



**WMG Holdings Bhd.**

## **Sustainability Report FY2022**



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## **Our Report at a Glance**

WMG Holdings Bhd. (“WMG” or “the Group”) presents our sustainability report (“the Report”) for the fiscal year ending 31 December 2022 (“FY2022”) detailing our disclosures regarding ongoing efforts to achieve our environmental, social and governance (“ESG”) goals. This sustainability report (extracted from the sustainability report prepared by AGV Sustainability & ESG Services Sdn. Bhd. for the Company) provides our stakeholders with detailed insights into how we integrate sustainability throughout our operations as an investment holding company primarily engaged in property development and the wholesale and retailing of hardware, building materials, and related goods.

We are pleased to report that we have established our first sustainability framework outlining our commitments to sustainable development. The framework, based on the three sustainability pillars, will serve as a guideline for defining our sustainability approach.

Additionally, we have conducted our inaugural materiality assessment and identified twelve (12) material matters significant to the Group and our stakeholders. This activity allowed us to gain an in-depth understanding of material topics most pertinent to our property development and wholesale operations and helped us prioritise those of high relevancy.

## **Reporting Scope and Boundary**

This Report covers the reporting period from 1 January 2022 to 31 December 2022 (“FY2022”) and discloses the Group’s sustainability performance during this period. All disclosures encompass data from both our WMG Holdings Bhd. Headquarter (“HQ”) offices in Kota Kinabalu and Sandakan, Sabah and its subsidiaries, and discuss our business environmental, social and governance (“ESG”) aspects, such as the risks and opportunities during which we create long-term sustainable value for our stakeholders. Data from previous years is included where relevant to illustrate yearly trends and highlight our progress.

## **Reporting Framework**

The Sustainability Report was prepared with reference to Bursa Malaysia’s Main Market Listing Requirements and the Sustainability Reporting Guideline (3<sup>rd</sup> edition). To ensure transparent and cohesive ESG disclosures, we also referred to the Global Reporting Initiative (“GRI”) Standards when preparing the Report and further aligned our ESG efforts with the United Nations Sustainable Development Goals (“UN SDGs”).

## **Assurance Statement**

All the data within this report was sourced internally and verified by the respective business divisions and information owners. We understand the role independent verification can play to ensure the accuracy and integrity of sustainability disclosure and are dedicated to improving our data collection and analysis processes to bolster our sustainability reporting in the future.

## Feedback

We greatly value your feedback as a vital tool that helps us improve our sustainability reporting and practices to produce quality disclosures. Should you have any views, comments or feedback concerning the matters disclosed within this Report, please direct them to the General Manager:

Contact details:

Email : general@wmghb.com.my  
Telephone no. : 089-212 133  
Office address : Wisma WMG, Lot 1 & 2, Jalan Indah Jaya, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan Sabah

