

SUSTAINABILITY STATEMENT

The Group has embraced the values of corporate responsibility and elements of sustainability management since the early days of its operations. This Sustainability Statement provides an overview of our sustainability practices for financial year ended 31 December 2022 (“FY 2022”) in the areas of Environmental, Social and Governance (“ESG”) practices. We are committed to monitoring our performance relating to material sustainability issues and making efforts for continuous improvement.

MATERIALITY

We have applied the relevant Global Reporting Initiative (“GRI”) Standards to carry out our materiality assessment to identify and prioritise sustainability topics for reporting based on their importance to the organisation and stakeholders.

The assessment yielded 9 material topics, with (i) Product Responsibility and Customer Satisfaction (ii) Talent Management and Capability Building and (iii) Fair and Ethical Operating Practices being the focal points for the Group.

The findings of the assessment have been plotted in the materiality matrix below based on their impact to the Group’s business, and against their importance to both internal and external stakeholders.

Group Materiality Matrix

Level of Stakeholders Concern	High			<ul style="list-style-type: none"> • Product/Service Excellence and Customer Satisfaction • Staff Development and Retention • Fair and Ethical Operating Practices
	Medium		<ul style="list-style-type: none"> • Use of Resources • Workplace Equal Opportunity • Inclusion of Disadvantaged Community Groups (Community well-being) 	<ul style="list-style-type: none"> • Talent Attraction • Supply Chain Management • Innovation and Infrastructure
	Low			
		Low	Medium	High
		Impact on Business		

SUMMARY OF ESG MATERIAL TOPICS

For the purpose of the report structure and clarity, the material topics are grouped into key themes and categorised according to our four sustainability pillars of **Environment, Workplace, Community and Marketplace**, corresponding to the ESG framework.

A summary of the Group's ESG impacts, where the impacts occur, our involvement with these impacts and our management approach is presented in the table below. An indirect involvement indicates that the impacts arise outside of the Group, where we may have limited or no control.

Material Topics, Impacts and Management Approach and Goals

Material Topics	Where the Impacts Occur	Our Involvement	Management Approach and Goals
Environment			
Use of Resources (Energy Consumption)	<ul style="list-style-type: none"> Electricity used in offices and department stores for our business operations Our carbon emissions resulting from the use of electricity 	Direct	<ul style="list-style-type: none"> Minimise energy consumption where possible Minimise carbon footprint through energy efficiency
Workplace (Social)			
Talent Attraction	Groupwide	Direct	<ul style="list-style-type: none"> Attract the best talent through competitive remuneration package and ongoing professional development
Staff Development and Retention	Groupwide	Direct	<ul style="list-style-type: none"> Practise meritocracy in performance appraisal and reward of staff Provide ongoing learning and development opportunities in line with job requirements and career aspirations
Workplace Equal Opportunity	Groupwide	Direct	<ul style="list-style-type: none"> Staff recruitment based on objective criteria regardless of their ethnic background, gender, age, religion, disability or any factors which do not have bearing on job requirements Practise meritocracy in staff performance appraisal
Community (Social)			
Inclusion of Underprivileged Community Groups (Community well-being)	Groupwide	Indirect	<ul style="list-style-type: none"> Support community initiatives through charitable giving and fundraising

Material Topics	Where the Impacts Occur	Our Involvement	Management Approach and Goals
Marketplace (Governance)			
Fair and Ethical Operating Practices	Groupwide	Direct	<ul style="list-style-type: none"> • Anti-Bribery and Corruption policy • Whistleblower policy
Product/Service Excellence and Customer Satisfaction	Groupwide, department stores, F&B outlets, financial services business and customer touch points	Direct	<ul style="list-style-type: none"> • Enriching customers' experience • Continuous training for servicing personnel • Proper handling of customers' feedback • Safeguarding customers' privacy • Adhering to food safety regulations • ISO-certified and Syariah-based financing services • Parkson Card loyalty programme
Innovation and Infrastructure	Groupwide	Direct	<ul style="list-style-type: none"> • Implementation of LionPeople Global HR Information System • Implementation of B2B vendor online portal • Implementation of digital warehousing to improve document storage with stringent integrity to ensure customer information is protected • Implemented various customer digital touchpoints e.g.: Online payment channels; WhatsApp auto-reply; Enhanced website engagement; and Informative digital content • Online payment channels continue to be expanded to encourage customers to migrate to virtual environment to pay instead of physical methods
Supply Chain Management	Groupwide and suppliers/vendors	Indirect	<ul style="list-style-type: none"> • Drive responsible business practices across our supply chain through vendor selection process, and vendors' periodic acknowledgement of their commitment to the Group's Vendor Code of Conduct

To elaborate further on our commitment, the Group is carrying out the following measures and activities under the 4 pillars of Environment, Workplace, Community and Marketplace.

