

IMPROVING TODAY FOR A BETTER *Tomorrow*





SUSTAINABILITY REPORT 2019
Improving Today for a Better Tomorrow

Cover Rationale

Sustainability defines the future of our organisation. We recognise the importance of implementing sustainable practices throughout our operations, reducing our environment impact and making meaningful contributions for the good of society.

As we progress and transform, we will ensure the holistic development of the Group and create a positive impact on economic, environment and social sustainability.



Highlights

PG. 34

ECONOMIC
PERFORMANCE

PG. 46

ENVIRONMENTAL
PERFORMANCE

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SOCIAL
PERFORMANCE

ONLINE VERSION
Find more
information online at
www.pharmaniaga.com



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TO DOWNLOAD ONLINE

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ABOUT THIS REPORT

Pharmaniaga Berhad and its subsidiaries ("Pharmaniaga" or the "Group") is privileged to present its third standalone Sustainability Report describing its progress annually on the economic, environmental and social front using the lens of sustainability. Following similar path of the previous report published in March 2019, this year's report offers deeper insight into our journey to build a sustainable healthcare business by identifying sustainable practices and embedding them into our overall strategy. In this way, we seek to deepen our understanding of sustainability and inculcate a culture of sustainability throughout the Group. We are grateful for the support we receive from our stakeholders, which we consider key to achieve business success.



REPORT SCOPE AND BOUNDARY

This year's report captures crucial information on our commitment towards all elements in sustainability for the reporting period 1 January 2019 to 31 December 2019. All monetary value is reported in Ringgit Malaysia (RM) consistent with the financial reporting standards. This report includes all subsidiaries of Pharmaniaga in Malaysia and Indonesia.



REPORTING FRAMEWORK

This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), with reference to the Sustainability Reporting Guide issued by Bursa Securities. To improve our sustainability reporting this year, we have also aligned with the Global Reporting Initiative Standards, which reflect our efforts to disclose our performance in a comparable and meaningful manner.



FEEDBACK

This report is available online and can be downloaded from our website www.pharmaniaga.com. We encourage and value feedback from our stakeholders on the content of this report. If you have any comments or suggestions to share in this regard, please direct them to:

Name : Dr. Badarulhisam Abdul Rahman
Designation : Head of Sustainability
Phone : +603-3342 9999
E-mail : sustainability@pharmaniaga.com

ABOUT US

The Pharmaniaga Group's core businesses are research and development; manufacturing of generic pharmaceutical products; sales and marketing (commercial); logistics and distribution of pharmaceutical products and medical equipment as well as community pharmacy.

RESEARCH & DEVELOPMENT

Pharmaniaga Research Centre is responsible to develop generic pharmaceuticals products for the group company. Generics products are developed against the reference innovator drugs, created to be the same as an existing approved brand-name drug in dosage form, safety, strength, route of administration, quality, and performance characteristics. The aim of pharmaceutical product development is to design a quality product and to develop the manufacturing process of the product in a reproducible manner.

MANUFACTURING

Pharmaniaga Manufacturing, a division of Pharmaniaga Berhad, offers a wide range of products and services that includes product development for the pharmaceutical industry. We manufacture general pharmaceuticals in various dosage forms including tablet, capsule, injectable (powder, liquid or freeze-dried formulation), syrup and topical preparation as well as collagen-based medical devices for wound care management. To encourage a healthy lifestyle, we also produce a natural sweetener, SweetRoyale Stevia. Our pharmaceutical facilities are designed and operate according to Pharmaceutical Inspection Co-operation Scheme (PIC/S) guidelines and Good Manufacturing Practice (GMP) of pharmaceuticals manufacturing.

Pharmaniaga Group's Manufacturing Plants:

1. Pharmaniaga Manufacturing Berhad, Bangi, Selangor
Products: General Pharma & Cephalosporin
2. Pharmaniaga LifeScience Sdn Bhd, Puchong, Selangor
Products: Small Volume Injectables
3. Idaman Pharma Manufacturing Sdn Bhd, Seri Iskandar, Perak
Products: Sterile & Non-Sterile Penicillin
4. Idaman Pharma Manufacturing Sdn Bhd, Sungai Petani, Kedah
Products: General Pharma & Pytomedicine
5. PT Errita Pharma, Bandung, Indonesia
Products: General Pharma & Penicillin
6. Bio-Collagen Technologies Sdn Bhd, Seri Kembangan, Selangor
Products: Collagen-based Medical Devices
7. Paradigm Industry Sdn Bhd, Klang, Selangor
Products: Food Supplement

COMMERCIAL

Pharmaniaga commercial core nature of business is focused on trading and marketing of pharmaceutical products and medical equipment.

LOGISTICS & DISTRIBUTION

Our Logistics and Distribution division includes services such as procurement, order management, warehousing and distribution of pharmaceutical products. We manage the logistics and distribution of supply to hospitals and clinics under the Ministry of Health and other institutions, as well as the private sector. As part of our drive towards continuous improvement, we take into account every feedback, complaint and enquiry via Customer Care.

Pharmaniaga Group's Warehouses:

1. Pharmaniaga Logistics Sdn Bhd
Bukit Raja, Selangor
2. Pharmaniaga Logistics Sdn Bhd
Seksyen 15, Shah Alam, Selangor
3. Pharmaniaga Logistics Sdn Bhd
Juru, Pulau Pinang
4. Pharmaniaga Logistics Sdn Bhd
Kota Kinabalu, Sabah
5. Pharmaniaga Logistics Sdn Bhd
Kuching, Sarawak
6. PT Millennium Pharmacon International TBK
Jakarta, Indonesia

COMMUNITY PHARMACY

Pristine Pharma principal activities are trading and wholesaling of consumer and pharmaceutical products as well as provision of health care related services via outlets and digital marketing. With affordability and quality being among our top priorities, we aim to further add value by introducing the Long Term Medication Programme (LTM). This programme allows us to bring the pharmacy closer to our employees who are suffering from chronic diseases by delivering prescribed medicines directly to the doorsteps. We provide health, wellness and beauty products and play a role in the provision of health-related services. These services include medication management services and consultation.

PHARMANIAGA OPERATION SITES

1

Pharmaniaga Berhad
Pharmaniaga Research Centre Sdn Bhd
Pharmaniaga Logistics Sdn Bhd
Pharmaniaga Marketing Sdn Bhd
Pristine Pharma Sdn Bhd
 (Formerly known as Pharmaniaga Pristine Sdn Bhd)
Pharmaniaga Biomedical Sdn Bhd
Pharmaniaga International Corporation Sdn Bhd
 No. 7, Lorong Keluli 1B,
 Kawasan Perindustrian Bukit
 Raja Selatan, Seksyen 7,
 40000 Shah Alam,
 Selangor Darul Ehsan
 Tel : +603-3342 9999
 Fax : +603-3341 7777

2

Pharmaniaga Manufacturing Berhad
 No. 11A, Jalan P/1,
 Kawasan Perusahaan Bangi,
 43650 Bandar Baru Bangi,
 Selangor Darul Ehsan
 Tel : +603-8925 7880
 Fax : +603-8925 6177

3

Idaman Pharma Manufacturing Sdn Bhd
 (Sungai Petani Branch)
 Lot No. 24 & 25, Jalan Perusahaan 8,
 Bakar Arang Industrial Estate,
 08000 Sungai Petani,
 Kedah Darul Aman
 Tel : +604-4213 011
 Fax : +604-4215 731

4

Idaman Pharma Manufacturing Sdn Bhd
 (Seri Iskandar Branch)
 Lot 120, Taman Farmaseutikal,
 32610 Bandar Seri Iskandar,
 Perak Darul Ridzuan
 Tel : +605-371 2020
 Fax : +605-371 1940/1950

5

Pharmaniaga LifeScience Sdn Bhd
 Lot 7, Jalan PPU 3,
 Taman Perindustrian Puchong Utama,
 47100 Puchong,
 Selangor Darul Ehsan
 Tel : +603-8061 2006
 Fax : +603-8061 2875