## Sustainability Milestones- What We've Accomplished

### SUSTAINABILITY GOVERNANCE

**100%** of senior management received training on anti-corruption and bribery



**Zero** confirmed incidences of corruption and **zero** reported cases on non-compliances



### SOCIAL SUSTAINABILITY

**Zero** recorded fatalities and work-related injuries

**57%** of women representation in our total workforce



**Zero** reported cases of discrimination within the Group

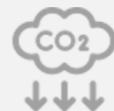
### ENVIRONMENTAL SUSTAINABILITY

**6%** decrease of water consumption in Kota Kinabalu operation



Began reporting energy intensity and **Scope 2 emissions**

**6.8%** decrease in Scope 2 emissions















**8.5%** and **6.3%** reduction in electricity consumption in Kota Kinabalu and Sandakan offices respectively



# Establishing Our Sustainability Blueprint

## Sustainability Framework

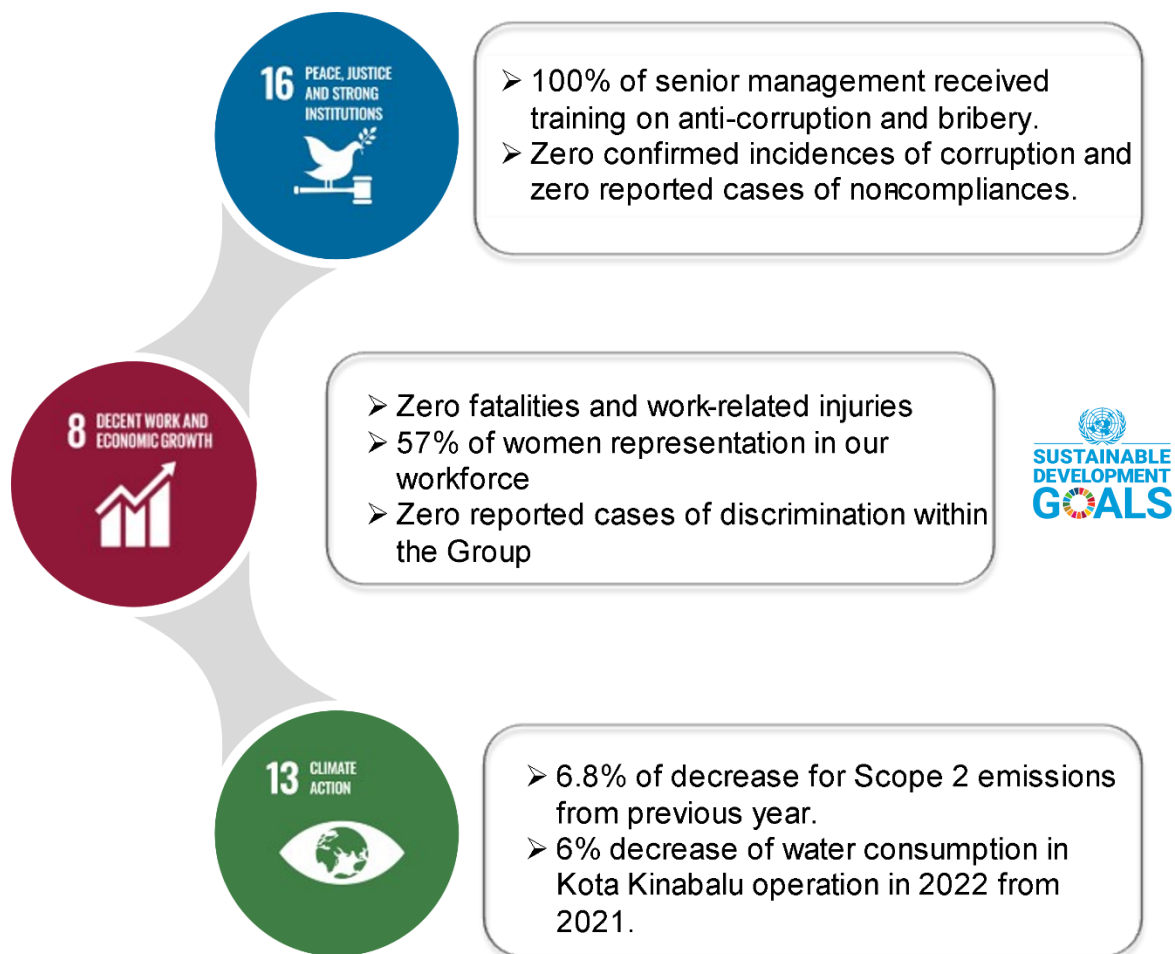
In FY2022, WMG developed our inaugural ESG framework to set the direction for how we define and direct our overall sustainability approach. Founded on three (3) core sustainability pillars: Environmental, Social and Governance, this framework encompasses the Group’s commitments across twelve (12) focus areas and empowers our ESG strategies, guiding the direction of our sustainability initiatives and further embedding sustainability within our business model and operations.

To be environmentally conscious in all our future developments, and strive to be recognised as a premier property developer that delivers quality products and excellent customer service for the benefit of the Group and the betterment of the community at large.						
ESG Pillars	Governance	Social	Environment			
Commitment Statement	Conducting our business with excellent corporate governance and high standards of company values emphasising fair relationship management, decency, and good citizenship.	Fostering a culture of mutual respect and security, as well as a diverse and inclusive work environment that provides various professional development opportunities, safe working conditions, and fair hiring and labour standards.	Minimising our environmental impact and carbon emissions by effectively managing our energy, waste and water consumption.			
Material Sustainability Matters	<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Regulatory Compliance</li> <li>• Data Privacy and Security</li> <li>• Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Diversity and Inclusion</li> <li>• Human Rights and Labour Standards</li> <li>• Human Capital Development</li> <li>• Community Relations</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Resilience and Energy Efficiency</li> <li>• Effluents &amp; Waste</li> <li>• Water Management</li> </ul>			
UN SDGS						
Stakeholder Groups	 Shareholders & Investors	 Government & Regulators	 Contractors, Vendors & Suppliers	 Customers	 Employees	 Local Communities
Our Alignments	International	 National	 Guidelines			

## Contribution to the United Nations Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, was created as a shared guideline for global societies to work towards a sustainable and equitable present and future. At its core are the seventeen (17) Sustainable Development Goals which act as a guide for governments and businesses to resolve these issues through a robust humanitarian response on a worldwide scale.

WMG has aligned our ESG contributions to three (3) UN SDGS where we believe we can contribute the most impactful changes.



## Sustainability Governance Structure

To evaluate the performance of all sustainability-related issues and ensure effective management of our resources, risks and opportunities, the Group has developed and implemented a new three-tiered sustainability governance structure to oversee the performance of all ESG-related matters.







The Board of Directors (“BoD” or “the Board”) helms the governance structure and oversees the development, review and approval of our ESG practices. They are assisted by the Sustainability Steering Committee (“SSC”) which aligns WMG’s sustainability strategy with long-term goals and executes Board approved sustainability strategies. To further drive these strategies, the Sustainability Working Group (“SWG”) ensures the plans proceed as planned and regularly reports to the SSC on the current status of sustainability initiatives, actions and targets implemented across the Group.