ENVIRONMENT

• Climate Change and Carbon Footprint – Energy Conservation

The Group is committed to minimising its environmental footprint impact through its energy and carbon reduction initiatives. Our primary environmental footprint stems from electricity consumption, where it is used for lighting and air conditioning in all our offices, department stores and F&B outlets. Minimising our environmental footprint is not only in coherence with our belief of conducting business in a socially responsible manner, it also helps us to reduce our operational costs.

To align with the energy conservation objective, almost 80% of the lightings in our Parkson stores have been converted to light emitting diode (“LED”) lights. Compared with conventional lights, LED lights could contribute to 35% to 45% savings in energy consumption [measured in kilowatt hours (kWh)].

In addition to installation of LED lights, other energy conservation initiatives undertaken by the Group include optimising the usage of high energy consumption store equipment (such as auto start/stop elevators and air conditioners) and switching on escalators/air conditioners closer to the commencement of our stores’ operating hours, and cultivation of energy-saving habits namely, switching off lights, air conditioners and office equipment when not in use, and promoting use of natural daylight where possible, such as having windows and skylights.

Moving forward, we target to continue rolling out LED lights in the remaining stores, whilst upholding the other conservation initiatives currently in place.

We encourage all employees to adopt the concept of ‘Responsible Consumption’ by using materials, energy and resources in a sustainable way to minimise the impact to the environment. This includes reducing the amount of energy and water used in our premises, less paper printouts and the use of recycled paper for printing. Efforts to educate employees are ongoing to ensure that everyone adopts the concept of sustainability.

In December 2022, Parkson Corporation Sdn Bhd launched its ‘Save The Planet’ campaign effective 1 January 2023 to further instill the sustainability culture amongst its Headoffice employees.

WORKPLACE

The Group recognises that our success depends on our people’s commitment in delivering the highest levels of service to our customers. We strive to provide a fair, performance-based working environment that is diverse, inclusive and collaborative. As part of our commitment to maintain our employee diversity, we have an open-door policy with regard to persons with disabilities.

The Group’s efforts to attract, develop, motivate and retain its employees are pursued within the ambit of the following strategic focus areas:

- **Talent Attraction**

We are committed to the principles of equality and non-discrimination, and strive to employ on the basis of merit regardless of gender, age, race, religion, disability or any factors which do have bearing on job requirements. Our sources of talent include recruitment from the open market, whilst the Lion-Parkson Foundation scholarship programme builds a healthy pipeline of talent for our businesses. In attracting external talent, we strive to implement remuneration practices that are externally competitive and internally fair and equitable.

- **Staff Development and Retention**

The Group provides learning and development (“L&D”) opportunities in respect of technical, functional and behavioral competencies for our people in line with their job requirements and career aspirations. These opportunities can be in the form of on-the-job, formal class and online training, and continuing education, so as to better equip them in serving our customers as well as in dealing with other stakeholders.

- **Rewards and Performance**

We practise meritocracy in assessing our people’s performance, and in providing due recognition for their excellence. We have put in place an objective performance appraisal policy which requires all permanent staff to take part in periodic performance assessment. Such regular performance discussions provide opportunities for us to identify development needs of our people, whilst at the same time allow our people to provide upward feedback on their concerns.

- **Safety & Health in the Workplace**

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

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

- **Employee Engagement and Well-being**

We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town-halls, “lunch & learn”, festive open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees leading to a healthy work-life balance which proves to be an important factor for recruitment and retention of employees.

However, due to the COVID-19 restrictions, the Group continued to implement various precautionary measures recommended by the Ministry of Health, i.e. the protocols for hygiene and social distancing; cleaning and disinfecting workplaces when necessary; providing test kits for the weekly self-tests and face masks to employees as well as hand sanitisers to employees and visitors to our offices and premises. Non-essential travel was reduced and virtual meetings were encouraged.

In view of the Employment Act (Amendments) 1955 having come into force on 1 January 2023, the Group had communicated the amendments pertaining to coverage of the Act, overtime eligibility, hospitalisation leave, working hours, amongst others, to all the operating companies via an internal memorandum in December 2022.