6

Bio-Collagen Technologies Sdn Bhd
 No. 11, Jln Perindustrian Balakong Jaya 2/3,
 Taman Perindustrian Balakong Jaya 2,
 43300 Seri Kembangan,
 Selangor Darul Ehsan
 Tel : +603-8959 9710
 Fax : +603-8945 9910

7

Pharmaniaga Logistics Sdn Bhd
 (Seksyen 15 Branch)
 Lot 49, No. 11, Jalan Ragum 15/17,
 Seksyen 15, 40200 Shah Alam,
 Selangor Darul Ehsan
 Tel : +603-5512 0161
 Fax : +603-5512 0281

8

Pharmaniaga Logistics Sdn Bhd
 (Juru Branch)
 1, 3 & 5, Lorong IKS Juru 8,
 Taman Perindustrian Ringan Juru,
 14100 Simpang Ampat, Seberang Prai,
 Pulau Pinang
 Tel : +604-508 3330/1/2
 Fax : +604-508 3111

9

Pharmaniaga Logistics Sdn Bhd
 (Kuching Branch)
 Lot 1024, Block 7,
 Muara Tebas Land District,
 Demak Laut Industrial Park,
 93050 Kuching,
 Sarawak
 Tel : +6082-432 800
 Fax : +6082-432 806

10

Pharmaniaga Logistics Sdn Bhd
 (Kota Kinabalu Branch)
 Lorong Kurma, Kolombong Industrial
 Centre, KM 9 Off Jalan Tuaran,
 88450 Kolombong,
 Kota Kinabalu, Sabah
 Tel : +6088-439 188
 Fax : +6088-437 288

11

Paradigm Industry Sdn Bhd
 No. 36-G Jalan Klang,
 Sentral 2/KU5,
 Klang Sentral,
 41050 Klang,
 Selangor Darul Ehsan
 Tel : +603-3358 6760
 Fax : +603-3362 6761

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PT Millennium Pharmacon
International Tbk
 Crown Bungur Arteri 2-4th Floors,
 Jl. Sultan Iskandar Muda,
 No. 18, Jakarta
 12220, Indonesia
 Tel : +62-21 2708 5961
 Fax : +62-21 2708 5958

13

PT Errita Pharma
 Jalan Peundeuy, RT/RW 04/07,
 Desa Bojongsalam, Kecamatan
 Rancaekek, Kabupaten Bandung,
 Indonesia
 Tel : +62-22 794 9062/4
 Fax : +62-22 794 9063





OUR VISION

The preferred pharmaceutical brand
in regional markets



OUR MISSION

Provide quality products and superior services by
professional, committed and caring employees

OUR CORE VALUES

RESPECT

DIGNITY. TRUST. FAIR. OPEN. HONOUR



- We believe in the inherent worth of people and will honour relationships with our fellow employees, our customers, our shareholders and our community.
- We measure respect for people by the way we treat each other, by the contributions that flow from our diversity, by the productivity of our relationships, and by a job well done, no matter what the job is.

INTEGRITY

HONEST. TRUTHFUL. CONSCIENCE. SINCERE. ACCOUNTABILITY



- We adopt open and honest attitudes in all aspects.
- We adhere to all sets of rules, regulations and guidelines.
- We perform to our best ability at a very high standard whilst continuously improving the quality of our products and services.

TEAMWORK

UNITY. HARMONY. CO-OPERATION. COMMITMENT. COLLABORATION



- We collaborate and work co-operatively across cultures and organisational boundaries to achieve shared goals and work towards solutions which generally benefit all parties involved.
- We share our beliefs and agree to a common cause to show our commitment to each other's well-being.

EXCELLENCE

PROFESSIONAL. COURAGE. PRIDE. PROACTIVE. COMPETITIVE



- We show and keep our commitment to operate competitively, strive to acquire the relevant knowledge and skills and benchmark ourselves against world-class leaders in our effort for continuous improvement.
- We demonstrate flexibility as well as courage that highlight our ability to keep ourselves aligned with a world in motion.

SUSTAINABILITY VISION

SPEARHEADING ACCESSIBLE HEALTHCARE THROUGH DYNAMIC GROWTH

Our commitments as Malaysia's largest listed integrated healthcare service provider:

Ensuring the
accessibility and
affordability of
quality healthcare



Extending the
reach of our success
to positively affect
society



Preserving the
environment through
best practices
in logistics and
manufacturing



Creating a positive
and safe work
environment for our
employees



Elevating the
lives of those
underserved in the
community



SUSTAINABILITY MISSION

We approach sustainability with a focus on the following areas of impact:



ECONOMIC

Achieving balanced business
growth while providing
access to affordable and
quality medicines



ENVIRONMENTAL

Spearheading environmental
stewardship through
stringent compliance and
regulations



SOCIAL

Strengthening our
commitment to product and
service responsibilities while
improving the lives of our
stakeholders

OUR SUSTAINABILITY POLICY

PHARMANIAGA SUSTAINABILITY POLICY

Pharmaniaga is committed to embed sustainability into the organisation by promoting sustainability practices throughout its business activities. The policy aims at enabling employees to contribute to our economic, environmental and social objectives through the implementation of relevant initiatives. Through this policy we will embed sustainability throughout our value chain, future-proofing the Group and protecting the planet.

It is our aim to achieve growth in a sustainable manner with a focus on the three key pillars: economic, environmental and social.



OUR COMMITMENT TO GLOBAL EFFORTS – UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The announcement of the 17 Sustainable Development Goals (“SDGs”) by the United Nations, prompted commitment from member states to contribute towards solving socio-economic and environmental challenges faced globally. These goals are aimed at improving the quality of life of people in tandem with economic prosperity, environmental preservation and social well-being.

As a leading integrated healthcare provider, we believe that it is our responsibility to ensure the betterment of society especially with regards to healthy living and wellness. As shown in the illustration below, our priority

SDGs are located in the core circle, meaning that they present the greatest opportunity for Pharmaniaga to contribute towards and are addressed through business linked targets. The supporting SDGs define areas which Pharmaniaga still directly contributes to, but to a lesser extent and scale than the priority SDGs. The outer circle comprises the underlying SDGs which are not directly related, and therefore, not key SDGs to Pharmaniaga but may have an impact on. SDG 17: Partnerships for the Goals, is overarching as we believe it underpins the achievement of all other goals.



OUR CONTRIBUTIONS TOWARDS THE SUSTAINABLE DEVELOPMENT GOALS

PRIORITY SDGS



- Develop and provide variety and affordable healthcare products
- Invest and develop medicines for Hepatitis C
- Registered close 25 new products
- Registered more than 150 Halal certified products
- 5 RoyalePharma community pharmacies operating
- Provide free health screenings and check-ups for local communities



- 33% of our current Board composition are women
- 55% of Senior Management positions are women
- One Pharmaniaga female employee participated in Malaysia's All Women expedition to Antarctica



- Continuous investment in research and development for new medicines
- Provider of healthcare products for public and private hospitals
- Close to 30 companies under Vendor Development Programme
- More than 300 Alliances across Malaysia
- Established policy against sexual harassment



- Established Code of Conduct, Whistleblowing policy, Anti-Bribery policy, Employee Code of Ethics
- Certified for Anti-Bribery Management Systems ISO 37001 : 2016 at our Pharmaniaga Logistics Sdn Bhd
- Zero instances of recorded graft

SUPPORTING SDGS



- Conduct Provisionally Registered Pharmacists programme, PROTÉGÉ programme and internships
- Provide tuition and higher education subsidies
- Invested about 2.5% of total basic salary for training programmes
- Training for disabled employees
- Average of 17.2 training hours per employee per year



- Participated in riverbank cleanup of the Citarum River, Indonesia
- Provided hand sanitisers for local community through Xchange Recycling Campaign
- Comply to all environmental laws to ensure water quality
- Installed rainwater harvesting tanks



- Use of solar panels to generate energy
- Track and monitor energy consumption
- Installation of LED lights
- New cooling tower installed to be more energy efficient



- Invested manufacturing equipment for Hepatitis C medicine
- Investment on Pharmacy Information System (PhIS) worth RM340 million



- Invested in Corporate Responsibility programmes focused on helping alleviate socio-economic status of unfortunate groups in society
- Established diversity policy
- Zero recorded cases of discrimination



- Strictly comply to all environmental laws and regulations
- Track and monitor material input and waste generation

SUSTAINABILITY ROADMAP

We continuously enhance our sustainability approach and commitments year-on-year in delivering integrated healthcare to society. Our sustainability roadmap begins in 2016, capturing our progress and plans in the short, medium and long-term to move our organisation forward on the road to sustainability.