## Responding to Our Stakeholders

Generating long-term business value begins with consistently engaging our stakeholders. WMG continuously fosters excellent relationships with our stakeholders based on transparency and accountability to thoroughly understand their expectations, needs, and the material matters most pertinent to them. With their input, we gain a better grasp of our ESG priorities, aiding in strategy creation and decision-making and ultimately aligning our sustainability efforts to deliver long-term value.

Frequency of engagement:									
HP	By Housing Project	SM	By Stock Market	R	By Replacement	P	Periodically	C	By Case by case basis
Stakeholder Groups		Engagement Channels				Areas of Interest/Concern			
	Shareholders and Investors	Acquiring shares from Kuala Lumpur Stock Exchange (KLSE)				SM			
		Announcements				P			
		Quarterly analysis				C			
	Government and Regulators	Sale permit and Developer licence				HP			
		Training programmes and dialogue				C			
	Contractors, Vendors and Suppliers	Letter of Award				HP			
	Customers	Sales and Purchase Agreement				HP			
	Employees	Employee contract				R			
		Meetings and discussions				C			
		Trainings				C			
	Local Communities	Reporting to authorities				C			



# Material Sustainability Matters

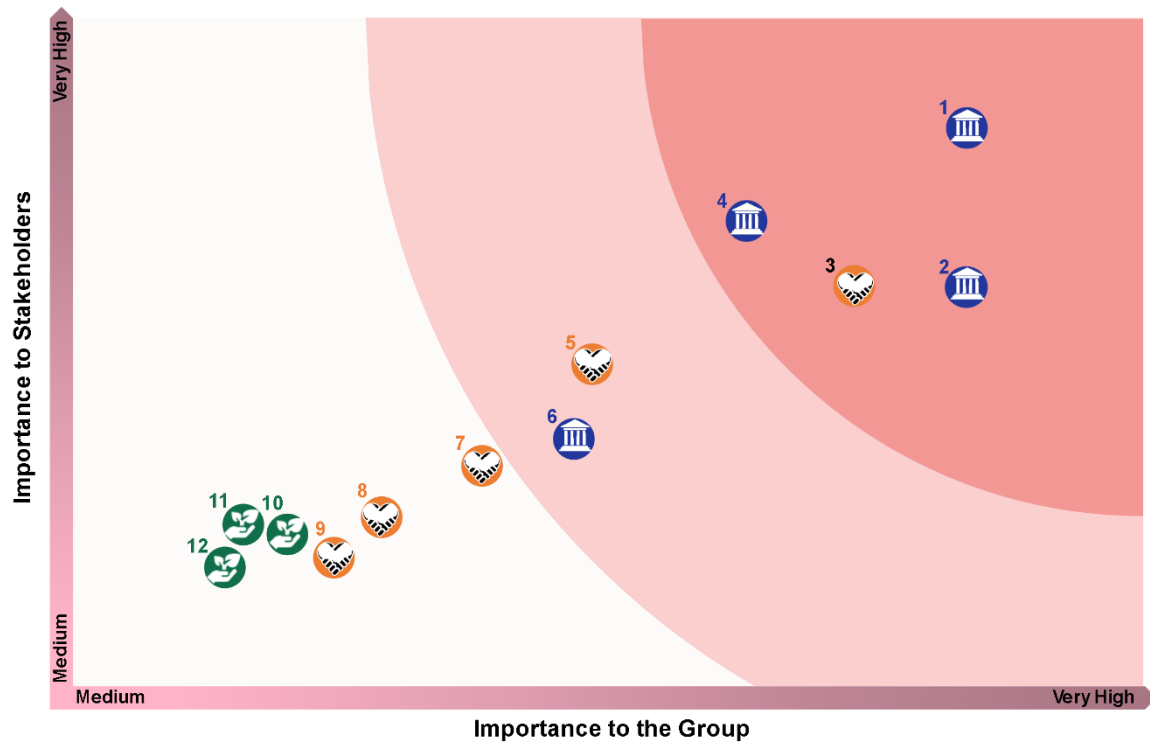
## How We Determine Materiality


This year, we undertook our inaugural materiality assessment exercise to identify the ESG topics most material to our business operations and stakeholders. Through this comprehensive assessment, we gain a deeper understanding of how these material topics are important to our sustainability efforts relative to their impact on the Group and our stakeholders.

As part of the materiality assessment, we engaged with our internal stakeholders to complete the surveys to obtain an accurate view of our material matters. The process began with identifying the list of significant material topics pertinent to WMG. Said selection process was guided by our core business activities, stakeholder expectations and Bursa Malaysia's Sustainability Reporting Guide (3<sup>rd</sup> edition). Then, to collect responses and compile the data, a materiality assessment was conducted through an online form with internal stakeholders, which included members of the SSC and key employees of the Group.



