evaluation

Suppliers are vital to our product lifecycle and product quality. Our operations are dependent on them and any switching of suppliers will be diligently considered to ensure stability in pricing and consistency in supply volume and schedule. Hence, conducting performance reviews enable our business units to regularly assess the quality of our suppliers’ performance to get the most out of our investment whilst adopting a proactive approach to maintaining and enhancing supplier relationships.

We acknowledge the importance of ensuring a sustainable supply chain as our business units follow environmentally and socially sustainable practices at every stage to protect the people and environments across the entire value chain. While the Group upholds sustainable environmental and social standards in our own operations, we also impose similar standards upon our suppliers in their operations.

SUSTAINABILITY STATEMENT

Indicator: Supplier Performance Evaluation		
Measurement Metric	2023	Target for 2023
Conduct of supplier performance evaluation (for top 20 suppliers)	100%	100% of the top 20 suppliers completed the performance evaluation

OUR PERFORMANCE/VALUE CREATED

In 2023, we spent 63% which was equivalent to RM1.24 billion on our local suppliers to support our business operations. The engagement of local suppliers has benefited our operations where we gained more reliable deliveries in shorter lead time, more flexibility and better controls on cost effectiveness. This allows our business operations to have better competitive advantages.

BURSA's Common Indicator C7(a)		
Measurement Metric	2023	Target for 2023
Proportion of spending on local suppliers	63%	No target set

SUSTAINABILITY STATEMENT

DATA PRIVACY AND SECURITY

Related UNSDGs:



Why is this important

Data privacy and security are important for TCMH as we recognise the critical importance of safeguarding sensitive information related to our customers, employees and business operations. With the automotive industry increasingly reliant on digital technologies and data-driven processes, protecting the confidentiality, integrity and availability of data is fundamental to maintaining trust and compliance with regulatory requirements.

Our commitment to robust data privacy and security measures ensures that personal and confidential data is handled responsibly, preventing unauthorised access, disclosure, or misuse. By implementing stringent security protocols, encryption techniques and access controls, we mitigate the risk of data breaches and cyber threats that could compromise our reputation and undermine customer confidence. Moreover, prioritising data privacy and security reflects our dedication to ethical business practices and demonstrates our respect for individuals' rights to privacy and data protection.

At TCMH, we understand that safeguarding data is not just a legal obligation but an essential component of our commitment to integrity, transparency and customer satisfaction. The Group is responsible to protect critical data and information systems which include implementing measures necessary to detect, assess, respond and report on cybersecurity threats.



OUR APPROACH/STRATEGY

Securing the Group's technological assets against cyber-attacks and ensuring well maintained information integrity is our priority. This is achieved by implementing a robust cybersecurity framework to mitigate risks inherent in a digital landscape, thereby fortifying the Group's businesses. Additionally, facilitating a transparent flow of information to the Board enhances decision-making processes, fostering accountability and openness to both external stakeholders and employees across the Group.

Controls and Security to Address Cybersecurity Threats

Various Information Technology ("IT") controls and security processes, such as firewalls, endpoint threat detection systems and external network monitoring, implemented to protect our business systems from the threat of cybercrime. In addition, all employees in the Group with access to computers and IT systems are required to undergo and pass a mandatory cybersecurity awareness training and assessment annually. All active staff have completed this training in 2023. However, cyber attacks can be persistent and innovative, constantly findings ways to breach even well-built cyber defences.

SUSTAINABILITY STATEMENT

In May 2023, one of our websites was infected with malware which rendered it inaccessible. Within 24 hours, our team managed to successfully contain the threat, carried out relevant mitigation actions and cleaned out the infection before any further damage ensued. There was no loss of company or customer data, and no disruption to the business operations. Customers were still able to continue accessing the website through other alternate web browsers. We have subsequently strengthened and updated the relevant security protocols, and continued maintaining vigilance over our network to ensure our data is secured and business operations are not adversely impacted.

Cybersecurity Awareness Training

All employees in TCMH with access to computers and IT systems are required to undergo and pass a mandatory cybersecurity awareness training and assessment. As of 31 December 2023, more than 5,400 active staff completed this training, which was aimed at improving staff awareness and maintaining constant vigilance on cyber threats, while carrying out their daily activities. Employees are required to undertake the in-house developed e-training annually. The syllabus is constantly revised and updated to reflect current cybersecurity trends and issues.