2016

- Setting the framework for sustainability
- Reporting readily available information

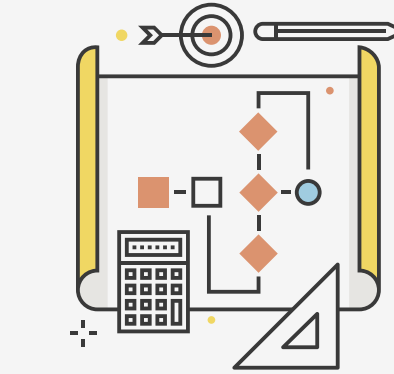


2017

- Awareness sessions amongst Senior Management
- Engagement with Stakeholders
- Report material issues with baseline indicators

2018

- Awareness programmes amongst middle management
- Report material issues with indicators
- Issuance of Sustainability Policy



2019

- Sustainability Policy partially embedded in Business Plan
- Report in full compliance of Bursa Malaysia Securities Berhad Guidelines
- Reporting framework: GRI Standards
- Re-assessment of material sustainability matters
- Mapping of sustainability initiatives to the Sustainable Development Goals (SDGs) by the United Nations



2020

- Sustainability Policy fully embedded in Business Plan
- Report in full compliance of Bursa Malaysia Securities Berhad Guidelines and GRI Standards

MESSAGE FROM CHAIRMAN OF BOARD SUSTAINABILITY COMMITTEE

Our motto *Passion for Patients* urges us to focus on understanding the needs of patients and how best to provide for them. We work to improve access to healthcare by increasing the affordability of our products without compromising its safety and quality.



We at Pharmaniaga strive to demonstrate our commitment to deliver excellence and quality to patients through innovation, efficiency and value creation. With our third stand-alone sustainability report, we describe the progress we have made to embed sustainability across the Group through the three keys of sustainability: economic prosperity, environmental stewardship and social responsibility. Essentially, sustainable development requires building strong relationships with our stakeholders through continuous engagement and creating open meaningful dialogue. These principles enable us to carry out our vision to become the preferred pharmaceutical brand in regional markets, and our mission to provide quality products and services by professional, committed and caring employees.

As a growing and responsible business in the healthcare industry, we continuously seek to improve the health standards in the country. Our motto *Passion for Patients* urges us to focus on understanding the needs of patients and how best to provide for them. We work to improve access to healthcare by increasing the affordability of our products without compromising its safety and quality. Through our *Do It Right* philosophy, the aim is for everyone to be able to access healthcare resources and the support they need.

We are in the early stages of aligning our goals to the United Nations' SDGs. These goals aim to alleviate socio-economic and environmental issues faced globally. As an integrated healthcare provider, we pledge to support global efforts in creating a positive impact to the best of our abilities. By identifying the SDGs most relevant to the Group, we are looking to develop Key Performance Indicators which will encourage us to improve our performance, as well as inculcate a culture of sustainability.

We take pride in the achievement and progress we have made thus far, and we look forward to building our performance and shared value for the communities we

serve. We are committed to enhance our performance every year as we go through our sustainability journey.

Amidst the COVID-19 pandemic, businesses across the world are facing new challenges operating under the conditions of the 'new normal'. Similarly, at Pharmaniaga, we are adapting to the change to ensure we are able to provide uninterrupted supply of medical products and services to our customers during this global crisis.

As we move forward, we shall also review all our sustainability activities and ensure that they comply with the Standard Operating Procedures and guidelines as advised by the Ministry of Health and other regulatory bodies. This will help to protect our valuable employees and the communities we work with, from the pandemic.

We greatly appreciate the support we have received from our stakeholders as the progress we have made would not have been possible without them. I would like to express my immense gratitude to our former Board Sustainability Committee Chairman, Lieutenant General Dato' Seri Panglima Dr. Sulaiman Abdullah (Retired) for his tireless effort and time served dedicated to building the success of the organisation.

My highest appreciation also to Encik Mohd Suffian Haji Haron, former member of Board Sustainability Committee and Dato' Farshila Emran, former Chairman of Management Sustainability Committee. They have been integral to the important advances we made in strengthening the sustainability efforts in Pharmaniaga.

DR. SALMAH BAHRI
Independent Non-Executive Director
Chairman of Board Sustainability Committee

MESSAGE FROM ACTING GROUP MANAGING DIRECTOR

2019 was a successful year, as we were amongst the first companies to obtain full certification for the ISO 37001 : 2016 Anti-Bribery Management Systems.



2019 was an eventful year for Pharmaniaga as we embarked on exciting projects and initiatives. Our motto; *Passion for Patients* describes how we approach our business as we are dedicated to improve health and well-being across our sites. The Group's success stems from a *Do It Right* attitude wherein our business activities and decision making are conducted responsibly. This includes being accountable for the economic, environmental and social impacts of our operations.

This year we re-assessed our material matters through a process which involved gathering information and opinions from both internal and external stakeholders. The materiality re-assessment process enabled us to view which issues are still relevant and require more focus. It helped us deepen our knowledge of what sustainability means to our business and our stakeholders and how we can move forward strategically to address concerns accordingly.



With this momentum, we look to move forward by reporting our progress using the GRI Standards framework. This report delves into the Group's management approach to address material matters and presents a meaningful narrative of its progress on parameters that determine its readiness to grow sustainably.

2019 was a successful year, as we were amongst the first companies to obtain full certification for the ISO 37001 : 2016 Anti-Bribery Management Systems. Pharmaniaga takes pride in upholding strong ethical business practices.

In line with our aim of becoming a Global Halal Pharmaceutical Provider, we have successfully received Halal certification for more than 150 products to date and are set to attain certification for more than 30 products in 2020. Pursuant to this, we collaborated with JAKIM to revise the Malaysia Halal standards and participated as committee members in various seminars.



The Group is committed to safeguarding a healthy environment by reducing the environmental impact from our business. Among the initiatives included solar powered compound lighting at the plant in Seri Iskandar and installation of solar panels at our plant in Sungai Petani. Through the installation of the solar panels, we have achieved a savings of 4.2% on electricity usage.

Testament to our strong commitment towards employee development, we received the Malaysian International HR Awards 2019 - Silver Award for Employer of Choice along with the Malaysia's 100 Leading Graduate Employers

Award - Most Popular Graduate Employer of the Year 2019 in the Pharmaceutical category.

2019 also saw our employee, Nur Atiqah Tamarun embark on her journey to Antarctica as one of the participants of the 2019 All Women Expedition to Antarctica (AWETA). Through this programme, we were able to support our employee's personal development and growth. Another major achievement in women empowerment was the appointment of Pn. Sharifah Fauziyah Syed Mohthar, Pharmaniaga's Regulatory Affairs Director as a member of the Pharmacy Board Malaysia effective September 2019.



We continue nurturing young Malaysians under the Professional Training and Education for Graduating Entrepreneurs (PROTÉGÉ) programme. This programme which helps to equip university graduates with practical experience and prepare them to enter the workforce, saw close to 70 participants accepted into the programme this year. Since establishment, over 160 trainees have benefitted from this programme.

For our employees, we introduced new benefits in 2019 which includes women health screening, vaccination and the Long-Term Medication programme to support those with chronic ailments.

We invested over RM4 million in corporate responsibility efforts in 2019. Among our key initiatives included Skuad Operasi Sihat which benefitted more than 3,200 participants across the nation, provided sponsorship for Program Tuisyen Pintar Harapan at six MARA Junior Science Colleges, as well as Program 'Speaking Nation' *Pembelajaran Abad Ke-21* spearheaded by the Ministry of Education Malaysia and Yayasan Pesona.