## Materiality Matrix









 Governance	 Social Sustainability	 Environmental Sustainability
1 Regulatory Compliance	3 Occupational Health & Safety	10 Climate Resilience & Energy Efficiency
2 Risk Management	5 Human Rights & Labour Standards	11 Water Management
4 Data Privacy & Cybersecurity	7 Human Capital Development	12 Effluents & Waste
6 Supply Chain Management	8 Community Relations	
	9 Diversity & Inclusion	

After the data was compiled, a materiality matrix was tabulated to visualise the relative importance of the material sustainability issues to the operations of the Group and to the major stakeholders. The SSC, which includes the Managing and Executive Directors of WMG and Heads of Departments, and ultimately the BoD, reviewed and approved the updated materiality matrix. The Group identified twelve (12) material matters, with the top five being Regulatory Compliance, Risk Management, Occupational Health & Safety, Data Privacy & Cybersecurity, and Human Rights & Labour Standards.

Regulatory Compliance, the most important material matter to the Group and our stakeholders, was attributed to the importance of compliance with applicable laws and regulations due to the nature of our business as an investment holding company.

## Mapping of Material Matters

We prepared the following table to clearly illustrate the relationships between our pillars, material matters, respective GRI indicators, stakeholders and relevant SDGs.

Pillars	Commitment Statement	Material Sustainability Matter	Stakeholders	Corresponding SDGs
<b>Governance</b>	Conducting our business with excellent corporate governance and high standards of company values emphasising fair relationship management, decency, and good citizenship.	Risk Management		
		Regulatory Compliance		
		Data Privacy and Security		
		Supply Chain Management		
<b>Social</b>	Fostering a culture of mutual respect and security, as well as a diverse and inclusive work environment that provides various professional development opportunities, safe working conditions, and fair hiring and labour standards.	Occupational Health and Safety		
		Human Rights and Labour Standards		
		Human Capital Development		
		Community Relations		
<b>Environment</b>	Minimising our environmental impact and carbon emissions by effectively managing our energy, waste and water consumption.	Climate Resilience and Energy Efficiency		
		Effluents and Waste		
		Water Management		

## Practising Sustainable Business

### Material Sustainability Matters:

- Risk Management
- Regulatory Compliance
- Data Privacy and Security
- Supply Chain Management

### UN SDG Alignment:



Given the critical role good sustainability governance plays in ensuring smooth and effective business operations, we at WMG strive to continuously strengthen our governance and leadership practices to ensure responsible business conduct and encourage an efficient and transparent culture. We hold our employees to high ethical standards, working to embed sustainability across the Group beginning at the Board level.

### Risk Management

Strict adherence to regulations and policies is critical to preserving operational integrity across our business operations and appropriately managing all risks. It also ensures the longevity and stability of our business. Hence, we established several ethical policies that act as an overarching guide, helping us deftly navigate our long-term sustainability commitments and ensure they remain in alignment with our ESG goals.

Such policies consist of:

- Policy and Procedures on Whistleblowing
- Anti-corruption and Bribery Policy
- Director's Fit and Proper Policy

All ethical policies were communicated to employees through internal memos and staff briefings and made accessible through documentation in staff handbook manuals to ensure proper dissemination. For this reporting year, 100% of senior management which comprises the Group's directors received training on anti-corruption and bribery. By virtue of these efforts, we recorded zero confirmed incidences of corruption and zero reported cases of non-compliance incidents.

This year, we conducted a risk assessment and identified several significant risks. Such risks include properties that may become slow-moving and/or difficult to sell due to unfavourable market conditions and developed properties garnering weak reception and a lack of interest. In order to mitigate these risks, the Group has developed attractive sales packages and conducted social media events in order to drive interest in our properties. To further facilitate this, we engaged with a third-party sales agency to generate interest and sales.

WMG has yet to conduct a risk assessment to identify climate-related risks and opportunities. In order to ensure meaningful financial disclosure and better understand the effects of our operations on the climate, the Group plans to align our sustainability strategy with the Task Force on Climate-Related Financial Disclosures ("TCFD") in the coming years. We look forward to implementing its recommendations in our sustainability journey in phases, and our

aim is to ensure the Group's commitment to climate change is aligned with the four principles put forward by the TCFD.

## **Regulatory Compliance**

WMG places great emphasis on regulatory compliance throughout our property development operations. To ensure that the Group complies with all applicable laws, regulations, and industry standards, we engage with policymakers in a responsible and transparent manner. We also have in place effective compliance programmes and internal controls to ensure that the organisation operates within legal and regulatory frameworks.

The list of laws and regulations WMG Holdings Berhad complies with in FY2022 include:

- Personal Data Protection Act 2010
- Malaysian Anti-Corruption Commission Act (MACC)
- Department of Occupational Safety & Health (DOSH)

## **Data Privacy & Security**

As the digitalisation of services becomes increasingly commonplace in our post-pandemic society, the importance of data privacy and cybersecurity grows with it. Thus, safeguarding our customers data is of the utmost priority to the Group. To bolster our security and data privacy measures, WMG implemented several essential cyber security measures, such as installing access controls, network security and antivirus software to computer systems, segregating duties and limiting access to the control room. Since implementing these measures, the Group has recorded zero substantiated complaints concerning breaches of customer privacy and losses of customer data in FY2022.

