



CORPORATE GOVERNANCE

3.1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Introduction

The Board of Directors (“Board”) of Sarawak Consolidated Industries Berhad (“SCIB” or “the Company”) supports high standards of corporate governance practices as stipulated in the Principles and Recommendations of the Malaysian Code on Corporate Governance (“MCCG”) 2021 which was released on 28 April 2021, in implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board acknowledges its fundamental responsibility to promote and drive long term sustainable growth, whilst taking into account the interests of the investors and all other stakeholders.

The Board is pleased to present an overview of the Corporate Governance Statement, which provides key highlights on how the Company complies with the three (3) principles of the MCCG 2017 during the financial period ended 30 June 2021, which are as follow:

1. Principle A: Board Leadership and Effectiveness
2. Principle B: Effective Audit and Risk Management
3. Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement was approved by the Board of Directors on 11 January 2022 and is complemented with a Corporate Governance Report (“CG Report”) based on a prescribed format pursuant to paragraph 15.25 of the Listing Requirements of Bursa Securities.

The CG Report is available on the Company’s website as well as via announcement on the website of Bursa Securities.

As at 30 June 2021, the Company complied in most of the material aspects with the

principles as set out in the MCCG.

The Company has applied twenty-nine (29) of thirty-six (36) recommended practices of MCCG, which 2 recommended practices are not applicable. In addition, the Company has applied 2 of 4 Step-Up recommended practices.

A summary of the corporate governance practices as well as the Board’s key focus areas in relation to the corporate governance practices are as described below, under each corporate governance principle.

Principle A: Board Leadership And Effectiveness

1. BOARD RESPONSIBILITIES

The Board is responsible for the effective leadership and long-term success of the Company.

The Board Members, in discharging their duties are constantly mindful that the interests of our customers, investors and all other stakeholders are well safeguarded.

The Board has formally adopted a Board Charter, which outlines the roles and responsibilities of the Board and those which it delegates to the various Board Committees.

The Board is responsible for formulating and reviewing the Company’s strategic plan and key policies, and to chart the course of the Company’s business operations while providing effective oversight of the Management’s performance as well as the risk management procedures and key controls.

The principal responsibilities of the Board include the following:

- Formulates the Company’s annual business plan and the medium-term and long-term strategic plans;
- Approves the Company’s annual budget and carries out periodic review of the progress made by the various operating divisions against their respective business targets;
- Prescribes the minimum standards and establishes policies on the management of risks and other key areas of the Company’s operations;
- Oversight of the Company’s business operations and financial performance;
- Ensures the operating infrastructure, system of controls, systems of risk management, financial controls and operational controls, are in place and properly implemented; and
- Undertakes various functions and responsibilities as required from time to time.

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In furtherance, the Board also delegated specific tasks to the Board Committees namely the Audit Committee (“AC”), Remuneration & Nomination Committee (“RNC”), Risk Management Committee (“RMC”) and Investment Committee (“IC”).

All the Board Committees have their own terms of reference to deal with particular issues and report back to the Board with the necessary recommendation, if any.

The Board Committees comprise majority of independent Non-Executive Directors which are able to provide diverse perspectives and insights supporting the Board to make decision objectively.

The ultimate approval still lies with the entire Board and certain Board functions are also delegated to the Management and the Board ensures Management is of

the highest caliber.

The Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties and the cost of securing such professional services will be borne by the Company.

Additionally, the Company has in place the Whistleblowing Policy and Procedures for its directors and employees which are implemented to enable the exposure of any violations or improper conduct or wrongdoing within the Company.

The Board has approved the Anti-Bribery & Anti-Corruption Policy for the Company with the objective to manage risk in relation to fraud, bribery and corruption.

The aforesaid Board Charter and the respective policies

and procedures are accessible at the Company’s website.

In addition, the Board is responsible for overseeing the implementation inclusive of its adequacy and effectiveness of Adequate Procedures as per the guideline issued by the Prime Minister’s Department pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 (Amendment) 2018.

2. BOARD COMPOSITION

As at the date of this Report, the Board consists of seven (7) members, of whom two (2) are Non-Independent Non-Executive Directors, four (4) are Independent Non-Executive Directors and one (1) is an Executive Director, as follow, which complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent:

NO	NAME OF DIRECTORS	DESIGNATION
1	YBhg. Dato’ Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	Non-Independent Non-Executive Chairman
2	Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir	Non-Independent Non-Executive Director
3	YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak	Independent Non- Executive Director
4	YBhg. Datu Haji Soedirman Bin Haji Aini	Independent Non- Executive Director
5	Encik Shamsul Anuar Bin Ahamad Ibrahim	Independent Non-Executive Director
6	Encik Sr. Mohd Nazri Bin Mat Noor	Independent Non-Executive Director
7	Encik Rosland Bin Othman	Group Managing Director / Chief Executive Officer (“GMD/CEO”) / Non-Independent Executive Director

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The profile of each Director is disclosed in the Directors' Profile of this Annual Report.

The Non-Executive Chairman is primarily responsible for the leadership and management of the Board, ensuring the Board and Board Committees execute their responsibilities in the best interest of the Company.

The Company's Non-Independent Executive Director which is also the GMD/CEO is responsible for providing the vision and strategic direction of the Company and to formulate appropriate corporate strategies and develop the business.

He is also involved in all day-to-day management and for leading the development and execution of the Company's medium-term and short-term plans.

He acts as a direct liaison between the Board and the Management and communicates on behalf of the Company to the Board, shareholders, employees, Government Authorities and other stakeholders.

The Independent Non-Executive Directors play a significant role in bringing impartiality and scrutiny to the Board's deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner.

To further enhance the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:

- Provides independent and objective views, assessment and suggestions in deliberations of the Board;
- Ensures effective check and balance in the proceedings of the Board;
- Mitigates any possible conflict of interest between the policy-making process and day-to-day management of the Company; and
- Constructively challenge and contribute to the development of the business strategies and direction of the Company.

The Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company.

This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations and execute their roles and responsibilities effectively.

The members of the Board possess wide-ranging experiences, skills and expertise in accounting, economics, engineering and business management and are persons of high caliber and integrity, which give added strength to the leadership which is necessary for the effective stewardship of the Company.

The Board is confident that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient check and balance.

Given that there are four (4) experienced Independent Directors representing more than 50% of the Board, the Board collectively would be able to function independently of management.

This allows for effective oversight of the management as well as to support objective and independent deliberation, review and decision making.

None of the Independent Non-Executive Directors hold office for more than nine (9) years under the reporting period.

The Board is well aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended by the MCCG.

Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director.

The RNC and the Board also noted that pursuant to the MCCG, the Board may provide justifications and seek shareholders' approval in the event there is intention to retain a Director who has served a cumulative term of nine (9) years as an Independent Director.

The Board views that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender.

The RNC have assessed the Board's size and composition and was satisfied that the Board's size is appropriate given the scale of the Company's business and operations and the composition well balanced with the right mix of diverse knowledge, skills and attributes constituting an effective Board able to discharge its duties professionally and efficiently.

3.1.3 CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Code of Ethics

The Directors observed a code of ethics in accordance with the code of conduct as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia (CCM).

Board Meetings & Supply of Information

Board meetings for the ensuing financial period are scheduled in advance before the end of the current financial period to facilitate the Directors to plan ahead and organise the next financial period's Board meetings into their respective schedules.

The Board holds meetings of no less than four (4) times a year as soon as the Company's quarterly and annual results are finalised in order to review and approve the results for submission to Bursa Securities and the Securities Commission.

Special Board meetings may be convened to consider urgent proposals or matters that require the expeditious review or consideration by the Board.

The minutes of the Board meetings were circulated to all Directors for their perusal and comments.

The Directors may request for further clarification or raise comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board at the subsequent meeting.

At the Board meetings, the Board reviews management reports on the business performance of the Company as well as the major subsidiaries, and reviews, inter-alia, the results compared to the preceding month and year-to-date, and also the comparison against pro-rated business targets.

As part of the integrated risk management initiatives, the Board also notes the decisions and salient issues deliberated by the Board Committees and the Senior Management Committees ("SMC") through minutes of the Committees' meetings.

The Board Members deliberate, and in the process, assess the viability of business propositions and proposals, and the principal risks that may have significant impact on the Company's business or on its financial position, and the mitigating factors.

The Board also assesses various types of propositions and matters that are required to be submitted to the Board for concurrence or approval, in accordance with the guidelines issued by the Board.

The Chairman of the AC would inform the Directors at Board meetings, of any salient matters noted by the AC and which require the Board's notice or direction.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance to a structured agenda.

For effective Board proceedings, the Directors would receive the structured agenda together with comprehensive management reports and proposal papers at least five (5) business days before the Board meeting, which is in accordance to MCGG.

This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company Secretaries, or to consult independent advisers, if they deem necessary.

The Company has appointed qualified Company Secretaries as required pursuant to the Companies Act 2016.

The Company Secretaries are fellow members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

They are competent in carrying out their work and play supporting and advisory roles to the Board with the assistance of the Management.

They ensure adherence and compliance to the procedures and regulatory requirements from time to time.

Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda.

The Board meeting papers are prepared and presented in a concise and comprehensive format to ensure that the Directors have a complete and relevant depiction of the issues in order that the Board deliberation and decision-making are performed systematically and in a well-informed manner.

3.1.4 CORPORATE GOVERNANCE OVERVIEW STATEMENT

The directors remain fully committed and dedicated in fulfilling their duties and responsibilities as reflected by their attendance at Board meetings during the financial period, in which details of the number of Meetings held and the attendance of each Director can be found in the Report on Directors' Profile in this Annual Report.

Training & Development of Directors

All Directors have attended the Mandatory Accreditation Program ("MAP") and the Directors have continued to attend seminars and briefings during the financial period in order to enhance their skills and knowledge, and to keep abreast with changing commercial risks in line with market and economic developments.

The Directors are also provided with the Board Policy Manual that contained information including but not limited to the structure of the Company, management and the operation as well as the Directors' duties and obligations.

The Directors also keep up-to-date with market developments and related issues through discussion meetings with the other Senior Management Officers.

These provide the platforms to disseminate emergent strategic directions and ideas as well as intellectual interactions which enhance the knowledge and relevance of the Directors.

The Company's Human Resources Department facilitates the organisation of internal training programmes and Directors' attendance in external programmes.

The details of directors' training participated during the financial period are highlighted in the Directors' Profile report herein this Annual report.

Time Commitment of Directors

Directors are at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Directors' performance and contributions as a member of the Board and Board Committee.

Re-Appointment and Re-Election of Directors

The RNC will consider and recommend to the Board for the continuation in service of those Directors who are due for re-election/re-appointment.

The Constitution of the Company provide that at its every annual general meeting, one-third of Directors for the time being and those appointed during the financial period shall retire from office and shall be eligible for re-election.

The Constitution further provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The re-appointment and re-election of Directors at its annual general meeting is subject to the prior assessment by the RNC and the recommendations thereafter submitted to the Board for approval or the Director concerned to continue to hold office.

The Board does not fix a maximum tenure limit for Directors as the Board is of the view that there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's affairs.

The Board is of the view that there is no need to set a time-frame on how long an Independent Director should serve on the Board in view of the following reasons:

- The ability of a Director to serve effectively as an Independent Director is very much a function of his calibre, qualification, experience and personal qualities, and has no compelling relationship to his tenure as an Independent Director; and
- The Board conducts annual assessment of Independent Directors in respect of inter-alia their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgement.

3.1.5 CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

To assist the Board in discharging its duties, the Board has established several Board Committees whose compositions and terms of reference are in accordance with the best practices. The functions and terms of reference of Board Committees as well as authority delegated by the Board to these Committees, were approved by the Board, and are reviewed from time-to-time to ensure that they are relevant and up-to-date.