Our commitment to sustainability is also inculcated into our Indonesia operations. We collaborated with the Indonesian Army to clean-up Citarum River in Bandung as well as launched *Bawa Kantong Sendiri* (BAKRI) initiative to encourage our employees to utilise reusable bags, in a bid to reduce single-use plastic.

As the nation's largest integrated Pharmaceutical group, we will continue making bigger positive impacts on the economic, environmental and social pillars as we believe that it will yield results in the long-term for our employees, customers, shareholders and the communities at large.



As we move forward, we will continue to focus on existing and new growth areas in order to remain relevant in the future.

Finally, I would like to express my gratitude to everyone at Pharmaniaga for their continued commitment to our success, and to all of our stakeholders for their continued support.

MOHAMED IQBAL ABDUL RAHMAN
Acting Group Managing Director

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SUSTAINABILITY GOVERNANCE

A strong sustainability governance structure provides clear lines of accountability and therefore, enables us to follow through with our commitment to deliver excellence and quality. Our governance structure provides a solid foundation for anchoring sustainability throughout our operations. This ensures that the Group's sustainable development agenda is well-defined and that we implement relevant programmes and initiatives throughout the year. Each level of our governance structure has a clear set of responsibilities, which is listed in the outline below.

	ROLES	KEY RESPONSIBILITIES
BOARD OF DIRECTORS	Setting the direction	Provides direction and approval of all matters relating to sustainability for the Group. Holds the highest level of accountability
BOARD SUSTAINABILITY COMMITTEE	Strategy and stewardship	Reviews and approves sustainability policies and frameworks to establish the Group's commitment towards sustainable development
SUSTAINABILITY MANAGEMENT COMMITTEE	Management and monitoring	Recommends sustainability policies and framework to the Board sustainability committee. Oversees and monitors progress
SUSTAINABILITY WORKING COMMITTEE	Accountability and performance	Implements and reports progress of the Group's sustainability initiatives

BOARD OF DIRECTORS



- ▶ **Datuk (Dr.) Hafsah Hashim**
Independent Non-Executive Chairman
- ▶ **Mohd Suffian Haji Haron****
Senior Independent Non-Executive Director
- ▶ **Lieutenant General Dato' Seri Panglima Dr. Sulaiman Abdullah (Retired)**
Independent Non-Executive Director
- ▶ **Brigadier General Dato' Mohd Shahrom Mohamad (Rtd.)**
Independent Non-Executive Director
- ▶ **Dato' Farshila Emran***
Group Managing Director
- ▶ **Dato' Mohd Zahir Zahur Hussain**
Independent Non-Executive Director
- ▶ **Datuk Koo Hock Fee**
Non-Independent Non-Executive Director
- ▶ **Dr. Salmah Bahri**
Independent Non-Executive Director

BOARD SUSTAINABILITY COMMITTEE

Dr. Salmah Bahri
Chairman

Members:

- Mohd Suffian Haji Haron**
- Brigadier General Dato' Mohd Shahrom Mohamad (Rtd.)
- Dato' Mohd Zahir Zahur Hussain

SUSTAINABILITY MANAGEMENT COMMITTEE

Dato' Farshila Emran*
Chairman

Dr. Badarulhisam Abdul Rahman
Head of Sustainability

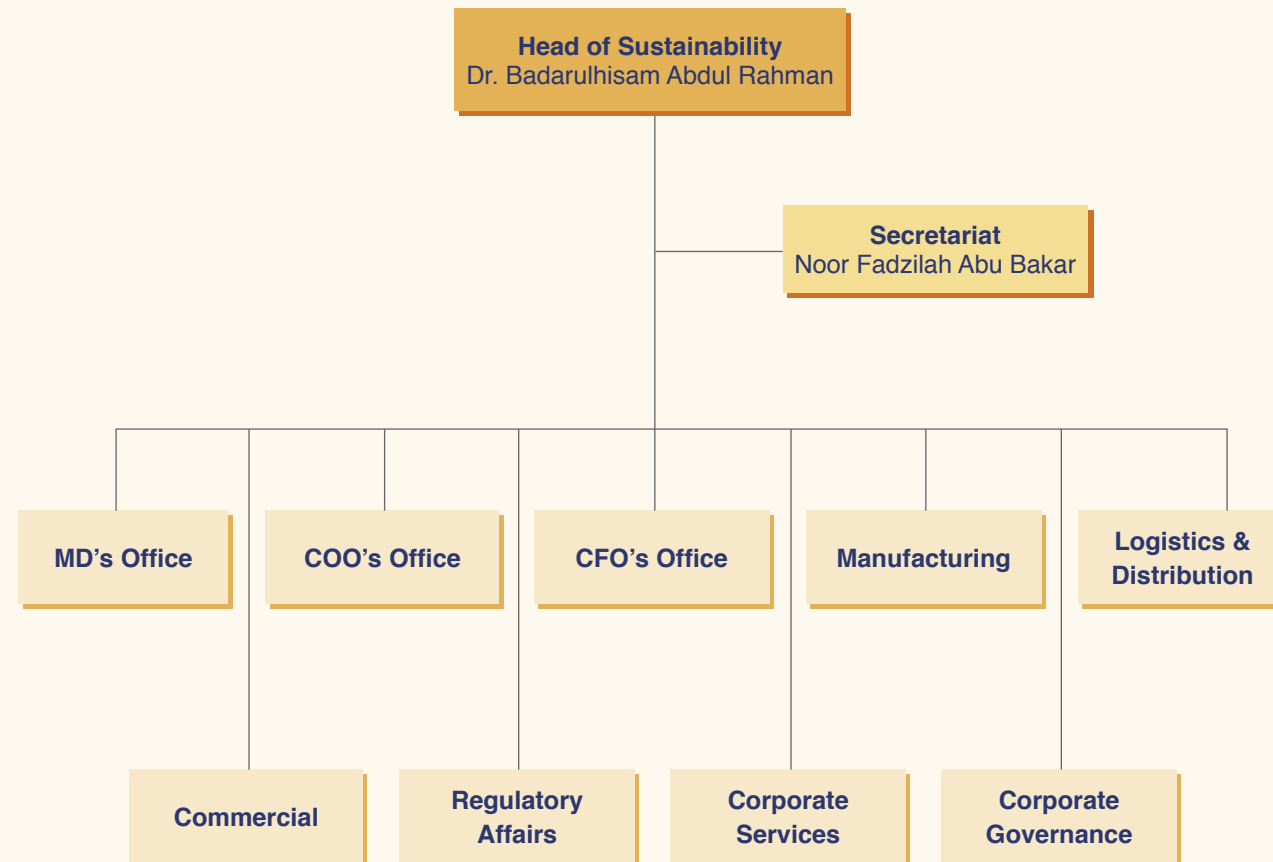
Members:

- Mohamed Iqbal Abdul Rahman
- Norai'ni Mohamed Ali
- Datin Shamsinar Haji Shaari
- Abdul Malik Mohamed

* Group Managing Director and Sustainability Management Committee Chairman until 31 March 2020

** Board Member and Sustainability Management Committee Member until 28 April 2020

SUSTAINABILITY WORKING COMMITTEE






MD's Office	Designation
Ong Yee Wen Sharidzan Shamsuri	Deputy General Manager Manager
COO's Office	Designation
Suzana Yahya Rosli Hj Salehuddin Mohd Supian Hassan Zakiah Kamaruddin Ahmad Asyraf Deris Nur Diyanah Mohkayat	Senior General Manager Deputy Senior Manager Manager Executive Executive Executive
CFO's Office	Designation
Lim Cheng Chin Noor Fadzilah Abu Bakar	Deputy General Manager Executive
Regulatory Affairs	Designation
Norhana Nawawi Suri Zarinihasmuna Zakariya	Deputy Director Senior Executive
Commercial	Designation
Ranbir Singh	Deputy Senior Manager
Corporate Governance	Designation
Syaruzaimi Yusof	Assistant Manager
Corporate Services	Designation
Dato' Zuhri Iskandar Kamarzaman Hayat Al-Mazli Syarina Hj Mohd Idris Nadhirah Naaim Muhammad Fandee Rosni Roslaili Razlan Izzarul Shazwan Khairul Azizan	Senior General Manager Senior General Manager Manager Executive Executive Executive Executive