## **Supply Chain Management**

Our commitment to supporting the local economy complements our efforts to decarbonise our supply chain, particularly in our wholesale operations, as investing in local suppliers reduces transportation emissions. To further facilitate this, the Group will formalise a Supplier Assessment process in the future to allow better oversight of delivery quality and labour conditions. WMG expects our suppliers to fully comply with all of our requirements, ensuring that all of our supplies are obtained in a sustainable manner.

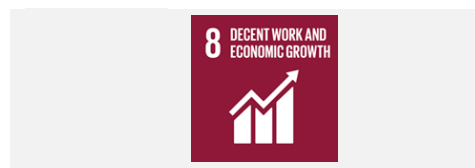
In FY2022 we spent 100% of our procurement budget on our local subsidiary company, Wah Mie Trading, with the total amount being RM 5,873,804.

## Putting People and Communities First

### Material Sustainability Matters:

- Occupational Health and Safety
- Diversity and Inclusion
- Human Rights and Labour Standards
- Human Capital Development
- Community Relations

### UN SDG Alignment:



As a responsible real estate developer, we are mindful of the social challenges the housing development sector faces. Thus, we are committed to promoting sustainable development in our property development, wholesale operations and the communities we serve, and we seek to provide value to society and our people.

### Occupational Health and Safety

Due to our involvement in construction operations that are known to be hazardous in nature, ensuring the Occupational Health and Safety of our workforce is our highest priority. As a responsible property developer, we are dedicated to providing a safe working environment and strive to minimise accidents and injuries across the Group's property development operations.

We expect our contractors to comply with WMG's Occupational Health and Safety ("OHS") Management System as per their contract. As a developer, we trust that our contractors will remain responsible and comply with the OHS Management System to ensure stringent health and safety standards. Currently, only 5% of our employees are covered under the OHS Management System, and we aim to expand this coverage moving forward.

In addition, to abide by the conditions of the contract, our contractors are required to:

- Established a Safety and Health Committee ("SHC") at their practises
- Established a Safety and Health Policy prepared by the safety officer appointed by the contractor

In FY2022, the Safety and Health Policy was communicated to site staff in FY2022 via briefings conducted by the safety officer during monthly site meetings.

We are cognisant of the importance of adequate health and safety training to ensure the overall well-being of our employees and minimise risks and accidents at the workplace. Currently, we have not conducted health and safety training in FY2022, as such training is under the purview of the property managers.

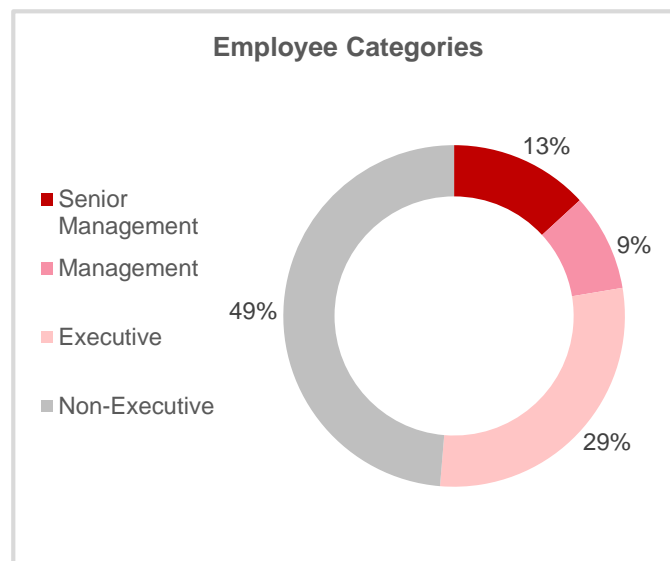
## Occupational Health & Safety Performance

For three consecutive years from 2020 to 2022, we recorded zero fatalities and work-related injuries. The total number of hours worked decreased from 2021 to 2022. We will continue with our efforts to maintain zero fatalities and injuries in the future.

	2020	2021	2022
Total manhours	160,200	162,000	136,800
Number of fatalities	0	0	0
Lost time incident rate	0	0	0