Indicator: Cybersecurity Awareness for Employees		
Measurement Metric	2023	Target for 2023
Total number of employees' participation in cybersecurity awareness training	5,466	No target set

OUR PERFORMANCE/VALUE CREATED

BURSA's Common Indicator C8(a)		
Measurement Metric	2023	Target for 2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero	Zero substantiated complaints

SUSTAINABILITY STATEMENT

WATER

Related UNSDG:



Why is this important

Water management is vital in the automotive industry due to its role in various manufacturing processes, including cooling, cleaning, painting and metal treatment. Efficient management ensures reduced water consumption, compliance with environmental regulations and alignment with sustainability goals, thereby enhancing brand reputation and minimising operational costs.

Additionally, effective water management mitigates supply chain risks associated with water scarcity and quality issues, fosters resilience against disruptions, and contributes to long-term business viability. By implementing water-saving measures, recycling initiatives and proactive risk management strategies, the Group is able to achieve both environmental stewardship and economic efficiency in operations.



OUR APPROACH/STRATEGY

Water Consumption and Conservation

We adopt a comprehensive approach towards water consumption and conservation which includes the following strategies:

- Water Recycling and Reuse:** At our plant, used water for waterproofing assessment will be redirected to the water storage for reuse.
- Process Optimisation:** Conduct assessment to identify opportunities for optimising water usage within the manufacturing processes. This may involve implementing water-efficient equipment, optimising production schedules to minimise water usage, and ensuring that water-intensive processes are as efficient as possible.
- Rainwater Harvesting:** Installing rainwater harvesting systems to capture and store rainwater for non-potable uses such as irrigation, shower tester and facility cleaning. This reduces reliance on freshwater sources for non-critical applications, conserving water resources and reducing operational costs.
- Water Leak Detection and Repair:** Implement proactive water leak detection programmes to identify and repair leaks promptly within the facilities. Even small leaks can result in significant water wastage over time, so addressing them quickly is crucial for conservation efforts.

- Employee Education and Training:** Educate employees about the importance of water conservation to foster a culture of conservation within the organisation. Employees play a significant role in identifying opportunities for improvement and implementing water-saving measures in their daily operations.

OUR PERFORMANCE/VALUE CREATED

In 2023, we started to record water usage in our operations. The Group recorded a water consumption of 422.22 Megalitres in 2023. We will continue to monitor the usage of water and promote efficient utilisation in the interest of conservation. Our plants will continue to harvest rainwater for general cleaning purposes as one of the initiatives to reduce water consumption.

BURSA's Common Indicator: C9(a)		
Measurement Metric	2023	Target for 2023
Total volume of water used	422.22 Megalitres	No target set

SUSTAINABILITY STATEMENT

WASTE MANAGEMENT

Related UNSDG:



Why is this important

The Group established policies on waste management system to guide and streamline the process for our operations in dealing with material usage, disposal, reduction and reuse. The main objective is to focus on the prevention of waste and its disposal. It is important to promote and enforce the recovery and recycling of solid waste. Where recycling is not possible, these non-recoverable residues are disposed responsibly. By reducing waste, we aim not only to safeguard the environment but also to minimise expenses associated with waste disposal, thereby saving costs.



OUR APPROACH/STRATEGY

It is imperative for the Group to observe and comply with related regulations in the disposal of waste which is considered hazardous to the environment. The respective business operations track, record, monitor and report the disposal of scheduled waste including e-waste to the authorities.

On e-waste management, we appointed a certified e-waste disposal partner to dispose all our electronic and IT-related waste responsibly in meeting the Group’s recycling goals in accordance with the relevant regulatory and compliance standards.

The Group embarked on a journey of digitalisation in our daily operations to reduce paper waste. Through digitalisation, such as electronic documentation, digital signatures and online forms, we have significantly reduced the need for paper, thus reducing printing and paper waste.

OUR PERFORMANCE/VALUE CREATED

The Group began consolidating and reporting on the total waste directed to disposal and diverted from disposal in 2023.

Indicator: Waste Management		
Measurement Metric	2023	Target for 2023
Total waste diverted from disposal (tonnes)	3,862 (95%)	Total waste diverted from disposal is ≥ 95% of total waste generated
Total waste directed to disposal (tonnes)	185 (5%)	
Total waste generated (tonnes)	4,047	

SUSTAINABILITY STATEMENT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) – ALIGNED DISCLOSURES

Recognising the heightened interest and expectations of our stakeholders, TCMH is committed to playing a role in contributing towards the transition to low carbon economy. We will initiate a study and analysis of integrating the TCFD Disclosure Recommendations within our sustainability statement in the coming years in line with Bursa Malaysia’s Main Market Listing Requirements. In positioning TCMH for long-term success and climate resilience in a rapidly changing business environment, we strive to manage the climate-related risks and capture opportunities which may impact our business, strategy and financial planning.