The Board Committees of the Company are as follows:

- Audit Committee
- Remuneration & Nomination Committee
- Risk Management Committee
- Investment Committee

Details of the Board members' membership in the various Board Committees are set out as below:

NO	NAME OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION & NOMINATION COMMITTEE	RISK MANAGEMENT COMMITTEE	INVESTMENT COMMITTEE
1	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	-	Chairman	-	Chairman
2	YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak	Member	Member	Member	-
3	YBhg. Datu Haji Soedirman Bin Haji Aini	Member	-	Chairman	Member
4	Encik Shamsul Anuar Bin Ahamad Ibrahim	Chairman	Member	Member	-
5	Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir	-	-	Member*	-
6	Encik Sr. Mohd Nazri Bin Mat Noor	-	-	-	Member *
7	Encik Rosland Bin Othman	-	-	-	Member

*Appointed on 25 February 2021

3.1.6 CORPORATE GOVERNANCE OVERVIEW STATEMENT

All proceedings, matters arising, deliberations in terms of the issue discussed, and recommendations made by the Board Committees at the Committees' meetings are recorded in the minutes by the Company Secretary, confirmed by the Board Committees, signed by the Chairman of the said Committees.

Upon invitation, Management representatives were present at the Board Committees' meetings to provide additional insight into matters to be discussed during the said committee meetings, if so required.

All the Board Committees do not have executive powers but to report to the Board on all matters considered and their recommendations thereon.

Audit Committee

The terms of reference of the AC are set out under the AC Report in this Annual Report and further details are disclosed under Principle B: Effective Audit and Risk Management in this Statement.

The AC meets at least four (4) times a year.

Remuneration and Nomination Committee

The RNC will recommend candidates for all directorships to be filled to the Board.

Any new Director will undergo a familiarisation programme, which includes presentation of an overview of the Company's profile, products, factories and track records to facilitate the new Directors' understanding of the Company.

The Company Secretary will ensure that all appointments of new Director are properly carried out and all legal and

regulatory obligations are met.

The RNC comprises three (3) Non-Executive Directors, the majority of whom are independent.

Meetings of the RNC are held as and when required, and at least once a year.

The RNC will recommend the proposed appointment of a new Director and the re-appointment of Directors upon the expiry of their respective tenures of office for approval of the Board.

The RNC had also reviewed the Board Members' directorships in companies other than the Company; the number of directorships held are well within the restriction of not more than five (5) directorships in public listed companies as stated in the Main Market Listing Requirements of Bursa Securities.

All assessments and evaluations carried out by the RNC in the discharge of all its functions shall be properly documented.

The RNC and the Board shall assess the independence of all independent directors annually.

In 2021, the RNC carried out the annual review of the overall remuneration policy for Directors and key Senior Management Officers and recommended to the Board for approval.

The RNC and the Board ensure that the Company's remuneration policy remains supportive of its corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to draw in and to retain persons of high caliber.

The RNC reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are competitive and are in tandem with the Company's corporate objectives, culture and strategy.

The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board decision on his own remuneration.

Risk Management Committee

Among others, the RMC has the following roles & responsibilities:

- a. Develop and recommend the Company's risk policies and objectives aligned with its strategic business objectives;
- b. Communicate Board's risk policies, objectives, responsibilities, and reporting lines;
- c. Identify and communicate to the Board on all risks (present and potential) the Company faces, its changes and management action plans to manage those risks;
- d. Perform risk oversight and review of risk profiles of the Company and regularly review business units' risk management processes;
- e. Provide guidance to business units of the Company and its risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board;
- f. All other risk management matters delegated by the Board.

More information about the activities of the RMC is set out in the Statement on Internal Control & Risk Management.

3.1.7 CORPORATE GOVERNANCE OVERVIEW STATEMENT



Investment Committee

Among others, the IC has the following roles & responsibilities:

- a. To review annual business plans and budgets for recommendation to the Board for approval;
- b. To evaluate proposals on new investments and divestments of significant value to ensure they align with SCIB's vision, mission and corporate goals;
- c. To approve investment up to a prescribed amount as determined by the Board from time to time, beyond which a recommendation will be made to the Board;
- d. To review financial investment portfolios of the Group. This includes and is not limited to existing and new merger and acquisitions, new partnerships, divestments and large capital expenditure projects;
- e. To oversee current and future capital and financial resource requirements;
- f. To monitor the fund-raising activities of the Group;
- g. To conduct the annual performance evaluation of the Group's investment activities;
- h. To review and recommend to the Board of Directors the foreign exchange and hedging policies and procedures;
- i. To implement other necessary duties as mutually agreed by the Investment Committee and the Board of Directors or any other authorities which are required by law or regulated by any Government authority

3.1.8 CORPORATE GOVERNANCE OVERVIEW STATEMENT

1. REMUNERATION

The remuneration of the Executive Director is structured to link rewards to the Company and individual performance.

As for Non-Executive Directors, the level of remuneration reflects mainly on their experience, qualification and competence of the Non-Executive Director concerned.

The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the AGM annually.

In recommending the proposed Directors' fees, the RNC takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Company's complexity, and also the market rate among the industry.

The Directors are paid annual fees and meeting allowance for each Board meeting that they attend.

The disclosure of the remuneration of individual Directors of the Company on named basis for the 18 months financial period ended 30 June 2021 is set out as below:

NO	NAME OF DIRECTORS	SALARIES (RM)	FEES (RM)	MEETING ALLOWANCES & OTHER EMOLUMENTS (RM)	TOTAL REMUNERATION (RM)
EXECUTIVE DIRECTOR					
1	Encik Rosland Bin Othman	800,418	54,000	563,788	1,418,206
NON-EXECUTIVE DIRECTOR					
2	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	-	108,000	28,000	136,000
3	YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak	-	54,000	36,800	90,800
4	YBhg. Datu Haji Soedirman Bin Haji Aini	-	54,000	39,800	93,800
5	Encik Shamsul Anuar Bin Ahamad Ibrahim	-	54,000	47,600	101,600
6	Tuan Haji Abdul Hadi Bin Datuk Abdul Kadir	-	54,000	21,200	75,200
7	Encik Sr. Mohd Nazri Bin Mat Noor (<i>Appointed on 31 January 2020</i>)	-	51,000	20,900	71,900
TOTAL		800,418	429,000	758,088	1,987,506

3.1.9 CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle B: Effective Audit And Risk Management

1. AUDIT COMMITTEE

The terms of reference of the AC re set out under the AC Report in this Annual Report. The AC meets at least four (4) times a year.

Relationship with the External Auditors

The AC has in place policies and procedures to review and assess the appointment or re-appointment of the external auditors in respect of their suitability, objectivity and independence.

The AC in this regard assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Company.

The AC also meets with the external auditors without the presence of the Management to enable the AC to discuss matters privately with them.

There have not been any non-audit services that have compromised their independence as external auditors of the Company.

On 23 July 2021, the Company received a notice in writing from KPMG PLT (“KPMG”) on their resignation as auditor of the Company with immediate effect. To put the matter into context, the Company has been inter alia seeking legal advice regarding recent events surrounding KPMG that has caused adverse speculation against the Company. This is in light of a perception that the Company shares similarities to that of another public listed company, which is currently in litigation with KPMG. Accordingly, concerns were raised by the Company as to whether KPMG is able to continue acting independently in their capacity as auditor consonant with Rule 400.5 of the Malaysian Institute of Accountants By Laws (on professional ethics and conduct).

Following this, KPMG has in the Notice stated the views and opinion of the Company on KPMG’s independence coupled with the potential of a claim by the Company, has compromised KPMG’s ability to continue to independently discharge their professional duties as auditor of the company. In the circumstances, KPMG is constrained to give notice

of their resignation as auditor of the Company with immediate effect pursuant to Section 281 of the Companies Act 2016.

Subsequently, on 7 September 2021, the Company announced to Bursa that Nexia SSSY PLT has received the professional clearance from KPMG in accordance to Section 320 of the By-Laws of the Malaysian Institute of Accountants. Nexia SSSY PLT, which has given its consent to act as auditor of the Company pursuant to Section 264(5) of the Companies Act 2016 via its letter dated 6 September 2021, has been formally appointed as the external auditor of the Company on the even date.

The external auditors, Messrs. Nexia SSSY PLT, are registered with Audit Oversight Board of the Securities Commission.

Through the AC, the Company has established a formal and transparent relationship with the external auditors.

2. RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges their responsibility for the Company’s system of risk management and internal control, which is designed to identify and manage the risks of the businesses of the Company, in pursuing of its objectives.

The system of risk management and internal control spans over financial, operational and compliance aspects, particularly to safeguard the Company’s assets and hence shareholders’ investments.

In executing this responsibility, the Board via the AC and RMC and the outsourced internal audit function, has adopted procedures to monitor the ongoing adequacy and integrity of the system of risk management and internal control.

Information on the Company’s system of risk management and internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report.

3.1.10 CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle C: Integrity In Corporate Reporting And Meaningful Relationship With Stakeholders

1. COMMUNICATION WITH STAKEHOLDERS

We maintain a regular policy of disseminating information that is material for shareholders' information via announcements made to Bursa Securities.

In compliance with the Main Market Listing Requirements of Bursa Securities, the Company also releases timely financial information on a quarterly basis, which includes an overview of the performance of the Company.

In addition, the Company also put in place electronic facility to enable communication with shareholders via its website which shareholders can access to and obtain all information (operational, financial, corporate governance and investor relations aspects) on the Company by accessing this website.

All announcements made by the Company and information that are relevant to the shareholders and investors are available in this website.

The Company had its Investors briefing on 3 March 2020, 26 June 2020, 3 September 2020, 27 November 2020, 26 February 2021, 21 April 2021 and 14 October 2021 just to name a few, which gave us the opportunity to share about our business profile, products, recent developments and future prospects with research analysts, fund managers and their sales team.

Investors briefing creates valuable opportunity for the Company to meet with research analyst and fund managers to share our business updates that are relevant to the analyst coverage area and provide information for their research paper.

2. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders who are encouraged and given sufficient opportunity to enquire about the Company's activities and prospects as well as communicate their expectations and concerns.

Each item of special business included in the Notice of Annual General Meeting will

be accompanied by an explanatory statement for the proposed resolution to facilitate evaluation of the proposed resolution.

Shareholders are encouraged to put forward their questions on the proposed resolutions tabled at the general meetings.

Members of the Board, the external auditors, senior management and/or advisers of the Company are present to answer queries raised at the general meetings.

Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

Hence, all the resolutions tabled at the forthcoming 45th AGM to be held on 28 February 2022 will be voted by way of a poll.

The 45th AGM will be conducted on a fully virtual basis through live streaming from the broadcast venue.

The Company's Annual Report 2021 can be viewed and downloaded from the designated website links: https://scib.com.my/live/annual_general_meeting.html.

The shareholders will be briefed on the voting procedures while the results of the poll will be verified by an Independent Scrutineer.

Key Focus Areas And Future Priorities

The Board is satisfied that the Company has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Statement is made in accordance with the resolution of the Board of Directors dated 11 January 2022.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES



The Board of Directors is required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to issue a statement explaining their responsibilities for preparation of the annual audited financial statements.

The Directors are also required by the Companies Act 2016 to prepare financial statements for each financial period which gives a true and fair view of the financial position of the Group and of the Company as at the financial period end and their financial performance and the cash flows for the financial period then ended.

The Directors considered that in preparing the financial statements of the Group and the Company for the financial period ended 30 June 2021 contained in this Annual Report, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also considered that all Malaysian Financial Reporting Standards and International Financial Reporting Standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

(This Statement of Directors' Responsibilities is made in accordance with a resolution of the Board of Directors dated 11 January 2022)

3.3

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of the Company is pleased to present Audit Committee (“AC”) Report for financial period ended 30 June 2021.