Logistics & Distribution	Designation
Pharmaniaga Logistics Sdn Bhd	
Johan Jaafar Eunice Gan Tsen Mei Fong Husnah Ismail Roslan Abd Rahman	Senior Manager Senior Manager Senior Manager Deputy Senior Manager Deputy Senior Manager
PT Millennium Pharmacon International Tbk	
Mohamad Muhazni Mukhtar	Senior General Manager
Manufacturing	Designation
Pharmaniaga Manufacturing Berhad	
Mohd Izwan Ishak Zulkifli Ahmad Shukri	Head of Plant Senior Executive
Idaman Pharma Manufacturing Sdn Bhd Sungai Petani	
Abdullah Ismail Azaazwin Abd Aziz	Head of Plant Senior Executive
Idaman Pharma Manufacturing Sdn Bhd Seri Iskandar	
Khairudin Othman Mohd Shahrizan Ahmad Fuat	Head of Plant Assistant Manager
Pharmaniaga Lifescience Sdn Bhd	
Ahmad Syamsury Sulaiman Nurul Sa'adiah Abdul Multalib	Head of Plant Assistant Manager
Pharmaniaga Research Centre Sdn Bhd	
Dr. Badarulhisam Abdul Rahman Siti Zanariah Saleh @ Saran	Deputy Director Assistant Manager
Bio-Collagen Technologies Sdn Bhd	
Azleena AlJeffri Muhammad Hanif Atan	Head of Plant Process Technician
Paradigm Industry Sdn Bhd	
Rohaizul Shaari Muhammad Syahmi Ibrahim	Head of Plant Executive
PT Errita Pharma	
Zakaria Daud Ikhwan Fadhli Abd Rahim	Head of Plant Deputy Senior Manager

HOW WE ENGAGE WITH OUR STAKEHOLDERS

We recognise the importance of regular interaction with stakeholder groups in order to remain relevant to survive in a rapidly changing business environment. At Pharmaniaga, stakeholder engagement is embedded throughout our business practices in different formats and at various levels. We value our stakeholders and endeavour to honour our commitments to them in line with policy, regulations and industry norms.

Below are the methods by which we engage our stakeholders and their main areas of concern:

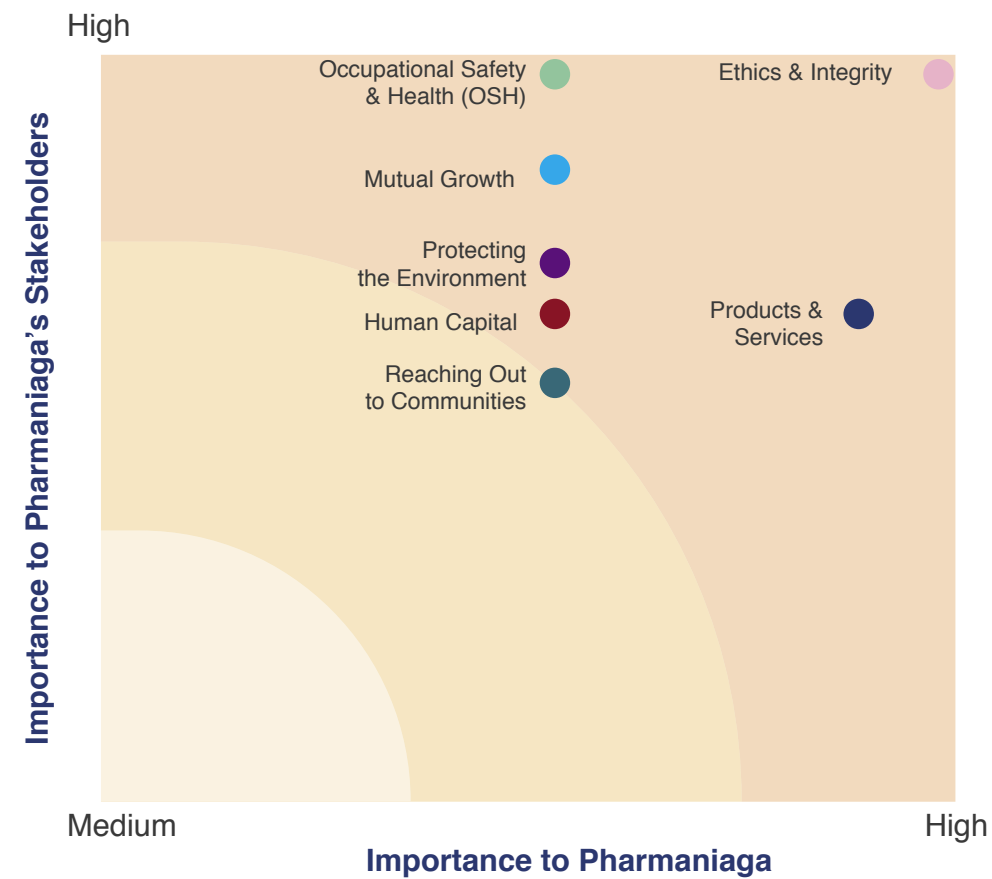
Stakeholder	Method of Engagement	Frequency of Engagement	Material Sustainability Issues
 Government & Regulatory Authorities	<ul style="list-style-type: none"> • Dialogue sessions • Meetings • Correspondence through phone, emails, letters and fax • On-site inspections 	<ul style="list-style-type: none"> • Monthly • Monthly • Daily • Daily 	<ul style="list-style-type: none"> • Access to affordable healthcare products • Regulatory compliance • Environmental standards compliance • Occupational safety and health standards compliance • Best practices and policies
 Customers	<ul style="list-style-type: none"> • Customer care – Site visits • Customer satisfaction surveys • Dialogue sessions 	<ul style="list-style-type: none"> • Case-to-case basis • Biannually • Monthly 	<ul style="list-style-type: none"> • Product quality • Product responsibility • Halal certified products • Regulatory compliances • Corporate Responsibility • Customer complaints
 Employees	<ul style="list-style-type: none"> • Internal communications • Engagement sessions – Assemblies • Religious activities • Recreational activities • Volunteer programmes 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Quarterly • Seasonal • Ongoing • Twice a month 	<ul style="list-style-type: none"> • Training and Development • Occupational health and safety standards compliance • Environmental conservation and preservation • Equal opportunity • Human Rights • Job creation • Work-life balance • Employee welfare • Code of Conduct • Financial stability • Economic contribution

Stakeholder	Method of Engagement	Frequency of Engagement	Material Sustainability Issues
 Communities	<ul style="list-style-type: none"> • Health awareness programmes • Charitable contributions • Professional bodies and association memberships 	<ul style="list-style-type: none"> • Twice a month • Case-to-case basis • Case-to-case basis 	<ul style="list-style-type: none"> • Community service • Product development and availability • Economic contribution • Job creation • Environmental conservation and preservation • Corporate Responsibility • Community development
 Providers of Financial Capital	<ul style="list-style-type: none"> • Annual General Meeting • Annual reporting • Analyst briefings 	<ul style="list-style-type: none"> • Annually • Annually • Quarterly 	<ul style="list-style-type: none"> • Economic contribution • Regulatory compliance
 Supply Chain Partners	<ul style="list-style-type: none"> • Periodic meetings • Assessments • Visits 	<ul style="list-style-type: none"> • Monthly • Annually • Annually 	<ul style="list-style-type: none"> • Procurement practices and policy • Business with integrity • Financial stability • Environmental conservation and preservation • Corporate Entrepreneurship Responsibility • Vendors performances
 Media	<ul style="list-style-type: none"> • Advertisements • Product placements • Media coverage • Press releases 	<ul style="list-style-type: none"> • Annually • Case-to-case basis • Case-to-case basis • Case-to-case basis 	<ul style="list-style-type: none"> • Reputation • Innovation • Consumer data and privacy • Complaints • Customer satisfaction

OUR MATERIAL MATTERS

Material matters are issues that will impact our ability to deliver on our mission which is to create sustained value for our stakeholders. Last year we identified 20 material sustainability matters that were significant to the Group. This year, together with our Sustainability Working Committee, we reviewed the relevance of the material matters against the macro-environment we operate within, our internal operating context, the resources we rely on and feedback from our stakeholders as well as our business units.