Governance

The Board has the ultimate oversight of TCMH’s initiatives to identify, assess and integrate climate-related risks and opportunities in the Group’s business plan and strategies, as well as monitoring the progress against goals and related targets throughout the organisation. Supporting the Board is the BRMSC which works together with Management in embedding climate change efforts, including ensuring the integration of climate-related risks and opportunities within the Group’s enterprise risk management. Agenda of the quarterly BRMSC include an item on how climate-related issues and other sustainability matters are being managed.

The RMSC, chaired by the GCEO shares the responsibility of managing our climate-related risks and opportunities by identifying, assessing and ultimately integrating them into our business. The RMSC is also responsible for formulating TCMH’s sustainability strategy to transition the organisation towards a low carbon economy, specifically the Climate Transition Strategy, with the support from SWC.

Strategy

TCMH has conducted several focus group discussions with our internal stakeholders across our operations to identify the localised climate risks relevant to the Group. In addition to that, GCEO and GRMS department have set up taskforce teams to study and analyse the Group’s GHG emissions understand carbon emission by business units and develop strategies to address the climate issues. These taskforce teams will engage the relevant business units to deliberate on matters related to climate impact and to derive action plan to address them.

The Group’s climate-related risks and opportunities will be modelled and assessed in 2024.

Resilience of the Organisation’s Strategy

The resilience of an organisation’s strategy depends on its ability to adapt and thrive in the face of changing circumstances and emerging risks. One key factor in achieving this is aligning the organisation’s strategy with climate-related scenarios. Moving forward, TCMH will conduct qualitative scenario analysis to identify potential risks and opportunities, when crafting our business and climate strategies. This includes leveraging our expertise to create low-carbon building solutions, and innovating products and services that can address climate-related challenges. Our goal is to develop a resilient strategy that can effectively tackle the risks and capitalise on opportunities associated with climate change.

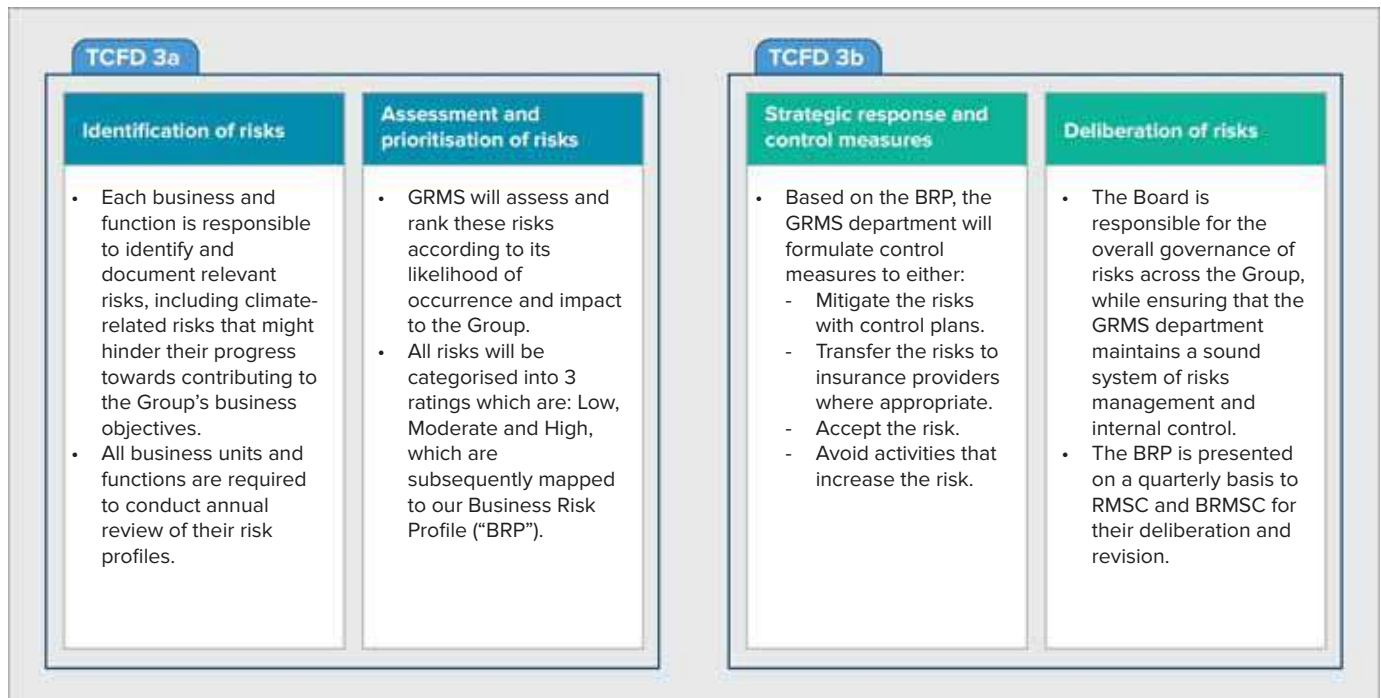
Note: For further information on our Climate Transition Strategy, please refer to Management Approach to Material Matters: Energy Management section (pages 52 to 54)