1. Composition & Attendance

During the financial period ended 30 June 2021, AC held five (7) meetings, on 26 February 2020, 27 April 2020, 15 June 2020, 26 August 2020, 25 November 2020, 24 February 2021 and 24 June 2021.

Details of attendance of members of AC in its meetings are as follows:

MEMBERS & DESIGNATION	MEETING ATTENDANCE
Encik Shamsul Anuar Bin Ahamad Ibrahim FCCA, MIA <i>Chairman / Independent Non-Executive Director</i>	7/7
YBhg. Datu Ir. Haji Mohidden Bin Haji Ishak <i>Member / Independent Non-Executive Director</i>	7/7
YBhg. Datu Haji Soedirman Bin Haji Aini FCCA, MIA <i>Member / Independent Non-Executive Director</i>	7/7

AC consists of qualified individuals having required skills and expertise to discharge its functions and duties.

AC’s literacy and understanding of financial reporting standards and information have contributed to meaningful discussions in overseeing integrity of financial reporting processes and financial statements.

The Chairman of AC is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of Malaysian Institute of Accountants, which complies

with paragraph 15.09(1)(c)(i) of Main Market Listing Requirements of Bursa Malaysia.

Meetings of AC were conducted in accordance with the requisite quorum as stipulated in its Terms of Reference, which requires at least two (2) members, with majority of members present must be independent non-executive directors.

By invitation, the Group Managing Director / Chief Executive Officer, the Group Chief Operating Officer (formerly known as the Finance Director), the Chief Financial Officer, the Chief Operating Officer and / or representative of the internal auditors, were invited to attend all the meetings held during the financial period, to present reports on financial results, internal audit matters and other matters for AC’s deliberation and approval, if required.

In addition, other senior management personnel were invited to attend these meetings, when necessary, to brief AC on specific matters.

The External Auditors were invited to brief AC on audit related matters during the financial period and provide a high-level review of the financial position of the Company and its subsidiaries (“Group”).

Specific time was also allocated for the External Auditors, to have private discussions with AC in absence of the Management.

Encik Ahmad Zaidi Adenan, Manager of Risk Compliance was the appointed secretary of AC until 26 August 2020.

AC has appointed Ms. Wong Li Wen, Head of Corporate Services, to act as the Secretary of AC since 26 August 2020.

Members of AC were provided with agenda and relevant papers prior to each meeting.

Matters of discussion of AC Meetings will be notified to the Board in its meeting for notation and action by the Board, if required.

2. Terms Of Reference

The terms of reference of AC, as follows, was reviewed and updated on 24 May 2018 to

3.3.1 AUDIT COMMITTEE REPORT

reflect requirements of applicable practices and guidance of the Malaysian Code on Corporate Governance 2021 (“MCCG2021”) :

a. Objectives

- AC shall give assurance to shareholders of the Group that compliance with specified financial standards and disclosure policies developed and administered by Bursa Malaysia Securities Berhad are being adhered to.
- In addition, AC shall assure that certain standards of corporate responsibility, integrity and accountability to the Company’s shareholders are being inculcated as duties and responsibilities of the Board.

b. Composition

Members of AC shall be appointed by the Board and shall consist of not less than three (3) members, all of whom shall be non-executive directors. The majority of AC members shall be independent non-executive directors.

The Chairman of AC shall be approved by the Board and shall be an independent non-executive director.

c. Meetings & Quorum

- Meetings shall be held not less than four (4) times a year.
- AC may invite any person to its meeting, specific to relevancies.
- A quorum shall consist at least two (2) members, with majority of members present must be independent non-executive directors.

d. Authority

- AC is authorised by the Board to investigate any activities within its terms of reference, having full and unrestricted access to any information pertaining to the Group.
- AC shall have necessary resources which are required to perform its duties and

shall have direct communication channels with the external auditors, person(s) executing the internal audit function and independent professional advice if it considers necessary.

- AC shall have a meeting excluding attendance of the Executive Directors and Management, to consider any matter the external auditor believes should be brought to attention of AC and the Board.

e. Roles & Responsibilities of AC

Roles & responsibilities of AC shall be to review:

- With the external and internal auditors: the audit plans, scope of the audits, the audit reports – management letters, major findings and Management’s responses thereof, and evaluation of the Group’s internal control system;
- Assistance given by the Group’s employees to both the external and internal auditors;
- Adequacy and effectiveness of the system of internal control and governance systems, including the adequacy of scopes, functions and resources of the internal audit function, and that it has necessary authority to execute its work;
- Audit fees proposed by the external auditors;
- Performance of the external auditors and to make recommendations to the Board on their appointment, removal or replacement;
- Appointment, dismissal or replacement of the Head of Internal Audit;
- Performance and remuneration of the internal auditors and ensure they are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- Quarterly and annual financial statements of the Group for recommendation to the Board for approval, focusing particularly on:
 - Changes in or implementation of new accounting policies and practices;
 - Significant adjustments arising from the audit;
 - Going concern assumption; and
 - Compliance with the applicable approved accounting standards and other legal and regulatory requirements;
- Adequacy and effectiveness of internal control and governance systems instituted in the Group;
- Any related party transactions (“RPT”) that may arise within the Group;
- Verify allocation of options to employees under relevant criteria imposed by the Company’s Share Option Scheme; and

3.3.2 AUDIT COMMITTEE REPORT

- any other functions as may be agreed to by AC and the Board, or as may be required or empowered by statutory legislation or guidelines issued by relevant governing authorities.

3. Summary Of Activities

The following activities were executed by AC during the financial period ended 30 June 2021 in discharging its duties and functions:

a. Financial Reporting

Reviewed the quarterly, interim and annual financial statements of the Group prior to recommending them for approval by the Board.

b. Internal Audit

- Reviewed the audit plan to ensure adequate scope and coverage on activities of the Group, taking into consideration assessment of key risk areas;
- Reviewed the internal audit reports, audit recommendations made and Management's responses thereof; and
- Where appropriate, AC has directed action to be taken by Management to rectify and improve the internal control system and procedures, based on internal audit's recommendations and suggestions for improvement.

c. External Audit

- Reviewed the external auditors' scopes of work and audit plan for the year;
- Reviewed with external auditors on results of the audit and the audit report in particular, and accounting issues and significant audit adjustments arising from the external audit exercise; and
- Evaluated performance of the external auditors and made recommendations to the Board on their appointment, remuneration, removal or replacement.

d. Related Party Transaction ("RPT")

Reviewed related party transactions entered into by the Group, on a quarterly basis, to ensure adequacy of the Review Procedures and to ensure compliance to Chapter 10.08 and Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia.

4. Internal Audit Function

AC is supported by Internal Audit Function in discharge of its roles and responsibilities.

The Group on 28 November 2018 has outsourced its Internal Audit Function's activities to an independent consultant namely CGRM Infocomm Sdn. Bhd. who shall report directly to AC and shall be responsible for regular review and/or appraisal of effectiveness of internal control system within the Group.

In 27 August 2020; the group appointed Salihin Consulting Group Sdn. Bhd.; to replace CGRM Infocomm Sdn. Bhd. to undertake the function.

The role of Internal Audit Function is to undertake regular independent and systematic reviews of internal control system so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively as intended.

The Internal Audit Function covers review of adequacy of operational control, risk assessment, compliance with established internal policies, operational procedures and guidelines, amongst others.

A risk-based approach is adopted for all audits.

The audits ensure that the instituted internal control system is appropriate, effectively applied and achieves acceptable risk exposures consistent with the Group's risk management framework.

In particular, Internal Audit Function has, under remit of AC conducted and submitted four (4) reports on a quarterly basis on the internal audit work performed on operating units, encompassing various areas of operations, where any significant weaknesses were identified, measures were taken to rectify and improve the internal control system accordingly.

The overall review of the internal control system revealed that internal control is generally sound and sufficient, and functioning satisfactorily.

The total costs incurred for the Internal Audit in respect of the financial period ended 30 June 2021 were RM119,186.22.

3.3.3 AUDIT COMMITTEE REPORT

5. Significant And Subsequent Events

Nexia SSY PLT (“Nexia”) was nominated as the Company’s external auditor on 19 August 2021 to fill in the vacancy of the statutory external auditor, following the resignation of KPMG PLT on 23 July 2021.

Upon receipt of the former auditor’s professional clearance on 25 August 2021 as per Section 320 of the By-Laws of the Malaysian Institute of Accountants (MIA), Nexia has furnished their consent to act as auditor of the Company under Section 264(5) of the Companies Act 2016 on 6 September 2021.

The change of external auditor from KPMG to Nexia SSY was only resolved by 6 September 2021. Subsequently, the new auditor had presented the Audit Planning Memorandum for the 18 months ended 30 June 2021 to the Audit Committee on 28 September 2021.

In view of the change of external auditor and the impact of restrictions in movement in Malaysia and overseas arising from the COVID-19 pandemic, the audit of the financial statements for the financial period ended 30 June 2021 of SCIB Group (“AFS 2021”) was affected and the AFS 2021 could not be finalised in time for inclusion in the

Annual Report for the financial period ended 30 June 2021 (“Annual Report 2021”) for issuance within 4 months from the close of the financial year of SCIB as stipulated under Paragraph 9.23(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Securities, i.e., by 31 October 2021.

In the light of approved standards on accounting and auditing, the Company opined that the auditor should be given adequate time to perform their statutory obligations without interference and time constraints to ensure audit works can be conducted effectively and sufficiently. The auditor has stated in their audit plans that the AFS can only be finalised in December 2021. As a result of the dilemma circumstances, the Company has decided to uphold the compliances with the approved auditing and accounting standards by allowing the auditor to perform their duties without interference and time constraints.

Considering that the Company must meet the very tight timeline, the Audit Committee was held fortnightly for constant communication and progress updates from the external auditor. Subsequent to the financial period ended 30 June 2021, the Audit Committee held six (6) special meetings on 25 July 2021, 19 August 2021, 28 October 2021, 10 November 2021, 14 December 2021 and 29 December 2021.

This AC Report was approved by the Board on 11 January 2022.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) is committed to continuously improving the Group’s risk management & internal control system and is pleased to present the following Statement on Risk Management & Internal Control for the financial period ended 30 June 2021 (18 months period).

This statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia and in accordance with the principles as stipulated in the Malaysian Code on Corporate Governance 2017 (“MCCG2017”) and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This statement outlines nature and scope of risk management and internal control of the Group and covers all of the Group’s operations except for associate companies.

1. The Board’s Responsibility

The Board affirms its overall responsibility for risk management and internal control system for the Company and its subsidiaries (“Group”), and for continually reviewing its adequacy and effectiveness to safeguard shareholders’ investment, interests of stakeholders, and the Group’s assets.

The Group maintains a sound system of risk management and internal control that covers finance, operations, governance and risk management.

The Board believes that system of risk management and internal control should provide reasonable assurance in achieving its corporate objectives as the Board acknowledges limitations that are inherent in such a system.

The Group’s system of risk management and internal control is designed to manage rather

than to eliminate risk of failure in achieving corporate objectives.

Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatements, financial losses or fraud.

Pursuant to the above, the Board has instituted and has delegated to Audit Committee and Risk Management Committee to uphold risk management & internal control oversight within the Group.

2. The Risk Management Committee

The Risk Management Committee (“RMC”) is chaired by an Independent Non-Executive Director, who is neither the Chairman of the Board nor the Audit Committee.

The composition of RMC consists of majority Independent Non-Executive Directors.

The roles and responsibilities of RMC include the following:

- Develop and recommend the Group’s risk policies and objectives aligned with its strategic business objectives;
- Communicate Board’s risk policies, objectives, responsibilities, and reporting lines;
- Identify and communicate to the Board on all risks (present and potential) the Group faces, its changes and the Management action plans to manage those risks;
- Perform risk oversight and review of risk profiles of the Group and regularly review business units’ risk management processes;
- Provide guidance to the business units of the Group’s and its risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board; and
- All other risk management matters delegated by the Board.