The result was the consolidation of the 20 matters into seven key material matters. These matters were then subjected to a weighted ranking scoring exercise to evaluate their individual priorities and placement within our materiality matrix. The method of ranking was carried out via a stakeholder engagement survey.




KEY MATERIAL MATTERS TO HIGHLIGHT























The seven key material matters are further broken down to specific issues.

KEY MATERIAL MATTERS	BREAKDOWN
Ethics & Integrity	<ul style="list-style-type: none">• Good Corporate Governance & Integrity
Products & Services	<ul style="list-style-type: none">• Products & Services Quality• Customer Satisfaction• Product Responsibility• Access to affordable & Halal healthcare products
Occupational Safety & Health (OSH)	<ul style="list-style-type: none">• Safe & Healthy Workplace
Mutual Growth	<ul style="list-style-type: none">• Providing Business Opportunities• Economic & Financial Sustainability
Protecting the Environment	<ul style="list-style-type: none">• Hazardous Gas Emissions & Energy Management• Water & Effluent Discharge Management• Material & Waste Management
Human Capital	<ul style="list-style-type: none">• Talent Attraction, Development & Retention• Labour Practices & Human Rights
Reaching Out to Communities	<ul style="list-style-type: none">• Community Contributions & Development

MAPPING OUR MATERIAL MATTERS

To showcase the relevance of our material sustainability matters, we have summarised the interlinkages between the material matters and its alignment to SDGs, stakeholder groups concerned and the GRI indicators.

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Economic			
Economic & Financial Sustainability	<ul style="list-style-type: none"> Providers of Financial Capital Supply Chain partners Media 	103: Management Approach 201: Economic Performance	 
Product & Services Quality & Customer Satisfaction	<ul style="list-style-type: none"> Providers of Financial Capital Customers Communities 	416: Customer Health & Safety for product quality 417: Marketing and Labeling for customer satisfaction	
Access to affordable & Halal healthcare products	<ul style="list-style-type: none"> Customers Communities 	203: Indirect Economic Impacts	 
Good corporate governance & integrity	<ul style="list-style-type: none"> Employees Government & Regulatory Authorities Supply Chain Partners 	103: Management Approach 205: Anti-corruption	 
Providing Business Opportunities	<ul style="list-style-type: none"> Supply Chain partners Providers of Financial Capital 	202: Market Presence 204: Procurement Practices	 
Environment			
Hazardous Gas Emissions & Energy Management	<ul style="list-style-type: none"> Government & Regulatory Authorities Communities Media 	103: Management Approach 302: Energy 305: Emissions	  
Water & Effluent Discharge Management	<ul style="list-style-type: none"> Government & Regulatory Authorities Communities Media 	103: Management Approach 303: Water and Effluents	   

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDGs
Material & Waste Management	<ul style="list-style-type: none"> Government & Regulatory Authorities Communities Media 	103: Management Approach 301: Materials 306: Effluents and Waste	  
Social			
Product Responsibility	<ul style="list-style-type: none"> Government & Regulatory Authorities Customers Communities 	416: Customer Health & Safety 417: Marketing and Labelling	
Talent Attraction, Development & Retention	<ul style="list-style-type: none"> Employees Providers of Financial Capital 	202: Market Presence 401: Employment 404: Training and Education 405: Diversity and Equal Opportunity	    
Occupational Health & Safety	<ul style="list-style-type: none"> Employees Government & Regulatory Authorities 	403: Occupational Health and Safety	 
Labour Practices & Human Rights	<ul style="list-style-type: none"> Employees Government & Regulatory Authorities Providers of Financial Capital Supply Chain Partners Media 	407: Freedom of Association and Collective Bargaining 408: Child Labour 409: Forced or Compulsory Labour	  
Community Contributions & Development	<ul style="list-style-type: none"> Communities Media 	413: Local Communities	       

OUR AWARDS & RECOGNITIONS

RECEIVED IN 2019

CSR MALAYSIA AWARDS 2019 – COMPANY OF THE YEAR AWARD

Integrated Pharmaceutical Group Category

MALAYSIA'S 100 LEADING GRADUATE EMPLOYERS AWARD

Sector winner for
Pharmaceutical Category

ASEAN ENERGY AWARDS – 2ND RUNNER UP

Energy Management Industry &
Sub-Category: Small & Medium Building
(Idaman Pharma Manufacturing Sdn Bhd
Seri Iskandar)

19TH MALAYSIA – INTERNATIONAL HR AWARDS 2019

Silver Award for
Employer of Choice
(Private) Category

100 COMMENTS PRODUCT EXCELLENCE AWARD 2018

Citrex Vitamin C Orange 100mg

READERS' CHOICE AWARDS 2018

Natural Health Category –
Citrex Vitamin C Orange 100mg

ANTI-BRIBERY MANAGEMENT SYSTEMS ISO 37001 : 2016



ECONOMIC PERFORMANCE

Promoting sustainability
and profitability hand-in-hand



KEY HIGHLIGHTS OF ECONOMIC PERFORMANCE

GOOD CORPORATE GOVERNANCE & INTEGRITY



Certified ISO 37001 : 2016
Anti-Bribery Management Systems

ECONOMIC & FINANCIAL SUSTAINABILITY



Launched
Lidocaine Spray
and **Lignoral Spray**



Extended APPL Concession
with Ministry of Education to include:
• Universiti Utara Malaysia
• Universiti Sains Islam Malaysia
• Hospital Universiti Putra Malaysia



Successfully developed, implemented and
maintained **PhIS** to improve the healthcare
system worth **RM340 million**

PROVIDING BUSINESS OPPORTUNITIES



Expanded our RoyalePharma Alliances to
More than 300 members

ACCESS TO AFFORDABLE & HALAL MEDICINES



Collaborated with reputable international pharmaceutical
company and a non-profit research and development
organisation, to enable affordable access to safe and
effective treatments for **Hepatitis C**



More than **150 Halal**
certified products



Invested over
RM6.3 million
to manufacture Hepatitis C medicines



Close to **25**
new registered products

PRODUCTS & SERVICES QUALITY & CUSTOMER SATISFACTION



Implementation of
**Robotics Process
Automation (RPA)**
successfully automated order &
invoice processing **24 hours,**
7 days a week



Implementation of
5S practices
Sort • Set in Order • Shine
• Standardise • Sustain



99.6%
compliance to all
performance standards
under the concession
agreement

Customer satisfaction survey:



MOH
94%
excellent and
good



MOE
92%
excellent and
good



Private sector
89%
excellent and
good

ETHICS & INTEGRITY

GOOD CORPORATE GOVERNANCE & INTEGRITY

Having strong corporate governance entails setting up a system of rules, practices and processes which guides a company's conduct and provides the frameworks for achieving the company's objectives. Good governance encourages business transparency and accountability, which in turn lays the foundation of a healthy organisation.

We are sure to inculcate a culture of ethical conduct throughout the Group. Our Code of Conduct ("CoC") outlines the set of rules and behaviours by which employees must conduct themselves. Upon joining Pharmaniaga, the employees are required to read and sign their understanding of the CoC. Employees are also provided training for CoC during induction programme and continuous guidance to ensure the CoC are adhered to.

Pharmaniaga's commitment to high ethical standards was demonstrated when it conducted a corruption risk assessment of all departments. One of our subsidiaries, Pharmaniaga Logistics Sdn Bhd has been certified with the ISO 37001 : 2016 Anti-Bribery Management Systems (ABMS). ABMS equips the organisation to implement proper controls and processes including training and risk assessments. Our future target is to embark ABMS implementation for our Manufacturing Division in 2020.

Our whistleblowing policy provides both internal and external stakeholders with an avenue to report any misconduct without fear of reprisal as all reports are private and confidential. After a report has been made, we conduct a full and thorough investigation and take the appropriate action upon conclusion.

A list of our policies is available online on our website www.pharmaniaga.com and intranet for convenience and transparency. During our assemblies, employees are encouraged to voice out their concerns. Our policies are also extended to our business associates, including our vendors and suppliers.