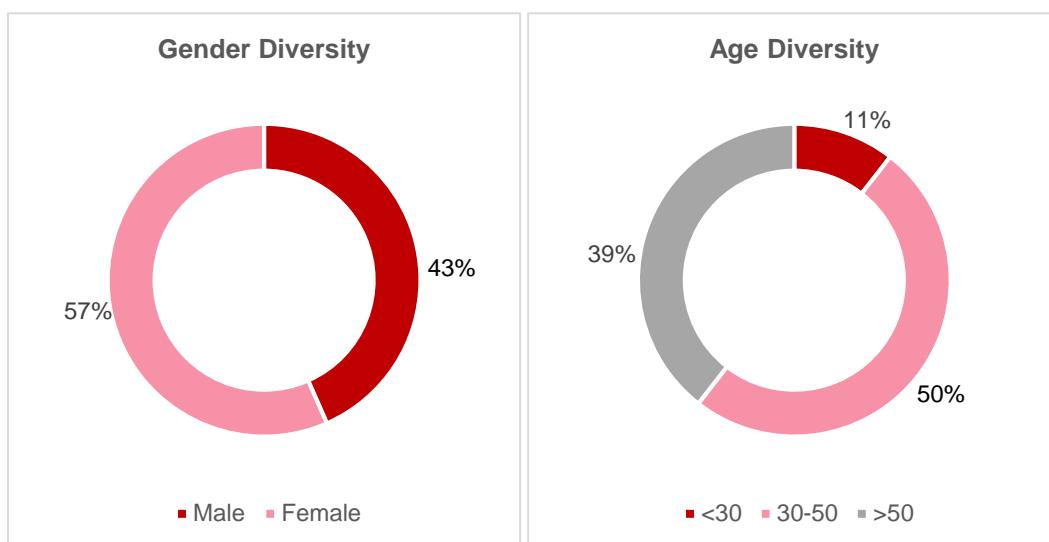
## Diversity and Inclusion

Gender and age diversity are significant contributors to developing an agile yet stable workforce resilient to external changes. Embracing diversity also builds a culture that encourages the exchange of knowledge and innovative ideas, driving improvement across the Group. Thus, WMG strives to build an inclusive work culture with zero tolerance for discrimination based on age, gender, ethnicity, religion, sexual orientation, nationality or disability. We aim to promote equal opportunity and non-discriminatory practices within our operations, practising a merit-based approach in our promotion and employment processes.



This year, 49% of our employees are in non-executive positions, constituting the largest portion of our workforce. This is followed by 29% in the executive position, 13% in senior management, and 9% in management.





We are pleased to report that our overall women’s representation in FY2022 is 57%, and we are proud of our talented women who bring their contributions to the Group. Furthermore, due to their important industry experience and expertise in the field, the majority of our workforce consists of employees aged 30 to 50 years old.

During FY2022, there were no reported cases of discrimination within WMG.

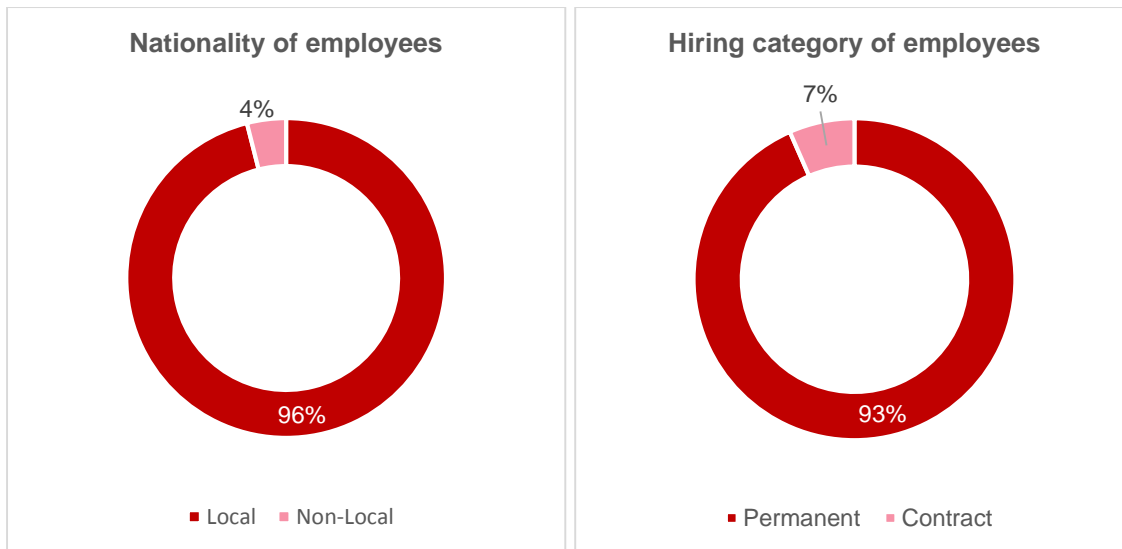
#### Number of Directors by gender

In FY2022, the Board of Directors consists of seven (7) men and one (1) woman. As we understand the positive impact of gender diversity in leadership positions, increasing women’s representation across our Board is a goal we endeavour towards.

### **Human Rights and Labour Standards**

Operating as a responsible corporate citizen, WMG believes everyone is entitled to human rights without discrimination. As such, the Group is dedicated to respecting and upholding the universally recognised inherent rights of all humans, both for our employees and those under the jurisdiction of our contractors, by adhering to relevant laws and regulations. WMG ensures compliance with the Sabah Labour Ordinance and strives to eliminate the risk of forced labour in all aspects of our operations.

When it comes to operational changes, WMG gives all employees one month's notice. Employees are notified of changes to their employment, such as changes in location, job roles, or operational hours, via this notice. This time frame may vary depending on the urgency of the situation.