Six (6) RMC meetings were held during the financial period ended 30 June 2021 (18 months period); which are on 26 February 2020, 15 June 2020, 26 August 2020, 25 November 2020, 24 February 2021, and 23 June 2021 with agenda encompassing the following areas:

- Reviewing and monitoring status of the adopted risk management action plans under the Group’s Risk Management Framework;
- Reviewing business risks and operational risks faced by the Group through risk profile of the Group; and

3.4.1 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Reviewing adequacy, effectiveness and relevance of the risk management action plans.

On a quarterly basis, RMC reports to the Board on status of the approved risk profile and mitigation actions plans.

3. The Audit Committee

The terms of reference of the Audit Committee are defined under the Audit Committee Report in this Annual Report and further details are disclosed under Principal B: Effective Audit and Risk Management in this Statement of the Corporate Governance Overview Statement.

4. Risk Management Framework

A sound system of risk management incorporates need to have an appropriate risk assessment framework, identification of internal control to manage and control these risks, implementation of an effective information and communications system, and an ongoing process for monitoring continuing adequacy and effectiveness of system of risk management.

As such, the Board has implemented a Risk Management Framework within the Group in order to minimize potential for undesired risk exposures for benefit of shareholders and other stakeholders.

The formalization of the Risk Management Framework involved setting up of RMC and Risk Compliance Department, which was established to undertake a risk assessment exercise and to draw up risk management action plans in order to identify, evaluate and manage risks faced by the Group.

RMC and Risk Compliance Department has established an ongoing process for identifying, evaluating and managing risks faced by the Group in its achievement of objectives and strategies.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing risks faced, and by designing, implementing and monitoring internal control in order to mitigate and control these risks.

The process is regularly reviewed by the Board, which would include on its agenda on the management of risks that may impede business objectives.

The Risk Management process are:

1. Communication and Consultation
2. Establish the Context
3. Risk Identification
4. Risk Analysis
5. Risk Evaluation
6. Risk Treatment

As per the Risk Management Framework, the following risk categories shall be incorporated in the Risk Register & Profile of the Group:

1. Environment Risk;
2. Financial Risk;
3. Human Resources Risk;
4. Information Technology Risk;
5. Legal, Regulatory & Compliance Risk;
6. Operational Risk;
7. Stakeholder Management Risk;
8. Market Risk;
9. Corruption Risk;
10. Construction Risk;
11. Quality Risk;
12. Investment Risk; and
13. Project Risk

3.4.2 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

5. Internal Control System

Other key processes that have been established in reviewing adequacy and effectiveness of internal control system include the following:

- **Compliance**

The Group's Accounting and Administration Regulations and Policies, Staff Manual and ISO 9001 Quality Management System Documentations has clearly outline operating procedures that cover finance, human resources and operations.

Internal audit reviews are conducted at regular intervals to monitor compliance with the procedures and assess integrity of information provided.

- **Financial Performance**

Interim financial results are reviewed by the Audit Committee and approved by the Board, together with annual budgets and forecasts.

The variance between actual and budgeted results is analysed for effective Management actions thereafter and presented to the Audit Committee and the Board.

- **Authority Level**

The Board clearly defines delegated authority levels for revenue and capital expenditure.

The approval of capital and revenue proposals exceeding authorised limits requires decision by the Board.

Comprehensive appraisal procedures apply to all major investment decisions.

- **Accountability & Reporting**

The Group has a clear line of accountability, approval and reporting procedures taking into consideration segregation of duties and other control procedures.

These procedures are communicated throughout the Group.

- **Internal Audit Function**

The Board, via the Audit Committee, monitors risks management and internal control system through quarterly reviews, which is undertaken by Internal Audit.

The reviews include a balanced assessment of risks and adequacy and effectiveness of risk management and internal control system of the Group.

Where any weaknesses are identified, Internal Audit, together with input from the Management, would recommend measures to improve risk management and internal control accordingly.

6. Assurance From The Management

The Board has received reasonable assurance from the Chief Executive Officer, Group Chief Operating Officer and the Chief Financial Officer that the Group's Risk Management Framework and internal control system are operating adequately and effectively, in all material respects, based on risk management and internal

control system of the Group.

7. Review Of The Statement By External Auditors

As required by Para 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Company for the financial period ended 30 June 2021, and reported to the Board that except for those matters highlighted in the Qualified Opinion section of the independent auditors' report, nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Company, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on adequacy and effectiveness of the Group's risk management and internal control system including assessment and opinion by the Directors and Management thereon.

The report from the external auditors was made solely for, and directed solely to the Board of Directors in

3.4.3 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

connection with their compliance with the Main Market Listing requirements of Bursa Malaysia and for no other purposes or parties.

The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

8. Conclusion

The Board is of the view that the risk management and internal control system instituted for the year under review are adequate and effective to safeguard the shareholders' investment, the interests of stakeholders, and the Group's assets.

This Statement was approved by the Board on 11 January 2022.



ADDITIONAL COMPLIANCE INFORMATION

1. Audit Fees and Non-Audit Fees

The amount of audit and non-audit fees paid to the External Auditors by the Group and the Company for the financial period ended 30 June 2021 are as follows:

SERVICES	COMPANY (RM)	GROUP (RM)
Audit Fees	107,000	494,929
Non-Audit Fees	20,000	20,000

Services rendered by the External Auditors are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

2. Utilisation of Proceeds from Corporate Proposal

- (i) On 16 June 2020, the Company has completed a private placement exercise of up to 42.8% of the total number of the issued shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, which the Company has issued 36,750,000 new shares with an issue price of RM1.82 per share ("Private Placement 1.0").

The total gross proceeds raised from Private Placement 1.0 is RM66.89 million. The status of the utilisation of the said gross proceeds as at the last practical date ("LPD") 11 January 2022 is set out as below:-

DESCRIPTION	ESTIMATED TIMEFRAME FOR UTILIZATION OF PROCEEDS FROM THE DATE OF LISTING OF THE PLACEMENT SHARES	PROPOSED UTILISATION (RM'000)	ACTUAL UTILISATION AS AT THE LPD (RM'000)	BALANCE AS AT THE LPD (RM'000)
Working capital for on-going projects	Within 12 months from the receipt of placement funds	6,806	6,806	-
Estimated expenses for future projects	Within 24 to 36 months from the date of award of projects	59,408	45,584	13,824
Estimated expenses in relation to the Proposals	Upon completion of the Proposals	671	671	-
		66,885	53,061	13,824

3.5.1 ADDITIONAL COMPLIANCE INFORMATION

(ii) On 3 May 2021, the Company proposed to undertake a private placement of issuance of up to 20% of the total number of issued shares of the Company or equivalent to 147,158,999 new ordinary shares of the Company to third party investor(s) to be identified later, pursuant to Section 75 and 76 of the Companies Act, 2016 (“The Act”).

On 27 August 2021, 10,789,332 new ordinary shares were issued at an issue price of RM0.5823 per share. On 13 September 2021, 24,638,200 new ordinary shares were issued under this corporate proposal at an issue price of RM0.5675 per share. On 14 October 2021, 56,000,000 new ordinary shares were issued at an issue price of RM0.3839 per share.

On 22 December 2021, the Company announced that the private placement is deemed completed and the Company has decided not to proceed to place out the remaining placement shares under the private placement.

The total gross proceeds raised from Private Placement 2.0 is RM41.76 million. The status of the utilisation of the said gross proceeds as at the last practical date (“LPD”) 11 January 2022 is set out as below:-

DESCRIPTION	ESTIMATED TIMEFRAME FOR UTILIZATION OF PROCEEDS FROM THE DATE OF LISTING OF THE PLACEMENT SHARES	PROPOSED UTILISATION (RM'000)	ACTUAL UTILISATION AS AT THE LPD (RM'000)	BALANCE AS AT THE LPD (RM'000)
Capital expenditure requirements for current operations	Within 12 months from the receipt of placement funds	4,173	4,173	-
Partial settlement of a new business	Within 12 months from the receipt of placement funds	3,431	3,431	-
Working capital for on-going projects	Within 12 months from the receipt of placement funds	25,809	3,892	21,917
Estimated expenses for upcoming projects	Within 24 to 36 months from the date of award of projects	5,150	-	5,150
Estimated expenses	Upon completion of the Proposals	3,200	3,200	-
		41,763	14,696	27,067

3.5.2 ADDITIONAL COMPLIANCE INFORMATION

3. Material Contracts or Loans with Related Parties

There were no material contracts or loans entered by the Company and its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial period or entered into since the end of previous financial year.

4. Recurrent Related Party Transactions

At the 44th Annual General Meeting of the Company held on 18 June 2020, the Company had obtained the Shareholders' Mandate to allow the Group to enter into RRPTs.

In accordance with Section 3.1.5 of Practice Note 12 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the details of RRPT pursuant to the Shareholders' Mandate are disclosed as follows:

NO.	NATURE OF TRANSACTION	TRANSACTION PARTY	ACTUAL VALUE	INTERESTED DIRECTOR / INTERESTED MAJOR SHAREHOLDER
1.	Provision of engineering, procurement, construction and commissioning ("EPCC") contract in Abu-Dhabi	Serba Dinamik International Limited, a subsidiary of Serba Dinamik Holdings Berhad ("SDHB")	Nil	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, who is the common director and common major shareholder of SCIB and SDHB
2.	Provision of engineering, procurement, construction and commissioning ("EPCC") contract in Pengerang, Daerah Kota Tinggi, Johor Darul Takzim, Malaysia	Serba Dinamik International Limited, a subsidiary of Serba Dinamik Holdings Berhad ("SDHB")	Nil	YBhg. Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah, who is the common director and common major shareholder of SCIB and SDHB



4



SUSTAINABILITY

SUSTAINABILITY MISSION

To operate in a way that actively recognises the central role that business plays in the structure of society to improve the quality of life of a broad community.



GOVERNANCE STRUCTURE

In recognizing that risk management is correlated to the overall sustainability performance, our sustainability agenda is driven within our governance structure through SCIB's Board Risk Management Committee ("RMC") and Risk Management Working Group ("RMWG") where sustainability issues or sustainability related risks were identified during the risk management assessments. RMWG is led by the Chief Executive Officer and comprises a management team from all of the Group's business units. RMWG will manage the sustainability issues identified and report to the Risk Management Committee at the Board level. The Board of Directors will provide oversight of the Group's sustainability practices and is kept informed on the progress of sustainability related matters.

The Board of Directors is primarily responsible for the implementation and execution of the Group's sustainability practices and performances where it has delegated to the Risk Management Working Group the task of monitoring and assessment of sustainability plans and targets. The Risk Management Committee will set direction and focus to facilitate formulation of strategies for meeting sustainability missions and report to the Board on a quarterly basis on the status of sustainability related matters.

We will constantly review our approach in addressing the key sustainability challenges facing SCIB which affects the employee, customer, environment and society as a whole.



4.3

SCOPE OF THIS REPORT

This report covers the manufacturing operations of Sarawak Consolidated Industries Berhad and its subsidiaries in Malaysia and the construction/ EPCC operations in general which are the key driver and main contributors to the Group's revenue.



KEY STAKEHOLDERS' ENGAGEMENT

We recognised the importance of engaging with our stakeholders considering the great influence they have on a Company's performance. We are strengthening our stakeholders' engagement not only for good corporate governance purposes but also to enable us to understand our stakeholders' needs, interests and motivations more effectively and help us build positive and mutually beneficial long-term relationships with our prominent stakeholders that will improve our Company's brand image, reputation and business outcomes.