The Group has implemented its Vendor Code of Ethics where suppliers must adhere to. Vendors are required to fill out our anti-bribery declaration form and abide by our Vendor Code of Ethics which outlines proper business conduct. Performance of our supply chain partners is evaluated using certain criteria such as the quality of service, delivery and support, amongst others.



WHISTLEBLOWING CHANNEL

✉ alert@pharmaniaga.com

MUTUAL GROWTH

ECONOMIC & FINANCIAL SUSTAINABILITY

Financial performance is one of the key components in charting the sustained growth of the Group. Our efforts to ensure our financial sustainability include cost savings via purchase price variance (PPV), material usage variance (MUV), increases of sales volume and optimisation of operational expenditure. For our manufacturing plants, we achieved cost saving amounted to RM4 million mainly through PPV and MUV. Furthermore, we try to optimise production capacity to achieve the desired cost savings. 85% of our procurement budget was allocated to local suppliers to help boost the local economy.

However, despite strong revenue growth, this year was an exceptional year as the Group was impacted by the revised useful life of the Pharmacy Information System (PhIS), which has been fully amortised over the current year under review. This exercise is a one-off non-cash item and PhIS is now fully amortised. Moving forward, it will no longer have a bearing on the Group's profitability.

Upon signing of the logistics and distribution concession with Ministry of Health (MOH) back in 2009, Pharmaniaga was tasked by MOH to develop PhIS for all its hospitals and clinics, at a total cost of RM340 million. The expenses incurred for this project which benefits the government and the *rakyat*, are capitalised and amortised over 10-year concession tenure. In 2016, we have revised the useful life of PhIS in accordance with the Malaysian Financial Reporting Standard for additional 10 years. This was based on the assumption that the initial concession period will be extended until 2029 given the ongoing negotiations to finalise the term and conditions for the extension of the concession at that point in time.



In November 2019, MOH has extended Pharmaniaga's services for the provision of medicines and medical supplies to MOH facilities for an interim period of 25 months, commencing 1 December 2019 to 31 December 2021. In addition, we also secured a contract to continue providing logistics and distribution services for MOH for a period of five years ending 31 December 2024. In view of this new arrangement under the current contract, we have fully amortised the PhIS.

We believe our strong operational performance will allow us to deliver sustainable results in the future.

PROVIDING BUSINESS OPPORTUNITIES

The expansion of the business domestically has resulted in greater positive impacts and meeting national agendas by creating additional business opportunities through new markets, products and services. We strive towards broadening our business to provide greater branding recognition for the organisation by retaining existing customers, as well as reaching out to new markets for greater reach and diversification of the revenue stream.

We evaluate our current suppliers and vendors and ensure that they are reputable and comply with relevant laws and regulations.

RoyalePharma Alliances Programme (Alliances)

The aim of this programme is to identify potential new Alliances by reviewing and sorting through a list of licence A holders from MOH. This programme provides competitive price, training and longer credit term to ease them in managing their working capital. We were able to surpass our target goal of expanding our Alliance members to more than 300. We continue to improve customer service and other engagement with them.



Vendor Development Programme (VDP)

The VDP programme supports the development of small and medium-sized enterprises (SME) by providing capacity building training sessions. It is also to increase vendors' competency in delivering products in the Approved Product Purchased List (APPL). There are currently close to 30 companies involved in VDP. Below are the activities carried out under the VDP:

- Annual Site Visit to vendors' plants to monitor and discuss new developments;
- Annual VDP Capacity Building Training;
- Quality Management System for Good Manufacturing Practice (GMP) to increase their manufacturing productivity and effectiveness;
- Nominate vendors to participate in *Program Pembangunan Kapasiti Vendor* by the Ministry of Entrepreneur Development and Cooperatives (MEDAC) in order to improve their soft and technical skills;
- Sponsoring vendors to participate in local medical and medical marketing exhibitions;
- Mediate communication between ministries (MEDAC and MOH) and the vendors; and
- Monitor vendors' product delivery performance and complaints via a Quarterly Vendor Excellence Monitoring Programme.

OUR PRODUCTS & SERVICES

PRODUCT RESPONSIBILITY

As a manufacturer of pharmaceutical products, product safety is of utmost importance. Our safety standards are aligned to the relevant laws, regulations and best practices applied within the industry. Safety, quality and efficacy considerations are embedded in key areas such as research and development, procurement, manufacturing, distribution, transportation and marketing.

Product responsibility includes accountability in terms of product information provided to customers which should be consistent with product characteristics approved and confirmed by regulatory authorities.

Malaysian Pharmacovigilance Guidelines outlines requirements for submission of information pertaining to product safety to the Drug Control Authority. We conducted training and awareness programmes for our

employees to build knowledge on pharmacovigilance. These programmes are important as they:

- Identify previously unrecognised adverse reactions or changes in the patterns of adverse effects;
- Prevent harm from adverse reactions arising from the use of medicinal products;
- Assess risks and benefits of products in order to determine necessary actions to improve their safe use; and
- Promote the safe and effective use of medicinal products, in particular through providing timely information about the safety of medicinal products to patients, healthcare professionals and the public as well as to monitor impact of any action taken.





In the year under review, Pharmaniaga voluntarily recalled Ranitidine tablets from the market due to the presence of N-Nitrosodimethylamine (NDMA), a common impurity found in nitrosamines, which is often present in low quantities in certain air pollutants, food and beverage as a result of certain manufacturing processes. According to the International Agency for Research on Cancer, NDMA can increase the risk of cancer in the long run. However, the risk of getting cancer due to the short-term use of Ranitidine (which may contain NDMA) is very low.

Authorities such as the United States Food & Drug Authority and the European Medicine Agency have found that NDMA impurities may be generated during the processing of Ranitidine's Active Pharmaceutical

Ingredient (API). To date, all APIs used by local manufacturers, including Pharmaniaga are made by foreign manufacturers.

As one of the suppliers of Ranitidine Tablets to the Ministry of Health, we proactively undertook tests for samples of API and finished products at an independent laboratory prior to the notification from the National Pharmaceutical Regulatory Agency. Subsequently, Pharmaniaga opted to voluntary recall Ranitidine, incurring a total cost of RM9.4 million.

In 2019, we recorded zero incidences of non-compliance concerning the health and safety impacts of our medicinal products.

ACCESS TO AFFORDABLE HEALTHCARE PRODUCTS

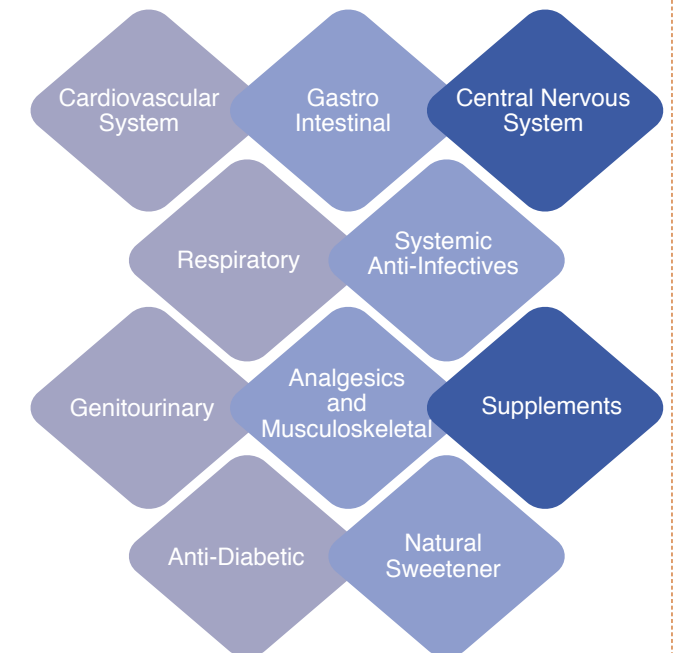
In the recent years, healthcare products remain to be the main focus by the government and the public. Thus, the industry is expected to have a strong growth in the coming years. Access to the healthcare products and services are improving, anticipated by the advancement of treatment technology and availability of healthcare facilities. With the growing ageing population in Malaysia and spread of infectious and non-communicable diseases have increased healthcare expenditure.