COMMUNITY

In keeping with our philosophy of giving back to the community, the Group focuses on helping to uplift the community via Lion-Parkson Foundation (the “Foundation”) established in 1990 by Lion Group of Companies of which the Group is a member. The companies within the Group are also supporting the local community wherein they operate by participating in charity programmes and fundraising drives to assist those in need.

Empowerment through Education

The Foundation organises fundraising activities for charity and provides educational opportunities for the less fortunate. The true sustainability of our project lies in the ongoing transformation of peoples’ lives through the benefits of education. We believe in Empowerment through Education; that education is the catalyst to bring about sustainable change for the better for our future generations.

Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at Lion Group companies during their semester breaks to prepare them for working in the corporate world. In FY 2022, the Foundation awarded scholarships worth RM10,000 per annum to 12 students based on their academic performance, extra-curricular activities and leadership qualities. To date, the Foundation has sponsored a total of 503 students under its scholarship and other sponsorship programmes worth RM12.3 million.

Among the events organised by the Foundation was the Charity Sale of Chinese New Year calligraphy pieces and t-shirts by Foundation Chairman, Puan Sri Chelsia Cheng in aid of education, medical care and other charitable causes in January 2022. The charity sale raised a total of RM201,888 of which RM28,500 was presented to the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry (KLSCCCI) for its Scholarship Fund while the balance of RM173,388 was for the Foundation's 12 new scholarships totalling RM120,000 and medical assistance fund which received RM53,388. Another charity event, "Jom! Run for Care", a virtual run had raised RM44,160.30 with the presentation of the proceeds to four beneficiaries in June 2022.

Home for Special Children

The Foundation had built a home for Handicapped & Mentally Disabled Children in Banting, Selangor, which was opened in November 2012 and has completed the expansion of the Home to include an old folks home.

Medical Assistance for the Less Fortunate

In reaching out to a broad and diverse cross-section of beneficiaries irrespective of race or religion, the Foundation also provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery as well as purchase of medical equipment and medication. The Foundation is also assisting organisations that are geared towards helping the less fortunate to achieve a better life, including sponsoring community health programmes such as medical camps and donation of dialysis machines.

As of 31 December 2022, approximately RM10.08 million had been disbursed in the form of sponsorship for medical treatment to 1,089 individuals including purchase of equipment and medication, as well as purchase of medicine for medical camps, dialysis machines for dialysis centres operated by National Kidney Foundation of Malaysia and Non-Governmental Organisations (NGOs) to provide subsidised treatment to those suffering from kidney failure, and medical equipment to assist COVID-19 patients in the hospitals during the pandemic.

Other CSR Initiatives

CSR activities by Parkson Credit Sdn Bhd included a visit to the Home for Handicapped and Mentally Disabled Children in Banting, Selangor by its staff bringing along groceries and toiletries as well as donations worth RM16,200 in January 2022. The company also organised a blood donation campaign in partnership with Pusat Darah Negara in November 2022.

MARKETPLACE

COVID-19 continues to have an impact on business operations, suppliers and customers in their contractual obligations due to the slowdown of economy activities and prolonged financial distress. We have taken proactive steps to address the risks of COVID-19 in a way that mitigates adverse impact on our supply chain, and initiated meetings and negotiations with key stakeholders to mutually resolve any issues that may arise.

We are committed to upholding ethical and responsible marketplace practices through transparent business conduct and operating our business with integrity and a commitment to excellence so as to improve our competitiveness and foster long-term relationships with our stakeholders.

(i) Customer Satisfaction And Experience

In today's highly competitive market, it is imperative for us to provide the best value and experience to our customers while they shop at Parkson and our F&B outlets, and in their dealings with Parkson Credit. To achieve this, we have implemented, *inter alia*, the following:

- **Product Responsibility**

Parkson being a true-blue Malaysian brand and household name for over 30 years has a responsibility to its customers to ensure that all merchandise carried by its stores fulfil customers' expectations. Hence, the Group places high priority on the quality of the products offered to its customers and ensures that its suppliers share the same philosophy.

Our F&B businesses adhere strictly to the Food Safety Management Policy to manage food safety in the operations of our F&B stores and the Standard Operating Procedures (“SOPs”) laid down by our brands’ overseas Principals which have very stringent food safety policies.