Our existing list of engagement activities are as follows:

KEY STAKEHOLDERS	NATURE OF ENGAGEMENT
Customers	Customer surveys and customer complaints
Employees	Monthly assembly, in-house briefing, staff recreational program, employee satisfaction surveys
Suppliers	Periodic meetings and visiting
Shareholders and Investors	Company website, Quarterly reporting, Annual General Meeting, Quarterly Analyst briefing
Bankers/Financiers	Periodic meetings
Government Agencies and Regulatory Authorities	Correspondences, trainings and social activities
Community	Corporate Social Responsibility activities

MATERIALITY ASSESSMENT

We conduct materiality assessment to help us determine and prioritise main focal areas where efforts are intensified. Though our preliminary process of identifying and prioritization of sustainability matters, we have broadly categorized the following key sustainability matters at this juncture, subject to further detailed assessment on the specific material matters.

Product and service quality

Stringent quality control of our finished products and value-added services are essential to maintain customer satisfaction and for maintaining brand image to attract new sales.

Corporate governance and risk management

Strong corporate governance and effective risk management system helps to improve the Company's financial stability and minimize risk of loss that will gain shareholders' confidence.

Brand and reputation

Branding improves recognition and represents people's perception of the Company's customer service and reputation. Branding also creates trust from the stakeholders, supports advertising, inspires employees, generates new customers and thus increases financial value.

Economic

Business Ethics

Application of ethical values in business environments helps the leaders to make strategic decisions that are socially acceptable. Business ethics increase employee retention, attract investors, promote customer loyalty, reduce business risks and lead to long term gains.

Supply chain and procurement

Fair and unbiased business policies and ethical procurement procedures and practices are crucial to promote trust and transparency within the supply chain. Good relationships with key stakeholders across the supply chain will ensure lower cost, more competitive price and better margin.

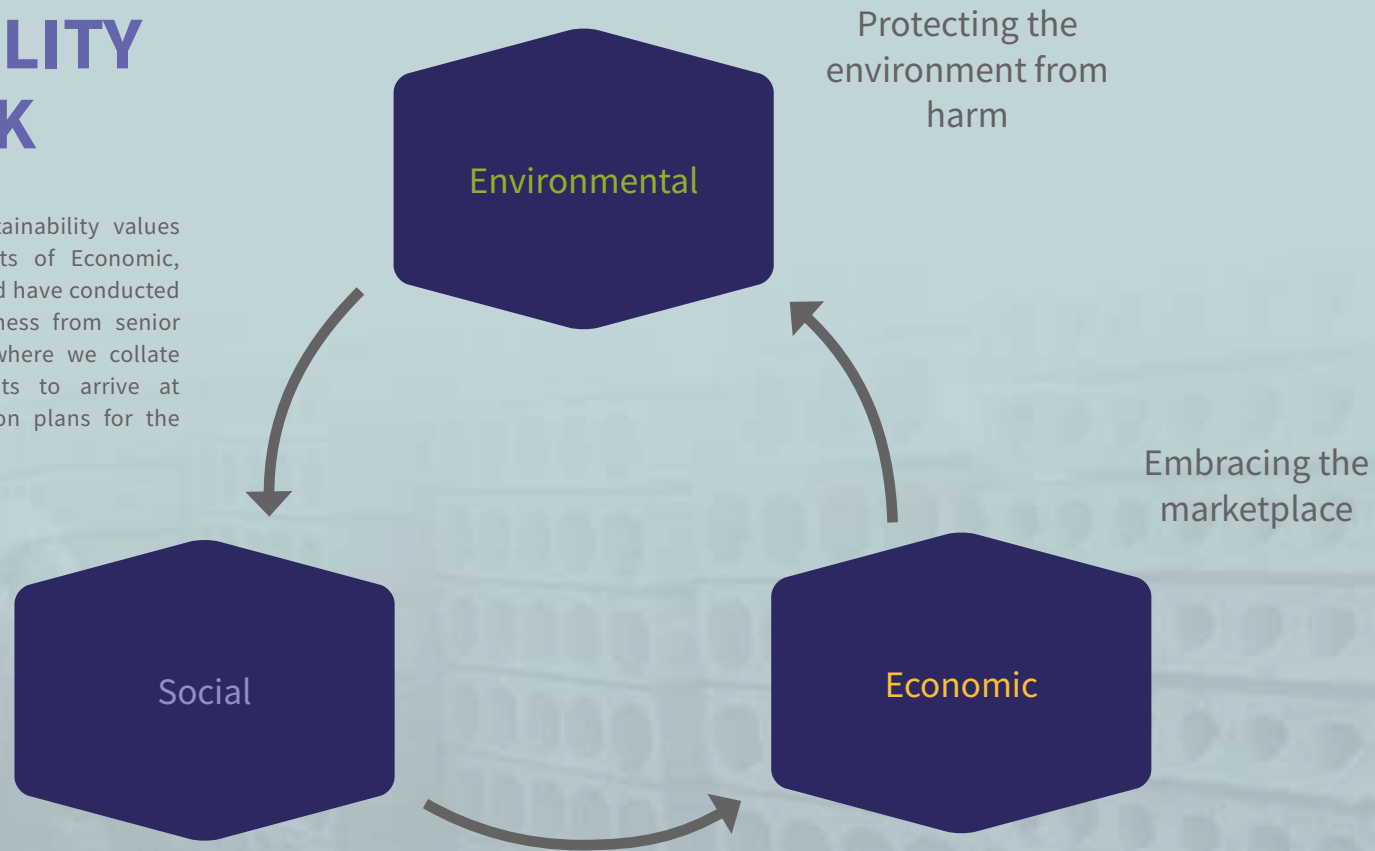
4.5.1 MATERIALITY ASSESSMENT



4.6

SUSTAINABILITY FRAMEWORK

We are committed to nurture sustainability values within our Group from the aspects of Economic, Environmental and Social (“EES”) and have conducted in-house briefings to create awareness from senior management to operational level where we collate inputs from various business units to arrive at sustainability commitments or action plans for the group.



Inspiring and empowering our workforce and giving back to the community

SCIB overall sustainability strategy takes on four (4) main focal areas as follows which drive the Group’s sustainability direction and reporting processes:

- (1) Embracing the marketplace;
- (2) Protecting the environment from harm;
- (3) Inspiring and empowering our workforce; and
- (4) Giving back to the community

4.7

SOCIAL

Caring, inspiring and empowering the workforce

At the heartbeat of our operations, employees play a vital part in ensuring continuous excellence for SCIB. From a different perspective, we owe our workforce for the success the company has tasted all these years. We acknowledge this and that is why we value and care for their well-being, and aim to repay their dedication towards accomplishing the company's vision and mission by inspiring and empowering their lives and the lives of the people that depends on them.



4.7.1 SOCIAL

Employee health, Safety and Welfare

Health and safety is given top priority in SCIB. We strive to provide a safe, healthy and quality working environment for our employees aiming at reducing accidents and injuries, improving workflow and efficiency. We recognise that a good health and safety environment are crucial to boost staff morale, retain and attract skilled employees, increase productivity and reduce costs.

HEALTH & SAFETY POLICIES AND PROCEDURES

We continue to strengthen our health and safety policies and procedures and formulate safety and health plans throughout the year via our Safety 365 Awareness programs. Among others, are the Noise Monitoring and Chemical Health Risk Assessment (“CHRA”) undertaken at our factories in line with the requirements of relevant regulation enacted under the Occupational Safety & Health Act (1994).

We have engaged an independent and qualified assessor registered with the Department of Occupational Safety & Health (“DOSH”) to determine the level of chemical and cement dust exposure associated with our workers’ respiratory health. The appointed assessor conducted the Chemical Health Risk Assessment (“CHRA”) review at our three factory premises to identify any chemicals that are potentially carcinogenic. The CHRA revealed that our workers are exposed to two major sources of health hazards namely the silica dust and benzene, used as additives in diesel.

However, based on CHRA, we are not required to send any workers for medical surveillance as workers’ exposure to the chemicals are considered not significant.

Due to the Movement Control Order (“MCO”), our workers could not undergo audiometric tests in year 2020, but we have sent fifteen (15) workers who were exposed to high levels of noise and vibration at work to undergo the audiometric test in January 2021.

We continuously improve our factory premises and work sites via the established Health, Safety & Environment Management System (“HSEMS”) that seek to provide a safe and healthy working condition for the prevention of injury and ill health.

Additionally, we have also established campaigns, banners, posters, brochures and signboards at prominent areas to disseminate Health and Safety messages to workers such as posters on Silica Dust Hazards were put up. We provide Personal Protective Equipment (“PPE”) such as hand glove, safety boot, hard hat, face mask and ear plug to our workers and conduct regular inspection to ensure wearing of PPE.

MONITORING OF LOST TIME INJURY (LTI) & ALL INJURY FREQUENCY RATE (AIFR)

We have established performance indicators for the HSEMS known as the Four Zeros consisting of Zero Lost time Injury, Zero Fatality, Zero Environmental contamination and Zero regulatory violation. Each factory is required to record and monitor their respective Lost Time Injury (“LTI”) which is the record of productive time lost when a worker is unable to return to work. LTI is used as a key performance indicator to measure work safety. We have also installed Safety

Performance Board at the main entrance to monitor the Man-hour Accident Free target and the results of the Four Zeros are summarized as follows:-

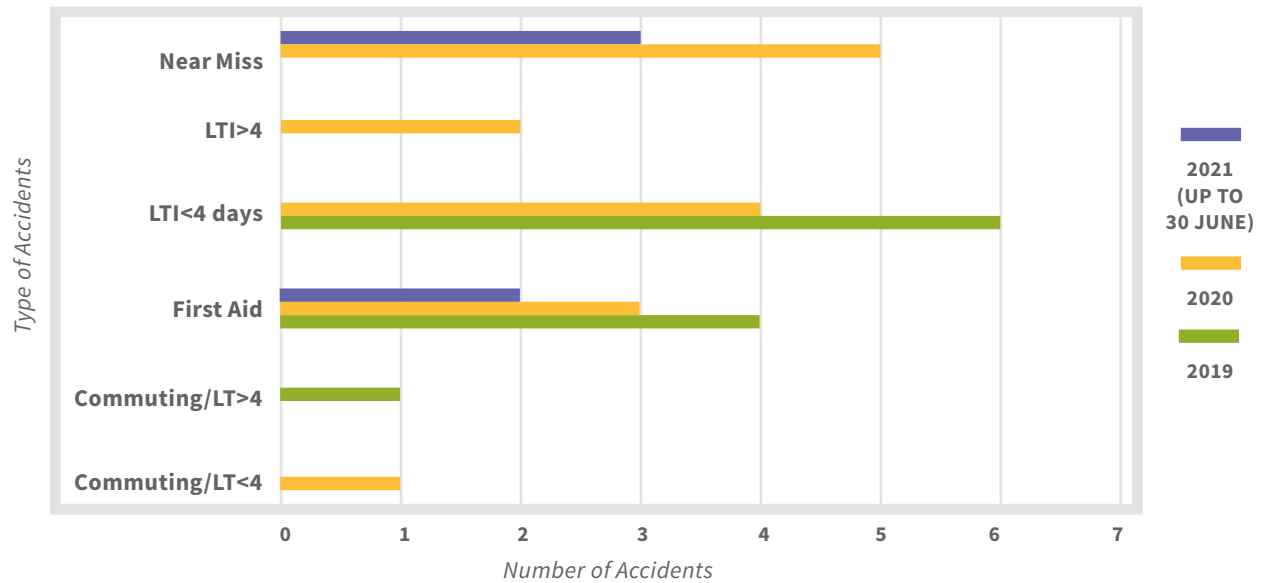




Safety accidents are also investigated to determine the root causes, to identify unsafe conditions or actions and to recommend corrective actions to prevent future recurrence. New employees are provided with orientation of the safety and health risks and procedures at the workplace.