We endeavour to hire locally as much as possible, with 96% of our total workforce consisting of Malaysian employees this year and the rest being non-local employees (4%). We also employ permanent and contract employees, with 93% of our employees hired as permanent staff.

## Human Capital Development

Employees who perform well are recognised, rewarded, and promoted appropriately at the Group's workplace. Furthermore, we adhere to a non-discriminatory policy with regard to the gender, ethnicity, and age of new hires to the Group. A person is appointed based on their qualifications, skills, and experience. There were a total of two (2) new hires and four (4) turnovers in 2022.

	2020	2021	2022
Number of New Hires	4	0	2
Number of Turnovers	3	1	4

To ensure we attract and retain talented individuals, we implement monetary initiatives such as competitive increments in salary and remuneration in our contracts. We also provide attractive employee benefits to our full-time employees which include medical benefits and insurance schemes.

<p><b>Leave</b> </p> <ul style="list-style-type: none"> <li>- Prolonged Medical Leave</li> <li>- Leave Passage</li> </ul>	<p><b>Medical Benefits</b> </p> <ul style="list-style-type: none"> <li>- Medical Treatment</li> <li>- Hospitalisation</li> <li>- Dental Treatment</li> <li>- Medical Examination</li> </ul>	<p><b>Insurance Schemes</b> </p> <ul style="list-style-type: none"> <li>- Group Personal Accident Insurance</li> </ul>
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In adherence to the Employment Act of 1955, WMG provides parental leave to employees which stipulates women are entitled to sixty (60) days of maternity leave and men to five (5) days of paternity leave. In FY2022, we recorded zero instances of employees taking parental leave.

	2020	2021	2022
<b>Number of employees that took Parental Leave</b>	2 (female employees)	1 (female employee)	0
<b>Number of employees that returned after Parental Leave</b>	2 (female employees)	1 (female employee)	0
<b>Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work</b>	2 (female employees)	1 (female employee)	0

Apart from complying with the National Minimum Wage Order 2022, WMG strives to provide salaries above the minimum wage to ensure our employees have access to a decent standard of living. While the final sum is dependent on the position and the experience the candidate possesses, all of the entry level salaries we offer are above the minimum wage.

In terms of remuneration, the ratio between men and women is the same at 1:1. The Group practises performance-based remuneration, and the salary rate for our management group and senior executives is based on individual performance and overall Group performance.

Training is a necessity to ensure employees are updated with the latest knowledge, technical skills, and soft skills, allowing continuous growth and development in their careers and encouraging high-performance at work. As such, WMG encourages employees to participate in seminars and training programmes and equip themselves with the skills and experience needed to excel in their positions.

WMG only conducts performance and career development reviews for our Property Management staff and has yet to implement them for the rest of our employees. We will work to implement such career development reviews across the Group in the future because they provide numerous benefits, such as improving employee performance, assisting with reward distribution and talent development, and ensuring all employees remain aligned with our strategic objectives.

## **Community Relations**

Owing to our experience as the premier developer of affordable housing, we understand how the happiness of our community is inextricably linked to the prosperity of the Group. As such, WMG has a vested interest in playing an active role in community development and seeks to contribute to the community and assist the most vulnerable groups.

WMG conducts Corporate Social Responsibility (“CSR”) programmes upon request from non-profit organisations, and contributed a total of RM26,298 towards Kelab Sukan Kementerian Kesihatan Malaysia (“KKM”), Dewan Bandaraya Kota Kinabalu (“DBKK”) Charity Gala Dinner, Montfort Charity Golf Tournament and Lions Club of Kota Kinabalu City Park this FY2022.

## Preparing for Environmental Stewardship

### Material Sustainability Matters:

- Climate Resilience and Energy Efficiency
- Effluents and Waste
- Water Management

### UN SDG Alignment:



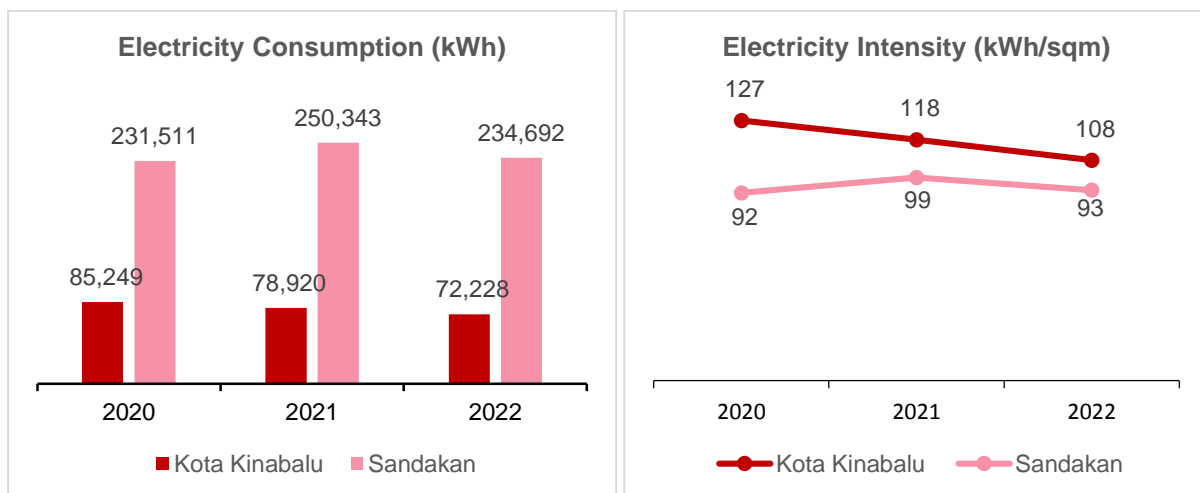
Climate change remains the most pertinent of today’s sustainability issues. With governments and businesses alike aspiring to achieve Net Zero by 2050, WMG takes a responsible approach to how we address critical environmental issues. In this section, we demonstrate our commitments to transparent disclosure of our environmental matters, as well as how we minimise our environmental impacts through efficient and sustainable management of our decarbonisation efforts, waste, and water consumption.