The Group’s financial services business under Parkson Credit provides hire purchase and credit sale financing to customers for purchase of motorcycles and household appliances; as well as offering money lending services. Parkson Credit is ISO-certified and Syariah-compliant and in conducting its business operations, adopts responsible financing best practices and is committed to providing affordable and quality financial services in line with its corporate values and within the regulatory framework. Its risk management function is in place to oversee the credit and business risks with its business model and credit policies based on regulatory guidelines, risk experience and management know-how.

- **System Efficiency**

We strive to achieve the highest efficiency in our business operating systems and technology to support our daily business activities across all regions. We leverage on technology to connect with our subsidiaries, business partners and customers through online conferencing, emails, mobile and web-based communications.

The COVID-19 pandemic has changed our working environment and approach whereby we have emphasised more on cloud computing, mobile technology and secure virtual network to enable the business to perform remotely without interruption during lockdown restrictions.

As part of our overall strategy to create a solid cyber security culture and keep up with advancing cyber threats, it is mandatory for all employees to undergo and complete e-learning on cyber security with a self-assessment on their level of understanding on the matter. We also regularly organise awareness programmes to ensure that all employees are aware and updated on emerging risks that may compromise our business and IT systems.

- **Supply Chain Management**

The Group incorporates sustainability considerations such as fair labour practices and safety requirements in our vendor selection process. Subsequently, all our registered vendors are required to acknowledge their commitment to our Vendor Code of Conduct periodically. The Vendor Code of Conduct serves to inform our vendors of their role and contribution as a key business partner and on the need to comply with all rules and regulations including health, safety and labour standards, avoid conflict of interest, conserve the environment, and notify the Group of any breaches or non-conformance. We believe local sourcing of products and services from within the country where possible, is vital as it brings many advantages including lower costs, timely delivery, reducing carbon miles and invigorating the economy.

- **Parkson Card Loyalty Programme**

Our Parkson Card loyalty programme has enabled us to devise targeted promotions and events catering to the preference of our members. In addition, Parkson Card is accepted in all countries where we have operations, and is supported by a wide range of our merchant partners. The cross border benefits that all members enjoy are the discounts ranging from 5% to 6% depending on their membership tiers. As at 31 December 2022, we have a total of 2.25 million Parkson Card members.

To provide further convenience to members in Malaysia, our Parkson Card mobile application allows members to track their cumulative points balances and spending in Parkson, as well as view offers from Parkson and our merchant partners.

- **Store Visits**

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

- **Continuous Training for Servicing Personnel**

As aforementioned in the Workplace section, we provide L&D opportunities to our people in line with their job requirements. In the case of our frontline servicing personnel, they are required to undergo retraining on customer service basics and product knowledge periodically, and are encouraged to attend other courses such as English language, communication, problem-solving and related subjects.

These courses will certainly enhance the capabilities of our frontline personnel in delivering better service to our customers at our stores.

- **Customer Feedback**

We emphasise on the needs and concerns of our customers, and strive to address them in a timely manner upon receiving customers' feedback from our customer care desk, email, phone calls and social media platforms such as Facebook and WhatsApp.

In addition, we take proactive measures to identify lapses in our service standards, such as through the deployment of 'Mystery Shopper' in our stores.

- **Customer Privacy**

As a department store operator with our Parkson Card loyalty programme and financial services provider under Parkson Credit which offers hire purchase and credit sale financing as well as money lending services, we handle significant amount of personal data of our customers, and recognise the importance of protecting the privacy of our customers.

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

- **Innovation and Infrastructure**

The Group continues to embrace technology in its pursuit to better serve its customers as well as to improve its processes, and has implemented LionPeople Global HR Information System to streamline its people management process.

Parkson has implemented a B2B vendor online portal to facilitate vendors' management process.

The entire operations at Parkson Credit are digitalised with continuous uplift of its proprietary business system to serve customers better and to streamline dealers' business processes, including the following:

- Digital warehousing to improve document storage with stringent integrity to ensure customer information is protected
- Customer digital touchpoints e.g.: Online payment channels; WhatsApp auto-reply; Enhanced website engagement; Informative digital content
- Online payment channels continue to be expanded to encourage customers to migrate to virtual environment to pay instead of physical methods

Parkson Credit has entered into a partnership with Pointstar Malaysia for Google Workspace which has many advantages that aligns perfectly with Parkson Credit's digitalisation roadmap i.e. security and privacy-focused policies; enhanced connectedness at any location as well as better asset and data protection which are Parkson Credit's highest priority.