We also recognize the importance of keeping tab of the near misses and accidents as such enable us to assess the hazards level at the workplace we operate. We started to capture data on near misses beginning year 2020 which helps us to identify the root causes of actual accidents before it happens and ultimately manages and reduces the overall risk of having a serious accident, lost time injuries and illnesses, or even fatalities. For the period ended 30 June 2021, we reported (8) eight near misses. The statistics of near misses and accidents for the period ended 30 June 2021 as compared to year 2019 is shown in the following chart: -

Incidents & Accidents Statistics



Further, we also monitor the All Injury Frequency Rate (AIFR) which provides an indication of the frequency of injury recorded compared against man-hours worked during the year. AIFR is calculated based on dividing reported accidents for a year by the number of hours worked, multiplied by 200,000 for standardization. It is described as the number of accidents per 100 employees working 40 hours per week for 50 week per year. In 2020, we recorded AIFR=2.36, a slight increase compared to AIFR=2.08 recorded in 2019. The increase is mainly due to lower manhours recorded in year 2020 due to the MCO in the months of March and April 2020. The average rate for two years is comparable to industry rate of 2.8 (manufacturing) and 2.6 (construction). For the first six months of 2021, AIFR=0.76 was recorded. Hence, the AIFR of 1.76 was recorded for the eighteen months ended 30 June 2021(source: <https://sitemate.com>).



HEALTH & SAFETY COMMITTEE

The Health & Safety Committee has been established to identify, evaluate and control safety issues and foreseeable risks at our workplace. Both employers and employees are equally represented in the committee, and the management is represented by non-managerial executives in line with the ISO45001 requirements. The Committee provides links for better communication between workers on the ground and the management bringing together a broad range of expertise and experience to help identify safety hazards at work and find solutions or new ways to enhance the safety practices. Workers are encouraged to express their safety and health concerns to the Committee where issues can be responded to and addressed accordingly. The meeting shall be held on quarterly basis. However due to restriction imposed during MCO, meeting for quarter 1 and quarter 2, 2020 was held jointly on 23 July 2020; while the combined meeting for quarter 3 and

quarter 4 was held on 17 December 2020. In 2021, a combined meeting for 1st quarter and 2nd quarter was held on 15 April 2021.

MITIGATING THE THREAT OF PANDEMIC, EPIDEMIC & OCCUPATIONAL DISEASES

As a responsible corporate citizen, we have responded to the Government’s move in combating the spread of COVID-19 pandemic by complying with the various directives and standard operating procedure (“SOP”) announced by the National Security Council (“NSC”), Ministry of Health (“MOH”), Ministry of International Trade and Industry (“MITI”) as well as Sarawak Disaster Management Committee (“SDMC”). High risk personnel and workers or those identified to have close contacts with person who tested positive for COVID-19 have been asked to work-from-home; while for those categorized as Person-under-Investigation (“PUI”) or travel quarantine were allowed to take paid leave for self-quarantine. The

Company also facilitates free testing under the SOCSO scheme.

In compliance to MITI requirements for safer workplace during pandemic, we carry out daily screening of body temperature on visitors, workers and lorry drivers at the Guard House and those with temperature above 37.5°C were advised to go to the clinic for immediate health check. We also provide sanitizing dispensers at the entrance of the building, and conduct regular disinfection around the factories. Social distancing of 1 meter was enforced for meetings and resting arrangement; while entry to poorly ventilated areas such as toilets, pantry and prayer room is restricted to a number of people at any one time. Memo has been issued to ban handshakes or hugs between colleagues, as well as prohibition to visit high risk areas such as construction sites other than for our own projects.

4.7.4 SOCIAL

HEALTHY LIFESTYLE

In order to encourage our employees to adopt a healthy lifestyle we called for a Health talk to employees by Integrated Healthcare Medical Services Centre on 12-14 October 2020 at respective factories.

SCIB had always practiced promoting a healthier workforce by conducting various beneficial lifestyle sessions, including the meet-up session with Dr Amalia Madihie, Deputy Dean of Industry and Community Engagement, Faculty of Cognitive Science & Human Development, UNIMAS on 24 September 2021 who virtually shared with us the topics of mental health and stress management to raise mental health awareness in the workplace. We also had a great meet-up session with Dr. Mohd Nazrin Jamhari,

a full-time doctor at Public Health Department, Ministry of Health, Malaysia on 29 October 2021, who virtually shared with the employees on the topics of Lifestyle Diseases that sum up various awareness about health, diseases, and lifestyle.

Due to the COVID-19 Pandemic, SCIB has suspended all social and recreational events in 2020 and 2021. However, in the preceding year, in 2019, we subsidised our employees to participate in Marathon, we organised Sports Day with games and activities to encourage our employees to have healthy fun and also sponsored Badminton club to support interested employees to play the sport twice a week.

SAFETY TALKS & TRAINING

Safety and health talks are conducted throughout the year and during monthly assembly by experienced staff to create awareness on the importance of personal safety and hygiene. An assembly on precautionary measures to combat the spread of COVID-19 was conducted on 12 May 2020 and we subsequently sent reminders and guidelines via emails. Further, we also organized a Safety talk during our Monday Assembly on 6 July 2020 where the topic covers on the Mandatory Use of PPE and Social Distancing in Office and Production during the Movement Control Order.

Health and safety officers regularly educate fellow workers about the risks at the workplace and safety procedures to prevent untoward accidents. Staff are provided with appropriate safety programs and training to further enhance their knowledge on health and safety at the workplace. Our safety supervisors also have regular Toolbox Meeting with our subcontractors' workers to highlight any Health, Safety and Environment related matters of concern.

Safety Induction Briefing for new hire was conducted on a quarterly basis and the latest was held on 30 July 2020 with the Topic entitled Safe Work Practices for New Hire. Courses conducted in 2020 included Internal Auditing with Process Approach Methodology, Basic Occupational First AID, CPR & AED Training, Ensure Health & Safety In Additive Manufacturing Facilities and Site Safety Supervisor .

Due to the COVID-19 Pandemic, the Company has implemented Standard Operating Procedures as per MITI requirements and as prescribed by the other relevant authorities for the factories and construction sites to comply. Assembly on precautionary measures to combat the spread of COVID-19 conducted on 12 May 2020. Subsequent reminders sent via emails.



4.7.5 SOCIAL

UPGRADE OF FACTORY FACILITIES AND INFRASTRUCTURES

We also progressively pursue upgrading of our factory facilities and infrastructures in order to provide a favorable working environment. We establish safe operating procedures for machineries and set up an emergency response team (ERT) in every factory. Our Health and Safety team are working closely with our Repair and Maintenance team to enhance our Planned Preventive Maintenance Programs to reduce hazards of major accidents at the factory. We continuously ensure that our workers and personnel are adequately protected when working in critical areas exposed to work hazards and provide them with adequate Personal Protective Equipment.



4.7.6 SOCIAL

APPRECIATE OUR EMPLOYEES

In appreciation of our employees' efforts and contributions to SCIB we distributed delicious packed food on Labour's day and also on 29 July 2020 for our muslim employees in conjunction with Pre-Eid-UI-Adha celebration.

We organised our first ever Town Hall on 15 February 2020 at Grand Margherita Hotel, Kuching for the purpose of engaging with our employees, sharing our important updates, culture and values promoting teamwork, collaboration and creating opportunity to hear honest feedback and views of employees.

We also extend our appreciation to our staff with long service awards, annual increments and bonuses as well as free gifts and lucky draws during our Annual Dinner on 8 March 2020.

Face masks and sanitizers were sponsored to employees' children for school reopening on 24 August 2020 through our "Sentuhan Kasih SCIB" CSR program.

True spirit of giving - Tabung SCIB

Tabung SCIB, established in 2003, is a true spirit of giving by all employees of SCIB on a monthly basis in which SCIB also contributes to the fund on a one-to-one basis. It is governed by staff representatives with the objectives to assist child education through offers of scholarships, to provide loans to employees during emergencies and to assist the less privileged. Cash rewards were also given to children of our employees who achieved excellent academic results in the school year end examinations as well as in public examinations such as UPSR, PMR and SPM. During the financial period ended 30 June 2021 under review, one hundred and sixty-four (164) children have benefited from Tabung SCIB.



SCIB Annual Dinner - 8 March 2020



SCIB Town Hall meeting - 15 February 2020



SCIB Town Hall meeting - 15 February 2020

4.7.7 SOCIAL

HUMAN RESOURCE DEVELOPMENT

We ensure that there are growth, development and progression opportunities for our employees through in-house training, seminars, workshops and talks. This will equip them with the latest job-related updates and learning. A total of 291 employees have benefited from the sixty (60) training both internal and external conducted over the year which is equivalent to around 543 training hours.

We also provide the opportunity of department rotation to our employees where they are able to expand their knowledge, experience and expertise in various job scopes. During the 18 months financial period ended 30 June 2021, seventeen (17) employees were promoted and thirty-seven (37) employees were transferred to other departments or job functions for further development.

We shall have our competency and succession program developed for key and critical positions and will assess job requirements and skills of our existing employees and then identify potential candidates to be coached, nurtured and groomed for succession to these key and critical positions with career development plan and training needs analysis.

We are committed to providing educational opportunities to our employees. Financial aids have been provided to our employees to support their quest for further education learning. The Company also offers educational assistance and career development plans to employees helping them earn professional degree/master qualification for job enhancement. For the 18 months financial period ended 30 June 2021, three (3) employees benefited from the educational assistance.



Year end gifts to the children of SCIB employees from Tabung SCIB in December 2021



Face masks and sanitizers donation to school in August 2020



Chinese New Year celebration in February 2020

4.7.8 SOCIAL

HUMAN RIGHTS - FAIR EMPLOYMENT AND DIVERSITY

We treat everyone including our employees, customers, suppliers with respect and integrity and ensure we protect our employee rights at all times adhering to local regulations and Employment Act. We acknowledge employees' right to a minimum wage and fair salary and ensure monthly remuneration is paid on time. Our recruitment of employees is conducted through a fair and transparent process based on qualification, experience, merit and attributes. We practice gender diversity with 20% of our total employees being female as of 30 June 2021.

As of 31 December 2020, we have conducted employee surveys which reached out to around 28% of total employees and out of which 96% have responded and are satisfied working in SCIB.

GIVING BACK TO THE COMMUNITY

We believe that companies live within the community and they are interdependent of one another.

Community support - SCIB Volunteers

In response to the COVID-19 crisis, we sponsored essential face masks and sanitizers through our "Sentuhan Kasih SCIB" CSR program to public schools for school reopening namely two Sekolah Daif in the Bau District. About 234 students have benefitted from this.

SCIB had jointly organised the Blood Replenishment Campaign with the Malaysian Red Crescent Sarawak and the Sarawak General Hospital Blood Bank. This event was successfully held on 16 September 2020 in conjunction with Malaysia Day. The objective of this event is to create public awareness about blood donation and address

the blood shortage at the Sarawak General Hospital. We managed to receive a total of 73 registered donors and 53 successful donors.

In 2021, SCIB once again organized the Blood Donation Drive program with the Sarawak General Hospital Blood bank in conjunction with Malaysia day on 16 September 2021 to create awareness about blood donation and address the blood shortage at the Sarawak General Hospital, settling standards of SCIB's culture to give back to the community where SCIB sponsored goodies bags for the first 100 successful donors. The Blood Donation Drive Program was held at the Department of Transfusion Service and Blood Bank of Sarawak General Hospital and we managed to register 125 successful donors.

On 10 May 2021, SCIB's subsidiary SCIB Industrialised Building System Sdn Bhd. ("SIBS") had organised a CSR event with its Joint Venture partner in the Terengganu roadwork maintenance concession, Sasoakai Resources Sdn. Bhd. ("SRSB") to support the Communities affected by the COVID-19 pandemic in Pulau Redang. where SCIB sponsored RM10,000 worth of basic needs to the asnaf families in the villages located around Pulau Redang, who are badly affected by the pandemic.