SUSTAINABILITY STATEMENT

Risk Management

All our identified risks, including climate-related risks are strategically assessed and managed through our risk management process, which is integrated into our Enterprise Risk Management (“ERM”) framework. This framework is in accordance with the ISO 31000:2018 Risk Management Guideline.

The risks are identified, assessed and managed through the following process:



Note:

For further information on our risk management, please refer to our Statement on Risk Management and Internal Control (“SORMIC”) in the Annual Report 2023 and Our Approach to Sustainability: Sustainability Governance section (pages 31 to 32)

Metrics and Targets

At TCMH, we track our climate-related performance using the following metrics:

- Energy consumption (Megawatts)
- Waste generated (Metric Tonnes)
- Water used (Megalitres)

Note:

For further information on our metrics and targets, please refer to our Performance Data Table (pages 69 to 70), Management Approach to Material Matters: Energy section (pages 52 to 54), Waste Management section (page 66) and Water section (page 65).

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	99.99
Non-Executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	262,403.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	337
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Below 30	Percentage	1.90
Management Between 30 to 50	Percentage	71.04
Management Above 50	Percentage	27.06
Executive Below 30	Percentage	24.93
Executive Between 30 to 50	Percentage	66.07
Executive Above 50	Percentage	9.00
Non-Executive/Technical Staff Below 30	Percentage	37.86
Non-Executive/Technical Staff Between 30 to 50	Percentage	56.38
Non-Executive/Technical Staff Above 50	Percentage	5.76
General Workers Below 30	Percentage	31.31
General Workers Between 30 to 50	Percentage	58.08
General Workers Above 50	Percentage	10.61
Gender Group by Employee Category		
Management Male	Percentage	65.33
Management Female	Percentage	34.67
Executive Male	Percentage	56.14
Executive Female	Percentage	43.86
Non-Executive/Technical Staff Male	Percentage	73.06
Non-Executive/Technical Staff Female	Percentage	26.94
General Workers Male	Percentage	84.38
General Workers Female	Percentage	15.62
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	86.00
Female	Percentage	14.00
Below 30	Percentage	0.00
Between 30 to 50	Percentage	0.00
Above 50	Percentage	100.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	54,809.78
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.60
Bursa C5(c) Number of employees trained on health and safety standards	Number	8,985

Internal assurance External assurance No assurance

(*)Restated

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	13,598
Executive	Hours	16,728
Non-Executive/Technical Staff	Hours	8,220
General Workers	Hours	7,499
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	17.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	133
Executive	Number	217
Non-Executive/Technical Staff	Number	246
General Workers	Number	457
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	63.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	422.220000

PERFORMANCE DATA TABLE

ASSURANCE STATEMENT

The Sustainability Statement has not been reviewed by an independent external assurance provider. Instead, the Group Internal Audit function has reviewed the selected indicators tabulated below for factual accuracy.

The Subject Matter(s) and scope covered are provided below:

Material Matters	Indicators	Scope
Anti-Corruption	Percentage of employees who have received training on anti-corruption by employee category	Operations assessed: 1. Malaysia 2. Indochina excluding Health and Safety
	Percentage of operations assessed for corruption-related risks	
	Confirmed incidents of corruption and action taken	
Health and Safety	Number of work-related fatalities	
	Lost time incident rate ("LTIR")	
	Number of employees trained on health and safety standards	
Data Privacy	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	

GRI CONTEXT INDEX

GRI Standard	Disclosure		Page Number
General Disclosures			
GRI 2: General Disclosures 2021	2-1	• Organisational details	Annual Report 2023
	2-2	• Entities included in the organisation's sustainability reporting	28
	2-3	• Reporting period, frequency and contact point	28
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