(ii) **Ethical and Responsible Business Practices**

• **Anti-Corruption**

The Group is committed to operating our business with integrity and by adhering to ethical business principles. We maintain zero-tolerance for bribery, fraud and corruption, and have an Anti-Bribery and Corruption Policy (“ABC Policy”) which abide by the rules, laws and regulations of the countries we are operating in and is available on Lion Group’s website. This ABC Policy incorporated more comprehensive issues and a robust set of internal standards and procedures to further enhance the Group’s core principles in the existing Code of Business Ethics and Conduct (“CoBEC”). A Bahasa Malaysia version of the ABC Policy is also available on the Group’s intranet.

We apprise our employees on the Group’s ABC Policy and CoBEC and the need to conduct business at the highest ethical standards. We do not tolerate bribery and corrupt practices or behaviours that may bring disrepute to the Group or its people. Above all, we expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group. In this regard, we have made it mandatory for our employees at certain grade and above to declare any conflict of interest at least once a year.

We have also put in place the Whistleblower Policy, where we encourage our stakeholders to disclose suspected wrongdoings which may involve or concern our Group’s Directors, management, employees, performance, relations with other stakeholders, assets and reputation. Whistleblowers will be accorded protection of their identity unless the disclosure is required by any applicable law.

All concerns may be communicated to the Group Chief Internal Auditor of the Group via telephone call, mail and/or email as follows:

Tel. No. : 03-21423142

Email : whistleblower@lion.com.my

Address : Level 22, Menara Hap Seng 3, Plaza Hap Seng, No. 1 Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan

Our goal in the coming years is to increase awareness on the Group’s anti-corruption stance and ethical operating practices among our internal and external stakeholders.

STAKEHOLDER ENGAGEMENT

Stakeholders engagement is imperative in understanding their expectations. We recognise that stakeholder expectation, assessment and feedback are an integral part of our sustainability strategy and initiatives, and we are continuously improving our stakeholder engagement approach via various communication channels.

Stakeholder Group	Stakeholders Expectation	Communication Channel/Platform
Employees	<ul style="list-style-type: none"> • Health, safety and well-being • Learning and development • Respect and recognition • Job satisfaction • Pay and benefits 	<ul style="list-style-type: none"> • Meetings • Training programmes • Internal newsletter • New employee induction programme • Performance appraisals • Staff gatherings and other engagement channels

Stakeholder Group	Stakeholders Expectation	Communication Channel/Platform
Customers	<ul style="list-style-type: none"> • Price promotion • Convenience and experience • Engaging, knowledgeable personnel • Responsible financing 	<ul style="list-style-type: none"> • Face-to-face interaction through service channels • Communication through Marketing Department, Customer Service Department and Corporate Communications Department • Feedback through website, email, social media platform • Sales, promotions, road shows and related events • In-Store information
Suppliers/Vendors	<ul style="list-style-type: none"> • Long-term partnership • Financial resilience • Sustainable business growth • Experienced management team 	<ul style="list-style-type: none"> • Liaison with suppliers before sourcing and engaging with contract managers • Meetings, business alliance events/ meetings • Vendor service/support channel
Shareholders and Investors	<ul style="list-style-type: none"> • Good governance • Sustainable business growth • Disclosure and transparency 	<ul style="list-style-type: none"> • Investor relations channel and meetings • Annual General Meeting • Quarterly reports, Annual Report
Regulatory Agencies and Statutory Bodies	<ul style="list-style-type: none"> • Regulatory compliance • Safety and security 	<ul style="list-style-type: none"> • Meetings and events • Consultative and statutory reporting
Local Communities	<ul style="list-style-type: none"> • Responsible corporate citizen • Support for social causes • Creation of job opportunities 	<ul style="list-style-type: none"> • Activities and sponsorships by the Group and Lion-Parkson Foundation
Media	<ul style="list-style-type: none"> • Response to media enquiries and requests for interviews • Long-term engagement 	<ul style="list-style-type: none"> • Media releases, media statements and interviews • Advertisements • Media invitations and sponsorships
Industry Associations	<ul style="list-style-type: none"> • Support for mutual interests • Parkson is a member of the Malaysia Retailers Association (MRA), Malaysia Retail Chain Association (MRCA) as well as the Intercontinental Group of Department Stores (IGDS) • Parkson Credit is a member of Credit Sale Companies Association 	<ul style="list-style-type: none"> • Meetings and events