In ramping up our momentum in aiding those in need, on 2 September 2021, SCIB CSR group is driven under the demonstration of sharing love and "sadaqah jariyah" to 51 underprivileged anak-anak asnaf from the Pertubuhan Kebajikan Dan Pendidikan Nur Murni in the holy month of Ramadan. The delivered items include the "Takeaway Sungkey Juadah", childrens' towel, grown-up and children's veils, sanitizers, and some duit Raya, to lighten their burden amid the COVID-19 pandemic during the Raya festive celebration. We practice strict SOP throughout the entire event to ensure the safety of participants is adequately guarded.

Training for tomorrow

Throughout 2020 and as of 30 June 2021, SCIB provides industrial training for 43 undergraduates from local institutions of higher learning in the areas of Production, QSHE, R&M, IT, Admin, Account, Business development and Project sites for duration between 2 to 6 months. We believe that these young students are the future of manufacturing and construction industry in Malaysia and our training program gives them learning opportunities and insights into the industry to improve their practical knowledge and field exposure.

On 16 November 2020 we signed a Memorandum of Understanding with the Manpower Department (JTM) under the Human Resources Ministry (MoHR) to collaborate with University/ College in providing Industrial Internship program and to launch an internship programme, training development program to promote human capital and expertise sharing.

In year 2019, on 2 October 2019, SCIB inked a Memorandum of Understanding with Akademi Binaan Malaysia and CIDB Malaysia to collaborate in providing training to CIDB registered contractors in Malaysia to create awareness of the Industrialised Building System in Malaysia's construction industry.

4.7.9 SOCIAL



Donation to communities affected by COVID-19 Pandemic in Pulau Redang - 2 September 2021



Blood Replenishment Campaign for Sarawak General Hospital - 16 September 2020



Donation of used desktop computers - 12 March 2021



Donation to underprivileged children - 10 May 2021



Face masks and sanitizers donation to school in August 2020

ENVIRONMENTAL

Protecting the environment from harm

The well-being of our people means nothing if the well-being of the place we all live in is not taken care of. SCIB recognises the importance to conduct operations that will not bring negative impact on the environment because we understand that our business is a part of life that correlates to the well-being of the surrounding area we operate in. It is our sincere intention to give our best efforts to portray the company as an environmentally responsible corporate citizen.

Waste and energy management

PURSuing ISO CERTIFICATION

We are also committed to answer society's ever-louder call for greater corporate responsibility in managing the environmental impact operations may exert on the environment surrounding the factories. Since our factories are closely located to major water bodies such as rivers, we are doing our best to ensure that the water discharged from our premises has characteristics that is always within the tolerable limit permissible by relevant statute, and in particular the Environmental Quality Act 1974.

Our investment in off-site precast manufacturing and prefabricated industrialised building systems contribute positively towards sustainability inherently considering that it reduces debris, waste and air pollution at site. Furthermore, our operations do not discharge excessive or harmful dust or smoke into the air.



4.8.1 ENVIRONMENTAL

Environmental Quality Monitoring Program

Beginning the year 2020, SCIB has established an Environmental Quality Monitoring Programme (EQMP) at all factories and local project sites to systematically monitor the environmental quality. The programme is a self-assessment system to measure the air and water quality of the surrounding environment in which the business operates. This programme was established to voluntarily measure and monitor the environmental effect of the projects which are not subject to Environmental Impact Assessment (EIA) Approval Conditions. Several key areas are covered in the programme such as air quality, noise and discharged water quality. We measure and monitor based on the parameters as summarised in the following table.

Stack Monitoring - Chimney for Boiler Room

Must not exceed the permissible limit < 0.15g/Nm³

RESULT FY2021
(Ended 30 June 2021)
Achieved
0.05g/Nm³

Environmental care efforts undertaken at our construction site.

Flood Control at Factory Premises and Construction Sites

Controlled earthworks and flood mitigation controls in construction projects is vital in order to prevent flooding of the surrounding low-lying areas near the project sites. Hence, controlled earthworks and effective Flood Mitigation Controls including adequate earth drainage and detention ponds, have been implemented to control the flow of rainwater. We did not record any case of severe flooding at our construction sites for financial period ended 30 June 2021.

Our factory premises, being at the proximity of a river mouth have to cope with seasonal King Tide phenomenon, were largely unaffected for the period even though we have seen water level substantially rising due to the combined effects of sea water rising and heavy rainfalls towards the end of the year. Efforts are ongoing to improve the drainage system within our factory premises to facilitate smooth flowing of rain water during heavy downpour, which would mitigate against the risk of flash flood.

4.8.2 ENVIRONMENTAL

Air Quality Control at Factories and Construction Sites

Open burning is not allowed at our factory premises and construction sites. We do not permit open burning at work sites to prevent smoke pollution, which may escalate into haze hazards and add to the carbon dioxide emissions while maintaining the atmospheric air quality of the surrounding areas. It is also a precaution against potential fire hazards which may be caused by out-of-control open burning.

By controlling dust pollution at factory premises and work sites, such would reduce air pollution. Workers regularly sprinkle water onto the ground on dry days to control airborne particles which affects visibility as well as reduce the air quality for breathing. Our cement silo has a filter system that is regularly maintained to avoid accidental discharge of cements to the atmosphere.

Water Quality Control at Factories and Construction Sites

We will monitor the water discharge from the factory that may be contaminated and install proper drainage, filters or oil traps that the local authorities have recommended.

We will test the water discharged or accumulated at the construction sites for pollutants in the water and take the necessary steps to treat or implement an appropriate dewatering process.

Reducing the environmental effects on construction sites requires a collaborative effort, so site supervisors and all workers including the sub-contractors must understand the responsibility to protect the environmental.

Control of Emission for Carbon Footprint and Ozone Depleting Substances

We are committed to adopt the Kyoto Protocol/Paris Agreement (2016) Emission of GreenHouse Gases (“GHG”) to monitor, mitigate and report periodically the on-site greenhouse emission which correlates with energy efficiency, the emissions from the use of company-owned or leased vehicles and from the raw material generation, transports, wastewater treatment, creation of company infrastructure and employee commuting. All these are now included in the SCIB Carbon Footprint Calculator Version 1.0, which enables us to track the emission of carbon dioxide (“CO2”).

As for Ozone Depleting Substances (“ODS”) which are chemicals that destroy the earth’s protective ozone layer such as chlorofluorocarbon (“CFC”), hydrochlorofluorocarbon (“HCFC”), hydrofluorocarbons (“HFCs”), these are neither used in any of our products nor used in any production processes. Aerosol insecticide for pest control and air-conditioning refrigerant are mostly chlorine-free, while use of Clorox for disinfection and sanitization is known to be non-hazardous to the ozone.

To the extent where it is possible, the use of environmentally friendly plants and machinery is preferred at our factory premises and work sites. Efforts are ongoing to replace old plants and machineries with latest technologies that emit less carbon to the environment once deployed in our operations.

For a start, we are reviewing our rental policy and begin to engage with suppliers on the importance of sustainability related matters and will move towards suppliers who provide environmental friendly combustion engines to power their plant and machineries.

4.8.3 ENVIRONMENTAL

Recycle of waste

We recycle waste materials back to production if they are reusable otherwise, we sell to scrap collectors who might be able to use them. We are also improving our drainage system to dispose of production slurry more appropriately and effectively. We have implemented proper disposal of Solidified Slurry Waste program as community service at zero disposal cost where the slurry wastes are self-collected by transporters and used for land filling etc.

Last year in August 2019, SCIB participated in the Recycle Waste program known as the Coral Reef Propagation Project in collaboration with the Jabatan Perikanan Malaysia for laying of our obsolete or defect pipes and U-culverts outside the Sematan sea area.

Training and awareness program

We have conducted several trainings to enhance awareness and put in place adequate controls over handling of scheduled waste within our premises in line with Environmental Quality (Scheduled Waste) Regulation, 2005 ie. Training on "Safety in Scheduled Waste Handling & Storage" carried out in January 2020 and attended by fifteen (15) designated 'scheduled waste controllers/ handlers' trained for proper method of collection, storage, spillage and disposal of scheduled waste. During the year, thirty First Aiders were sent for training to ensure they have basic skills and keep up to date with the first-aid procedures.

Investment in Technology and Research & Development

Our precast concrete are factory-made products under stringent ISO accredited procedures and quality systems. We employ quality plants and machineries such as batching plant technology which create minimal wastages. We also conduct research and development to find supplemental materials in manufacturing to reduce cement consumption such as the use of admixtures as hardening accelerators.

We are now looking into designing and construction of more effective slurry pits as additional engineering control against transmission of harmful pollutants to the environment and will conduct scheduled checks to ensure that water discharged are close to PH neutral and less harmful to the environment.

Our factory managers have taken initiatives to reduce the usage of diesel and sludge oil, progressively replacing formulated mould oil which is less harmful to human health and the environment.

We also collaborated with local university namely UNIMAS in their Research project on building materials by giving advisory support ie. research development project on "Permanent Formwork cum Corrosion-Retrofitting panel" from 1 Dec 2019 to 30 Nov 2020.

We are exploring Green design which involves the creation of energy efficient products and systems with a light footprint on the environment from building design, production, installation to construction and commissioning and to consider environmental effect and energy efficiency in building design and material purchasing criteria. We will establish an open communication with our suppliers about reducing the environmental impact and improving social conditions throughout the supply chain.

With the development and evolution of IR 4.0, our management team has explored digital approaches such as 3D-printing technology to transform our existing supply chain into a digital value network system. The integrated 3D-printing architecture is a new emerging technology in the construction industry as the integrated 3D-printing architecture is able to build and imitate the building concepts model into an entire physical structure by integrating the design, construction, equipment, new materials and application to the architecture within a short period of time without incurring high cost comparing to the traditional method. In fact, we have acquired 3D the modular construction printer from COBOD, Denmark which is expected to be commissioned and running by Year 2022, subject to the COVID-19 situation.

4.8.4 ENVIRONMENTAL

Save the trees

We have invested in our information technology system to reduce the usage of paper in our daily operations and also practice recycling paper waste.

We are promoting paperless office through digitalization of information such as our investment in the New Human Resource system, digitalization of meeting papers which are expected to be implemented by first quarter year 2022.

Save energy

We encourage employees to switch off non-essential electrical machinery, equipment and appliances when not in use.



ECONOMIC

Embracing the marketplace

When our people and the environment we work in are secured and taken care of, then only a company like us can really focus and go full throttle in pursuit of our goals. Through diversification, we are now capable of providing our customers with a wider range of products and services, while through synergies, we have managed to penetrate the global market. With our belief to uphold ethical, sustainable and responsible business practices, our commitment to economic sustainability has seen us progress into uncharted territories whilst opening up unexpected opportunities.

Better products and services

All of our products are SIRIM QAS ISO9001:2015 certified/credited. This is the best quality assurance for both our existing and potential customers to rely on when they work with us.

As a one-stop centre for engineering & manufacturing solutions, we offer our customers excellent value-added services such as professional advice and consultation, problem solving and customised solutions and our in-house design team offers our customers extended services covering a wide range of industry practices.

Our understanding of the importance of technological advancement has seen us continuously pursue product innovation to develop and introduce new products, and new designs that enhance quality and improve

overall performance. To make sure our optimism is not one sided, we also conduct surveys on a project basis to help keep a good relation with our customers by understanding their needs and demands, and also get first hand feedback on our products or services.