### Climate Resilience & Energy Efficiency

Natural resources are being depleted faster than they can be replenished, and the world is currently experiencing a climate emergency. WMG is cognisant of this fact and thus strives to promote ethical business practices across our operations in support of the global Climate Change Agenda, mitigating our impact on the environment.

In order to provide a comprehensive overview of our greenhouse gas (“GHG”) emissions and identify areas for improvement, we began collecting data on our electricity consumption this year. As of this report, all the electricity we consumed was obtained from Sabah Electricity Sdn. Bhd.

We also implemented several energy saving initiatives to reduce energy consumption which included promoting best work practices such as shutting down idle equipment and regular servicing of said equipment.



Since 2021, there has been a steady decrease in electricity consumption in both Kota Kinabalu and Sandakan operations. Kota Kinabalu offices reduced electricity consumption by 8.5%

while Sandakan offices reduced it by 6.3%. Our electricity intensity which covers both the Kota Kinabalu and Sandakan operations has decreased since 2021, mirroring the trend of reduced electricity consumption.

## Effluents and Waste

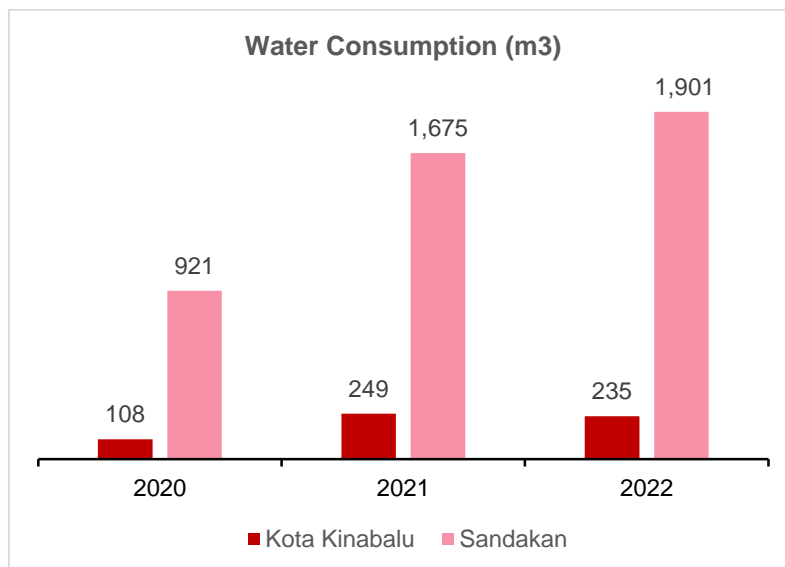
WMG believes that as one of the major property developers in our market, we are responsible for managing our waste efficiently and sustainably. To reduce the long-term environmental impact of our property development on the environment and surrounding communities we operate in, it is crucial that we implement efficient waste production management across the Group.

WMG remains vigilant in managing our waste by ensuring they comply with local waste regulations.

## Water Management

We look into our water usage and consumption at our Kota Kinabalu and Sandakan operations to detect potential issues and resolve them swiftly. Since different project phases have different water usage requirements, water consumption at the development sites typically changes over time.

The main source of water used by WMG in our daily operations is municipal water. We do not have any development projects or operations in areas where water is scarce.



The water consumption in Kota Kinabalu has decreased by 6% in 2022 from 2021. Meanwhile, the water consumption in Sandakan steadily increased since 2020 to 2022, with a 13.5% increase from 2021 to 2022.

## **Building Sustainable Futures**

With sustainability at the heart of our business, WMG is driven to build on our current ESG accomplishments and seize opportunities to create a positive impact on the community with accessible, sustainable housing. Armed with the knowledge gained from our first materiality assessment and steered by our robust new Sustainability Governance, we intend to enhance and expand on our ESG endeavours and performance and establish an equitable and sustainable future for our stakeholders, environment, and economy.



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