In 2020, SCIB has expanded its construction segment with a new business model EMCC for Engineering, Manufacturing, Construction and Commissioning where we want to position SCIB as a one stop integrated provider in civil construction and to achieve the synergies between the core business of precast concrete manufacturing and construction works. SCIB had through its subsidiary, SCIB Industrialised Building System Sdn. Bhd. (“SIBS”) successfully obtained CIDB Contractor’s license G7, Sijil Taraf Bumiputera (“STB”) license, Perbendaharaan Malaysia Sarawak (MOF) License, Sijil Perolehan Kerja Kerajaan (“SPKK”) license or the Government Work Procurement Certificate license to qualify the company as a Bumiputera contractor to undertake local construction projects as required for project tenders.

To sharpen our construction capability by pursuing qualification and licenses required to become a full-fledged construction player. We have identified 3 of our wholly owned subsidiary companies namely SIBS, SCIB Properties Sdn. Bhd. (“SCIBP”) and SCIB Infracore Sdn. Bhd. (“SCIBI”) under the Construction division and each company shall be assigned/ equipped with proper license, specialization codes, Bumiputra status license, ISO certification and other relevant accreditations.

Furthermore, in October 2019, our Group entered into an agreement with Edaran Kencana Sdn Bhd for the construction of main building works, Phase 1 Package C of independent utility facility at Pengerang, Johor to support the local oil & gas industry. Such synergy has

enabled us to leverage and participate in job tendering in Malaysia moving forward.

SCIB had incorporated a subsidiary Company in February 2021 named SCIB LW System Sdn. Bhd., holding 70% ownership for the purpose of supplying and installations of prefabricated lightweight system products including but not limited to carrying out EPCC. The light weight system plant installation was completed in July 2021 to produce the IBS light weight steel frame wall panel, steel roofing truss and form concrete light weight block. Targeted customers are the building developer, contractor and Sekolah Daif Sarawak.

On 30 August 2021, SCIB had completed an acquisition of a wholly-owned subsidiary company named Kencana Precast Concrete Sdn. Bhd. for the purpose of exploring the business opportunities in Peninsular Malaysia.

SCIB has acquired the 3D-printing technology from COBOD, Denmark which has arrived in the middle of September 2021. Currently, undergoing installation, commissioning and trial run. Expected to launch the products by Year 2022. After successful commissioning the printer, SCIB will demonstrate this latest technology by putting up a mock up 3D printed house at CIDB Malaysia to promote this technology to relevant authorities and Public.

SCIB will be investing and introducing Artificial Intelligence Pothele Detection System (“AIPODS”) technology, a road monitoring system, utilizing the artificial intelligence to detect road defects, to assist the JKR road maintenance works. This technology is able to identify defects in real time, where GPS accurately mark the location of defect.


4.9.1 ECONOMIC

Corporate Governance and Compliance

We are committed to achieve good corporate governance and code of conduct with a high level of transparency and ethical integrity in dealing with various stakeholders via various communication channels such as regular meetings, timely disclosure to Bursa Malaysia Securities Berhad, annual general meeting and annual report.

Our Board of Directors oversee the conduct of the Company's business providing governance of the Company's affairs and direction to optimise the development, growth and performance of the Group.

We adopt effective risk assessment and management systems that are evaluated every quarter of the year where we ensure adequacy and integrity of the Company's internal control system are in place to manage the risks identified with a view to long term viability of the company in consideration of economic, environmental and social impacts.



Taking cognizance of the introduction of Corporate Liability in the recent amendment to the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), which became effective since 1st June 2020, the Company has taken proactive actions to ensure that it has adequate procedures in place designed to prevent associated persons from undertaking conduct that would trigger the newly introduced Section 17A of the MACC Act, 2009.

We also published our ABAC tagline,

“Arrest Corruption and Enhance Productivity”,

as a statement on banner, poster and Corporate website. We have our continuous Anti Bribery Anti Corruption (“ABAC”) training and awareness program. First ABAC awareness program conducted during the Townhall event on 15 February 2020, attended by all employees. We have on-going ABAC refresher briefing conducted during monthly assembly subject to the Pandemic situations. We conducted a refresher program through Webinar in January 2021.

4.9.2 ECONOMIC

Brand and reputation

PRESS RELEASE

We use press releases to help our customers, suppliers, employees, investors and other target stakeholders to learn more about our Company's recent developments, successes and advancements which is also an integral marketing tool to increase sales potentials and attract investors. During the 18 months period ended 30 June 2021, the Company distributed press release in regards to the Company accepting letters of award and acceptance for EPCC contracts and corporate responsibility events. We also issued press release together with our announcement of quarterly financial results and our corporate exercise ie. private placement, issuance of bonus shares and warrants following the resolutions being passed at the EGM.

MARKET BRIEFING

Market briefing creates a valuable opportunity for the Company to meet with research analysts and fund managers to share our business updates that are relevant to the analyst coverage area and provide information for their research paper. We had our market briefing on quarterly basis or as and when required which gave us the opportunity to share about our business profile, products, recent developments and future prospects with research analysts, fund managers and their sales team. In 2020 and 2021, we conducted group briefing on 3 March 2020 and subsequently one-to-one/ small group briefing by way of online meetings on 28 April 2020, 26 June 2020, 24 July 2020, 3 September 2020, 27 November 2020, 26 February 2021, 21 April 2021, 14 October 2021 just to name a few.

CORPORATE IMAGE

We have also revamped our corporate website to give a refreshing new interface with stakeholders and enhance the website credibility and efficiency for a better navigation experience. We have launched our first ever Corporate Video on 8 March 2020, which is simply an effective communication to promote and raise awareness about our Company's business, background and key milestones.



4.9.3 ECONOMIC

Business ethics

We have our Code of Conduct policies in place which serve as a central guide and reference for our employees to handle their day-to-day decision making and business dealing. We have implemented adequate Anti-Corruption procedures and policies effective 1 April 2020 in line with our Government efforts to combat bribery and whistleblowing policies to promote transparency, compliance and ethical value.

Supply chain and procurement

We follow business policies and processes that are fair, unbiased and applied consistently. We engage in ethical procurement procedures, good management practices, internal control systems and promote transparency emphasising on corporate accountability. We exercise due care and business professionalism in all communications within our supply chain in maintaining good relationships with our customers and suppliers and avoiding behaviors or actions that may negatively impact the supply management decisions.

SCIB deals with a good and reliable diverse set of suppliers to ensure high quality of materials are used for production. We have our Quality Assurance team who are consistently checking and inspecting our materials to ensure they meet desired quality standards. We evaluate our suppliers once a year in terms of quality, pricing and services.



SUSTAINABLE DEVELOPMENT GOALS

With our commitment in achieving sustainable development, we have undertaken initiatives in order for us to reach our goals. Our Sustainable Development Goals (“SDG”) set mirrors our dedication in conducting a safe, healthy and environmentally friendly business for our workforce and workplace, at home or abroad, including the sites we are working on but with extra emphasis on the environment.

As part of our Corporate Governance, we have put into action, strategically designed initiatives to ensure SCIB’s business operations all over the globe complies to ethical values and can bring benefit to the society, especially communities that are within the vicinity of our operations.

These initiatives are seen as our responsibility to portray the company as an organisation that operates in a way that recognises the central role that businesses play in improving the quality of life for a community.



Employment decent work for all and social protection

To support our growth, we continue to work on shaping our people’s safety through continuous Safe Workplace Initiatives. Improving factory premises and working sites via the established Health, Safety & Environment Management System (“HSEMS”) that seek to provide a safe and healthy working condition for the prevention of injury and ill health.

We have also established performance indicators for the HSEMS known as the Four Zeros consisting of Zero Lost time Injury (“LTI”), Zero Fatality, Zero Environmental contamination and Zero regulatory violation. LTI is used as a key performance indicator to measure work safety. We have also installed a Safety Performance Board at the main entrance to monitor the Man-hour Accident Free target.

On 13 May 2020, SCIB’s subsidiary company was awarded the SIRIM ISO 45001:2018 OH&S System certification.

Other initiatives include Safety talk conducted during Monday Assembly, Safety Induction Briefing for New Hire. Due to the COVID-19 Pandemic, our Health & Safety & Environment (HSE) department has implemented Standard Operating Procedures as per MITI requirements. Assembly on precautionary measures to combat the spread of COVID-19 conducted on 12 May 2020. Subsequent reminders sent via emails.

In order to encourage our employees to adopt a healthy lifestyle we called for a Health talk to employees by Integrated Healthcare Medical Services Centre on 12-14 October 2020 at respective factories.

4.10.1 SUSTAINABLE DEVELOPMENT GOALS



Industry, innovation & infrastructure

Technology and skilled employees have helped SCIB adapt to changing market situations and adjust to the fundamental changes of a modern working world. As we prepare our infrastructure for further growth, we put a special focus on digitalisation, and we provide a work environment that fosters agile thinking, creativity and interaction. Encouraging them to be versatile and adaptable while we support their well-being.

With the development and evolution of Industrial Revolution 4.0, our management team has explored digital approaches such as 3D-printing technology to transform our existing supply chain into a digital value network system. The integrated 3D-printing architecture is a new emerging technology in the construction industry as the integrated 3D-printing architecture is able to build and imitate the building concepts model into an entire physical structure.

In fact, we have acquired a 3D and modular construction printer from COBOD, Denmark which is expected to be commissioned and running by Year 2022, subject to the COVID-19 situation.

Sustainable Cities & Communities

Our investment in the Industrialised Building System has so far managed to improve the speed of construction, reducing site costs and time due to off-site manufacture, less cleaning and clearing of construction debris, less exposure to stolen steel bars at site and reduced waste and debris on site. Helping to ease the public's concern on poor air quality in the neighborhood surrounding the construction site.

We have also jointly organised a Blood Replenishment Campaign with the Malaysian Red Crescent Sarawak and the Sarawak General Hospital Blood Bank. This event was successfully held on 16 September 2020 in conjunction with Malaysia Day and we managed to receive a total 73 registered donors and 53 successful donors.

In 2021, SCIB once again organised the Blood Donation Drive Program on 16 September 2021, in collaboration with the Sarawak General Hospital Blood Bank. The event was to create awareness about the blood donation and address the blood shortage at the Sarawak General Hospital. We managed to register 125 successful donors.



In response to the COVID-19 crisis, we sponsored essential face masks and sanitizers through our "Sentuhan Kasih SCIB" CSR program to public schools for school reopening namely two Sekolah Daif in the Bau District. About 234 students have benefitted from this.

In terms of tackling the global challenge in youth employment, SCIB have provided industrial training to undergraduates from local institutions of higher learning and also collaborated with University/ College in providing Industrial Internship programs. With plans to sign an MOU with the Manpower Department (JTM) under the Human Resources Ministry (MoHR) to launch an internship programme, Training Development Program Human Capital and Expertise Sharing.



Responsible Consumption and Production

As engineers and as a part of our corporate social responsibility, we have always been on our front foot when it comes to seeking and creating new and innovative solutions in order for us to play a part in protecting the world for future generations.

Our precast concrete are factory made products under stringent ISO accredited procedures and quality systems. We employ quality plants and machineries such as batching plant technology which create minimal wastages, recycling waste materials back to production if they are reusable.

During the year 2020, SCIB has established an Environmental Quality Monitoring Programme (EQMP) at all factories and local project sites to systematically monitor the environmental quality. The programme is a self-assessment system to ensure the air and water quality of the surrounding environment in which the business operates remains ethically positive.

Currently, we are exploring Green design which involves the creation of energy-efficient products and systems with a light footprint on the environment .

4.10.2 SUSTAINABLE DEVELOPMENT GOALS

Peace, Justice and Strong Intuitions

Corporate Governance

The Company has taken proactive actions to ensure that it has adequate procedures in place designed to prevent associated persons from undertaking conduct that would trigger the newly introduced Section 17A of the MACC Act, 2009. We also published our ABAC tagline, “Arrest Corruption and Enhance Productivity”, as a statement on banner, poster and Corporate website.

(This Sustainability Statement is made in accordance with a resolution of the Board of Directors dated 11 January 2022)