Being a generic pharmaceutical company, we assess areas with potential savings to further drive cost efficiency and in turn enhance capabilities to produce medicines at affordable prices.



Among our achievements in providing affordable medicines, we are proud to be the leading provider for affordable Hepatitis C treatment in Malaysia. Most people suffering from Hepatitis C in Malaysia have lack of access to effective treatment due to its high cost. In light of this, we have collaborated with the reputable international pharmaceutical company and a non-profit research and development organisation, to enable affordable access to safe and effective treatments for Hepatitis C. The collaboration facilitates partnership and technology transfer in manufacturing and supplying Hepatitis C medicines, and making this drug available to the public sector in Malaysia.

Our pharmaceutical products are created to exhibit similar characteristics of the existing approved-brand name drugs in terms of dosage form, safety, strength, route of administration, quality and performance. We offer affordable medicines in these therapeutic categories:



These products are presented in various dosage forms including tablet, capsule, injectable liquid/freeze-dried/powder, liquids, topical preparations and drops which are produced in seven of our manufacturing facilities.

Plans are also in place to expand our SweetRoyale Stevia natural sweetener range. We aim to offer consumers this beneficial product in the forms of tablets and drops in 2020, supporting the needs of Malaysians particularly to promote a healthy lifestyle.

We also produced affordable medicines for bio-medical products such as Bio-Coll Wet Skin, Bio-Coll Dry Skin and Bio-Coll Wet Meshed for wound dressing.

HALAL HEALTHCARE PRODUCTS

In our journey to increase products that are Halal certified, we have established a Halal Committee at our manufacturing plants, responsible for developing strategy. We have also developed Halal policies and procedures according to the Halal Assurance Management System and Manual Procedure for Malaysia Halal Certification. In total, Pharmaniaga has more than 150 Halal certified products of which close to 30 were new products submitted for certification. For 2020, we are planning to obtain Halal certification for approximately 30 products.

We participated in various programmes, collaborative projects and knowledge sharing in conferences at the national level to elevate Halal product development in the region.

For Indonesia operations, PT Eritta has embarked on the preparation of Halal Assurance System 2300 Certification, in accordance to the *Lembaga Pengkajian Pangan, Obat-obatan dan Kosmetika Majelis Ulama Indonesia*, the regulatory authority of Halal certification. To support this, we have sent 10 of our employees to attend training and obtain certification to equip them with relevant knowledge and skills for the Halal certification for our selected products.



KEY ROLES & RESPONSIBILITIES OF HALAL COMMITTEE



PRODUCTS & SERVICES QUALITY

In line with the Group's mission, we are committed to ensuring our business management, manufacturing practices and customer service front liners are equipped with relevant procedures to provide quality products and services. The standards and certifications that we are qualified for, relating to quality, distribution practices and customer services are listed below.

- ✓ Good Manufacturing Practice Certification from NPRA (Malaysia)
- ✓ Good Manufacturing Practice Certification from BPOM (Indonesia)
- ✓ EU Good Manufacturing Practice Certification by INFARMED (Portugal)
- ✓ Good Distribution Practice Certification from NPRA
- ✓ Good Distribution Practice Medical Device Certification by MDA
- ✓ ISO 13485 : 2016 Medical Devices Quality Management Systems
- ✓ ISO/IEC 17025 : 2017 Laboratory Quality Management Systems
- ✓ ISO/IEC 17025 : 2005 Laboratory Quality Management Systems
- ✓ ISO 9001 : 2015 Quality Management Systems
- ✓ ISO 37001 : 2016 Anti-Bribery Management Systems
- ✓ ISO 14001 : 2015 Environmental Management Systems
- ✓ ISO 45001 : 2018 Occupational Health and Safety Management Systems
- ✓ OHSAS 18001 : 2007 Occupational Health and Safety Management Systems
- ✓ ISO 27001 : 2013 Information Security Management Systems
- ✓ ISO 18295-1 : 2017 Customer Contact Centres
- ✓ Malaysia Halal Certification
- ✓ MESTI Certification from MOH

We believe the foundation of quality work starts from within an organisation and this ethos is the DNA of our organisation. Our work processes are guided by quality management systems that we are certified for and by respective standard operating procedures. With the certifications, we are subjected to internal and external audits conducted by the Regulatory Compliance Department and National Regulatory Bodies respectively.

To further support our mission to provide quality products and services, we carry out regular walkabouts, weekly assemblies, workplace inspections and implement 5S¹ practices throughout our operations. During the year, we also organised programmes such as Quality, Environment, Safety and Health (QESH) Week, *Do It Right* campaign and various training programmes to create awareness and focus efforts on the quality of our products and services.

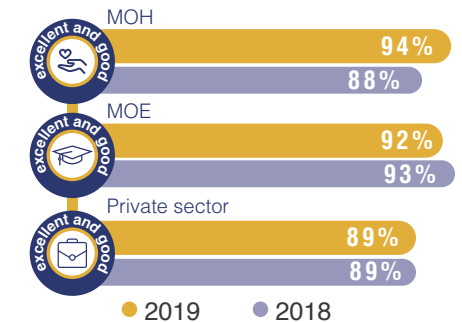


¹5S is a systematic approach to workplace organisation and it includes five steps of Sort, Set in Order, Shine, Standardise and Sustain

ENSURING CUSTOMER SATISFACTION

At Pharmaniaga, we seek to create value for our stakeholders and ensure our pharmaceutical business remains relevant. We conduct customer satisfaction surveys to gain feedback on our products and services which subsequently guide us for improvement. We conduct customers' satisfaction surveys for our government and private sector customers on a biannual and annual basis respectively.

Our customer satisfaction survey's score for MOH increased by 6% with a negligible decrease in the scoring by MOE, and maintained our performance with customers from the Private Sector.



In managing customer expectations, we conduct frequent engagement programmes to update them on the latest pharmaceutical products, information, technology, healthcare related programmes and operational issues.

Engagement programmes with customers

- MOH Dialogue sessions with Jabatan Kesihatan Negeri
- Regular meetings and site visits to suppliers or vendors and customers
- Engagement Day programme with Alliances
- Marketing events
- Annual visit to distributors
- Kempen Sedia Membantu* – a campaign conducted with third-party transporter or service provider
- 4th National Hepatitis Conference 2019: Towards Eliminating Viral Hepatitis
- General Practitioner Symposium
- Monthly Continued Medical Education (CME) programmes in all major hospitals nationwide

Protecting Customer Data

We lay emphasis on protecting customer information in order to build and maintain customer trust in our organisation. We adopted the ISO 27001 : 2013 Information Security Management Systems throughout our organisation to ensure high level of security and minimise risks such as data breaches.

Pharmaniaga has identified ways to protect our valuable information and infrastructure. Hence to further strengthen our safeguards, we conducted a Cyber Risk Assessment to measure the risk level of customer information that could be affected by cyber-attacks. To date, we have underwent three phases on information gathering, vulnerability assessment and external penetration testing.

Robotics Process Automation

Robotics Process Automation (RPA) is a technology, combining artificial intelligence and machine learning capabilities that aims at accelerating processes. At Pharmaniaga, we implemented RPA to automate our order processing and invoicing which is interfaced to the ePerolehan system, the Government's e-procurement system. The technology has improved our work processes and is able to run 24 hours, 7 days a week.



ENVIRONMENTAL PERFORMANCE

Utilising resources efficiently to ensure a sustainable future for the next generation



KEY HIGHLIGHTS OF ENVIRONMENTAL PERFORMANCE

HAZARDOUS GAS EMISSIONS & ENERGY MANAGEMENT



155,949 kWh of energy harvested from **Solar Panels** at IPMSB Sungai Petani plant

4.2% of electricity savings



Installed **3 units** of new **cooling towers** at IPMSB Seri Iskandar plant to improve energy efficiency



Installed **8 units** of **Solar Powered Compound Lighting** at PMB Bangi and IPMSB Seri Iskandar plants



Installed **LED lighting** at logistics and at all manufacturing plants

93,417 kWh of **energy saved** per year at PMB Bangi plant



100% compliance in **gas emissions**

WATER & EFFLUENT DISCHARGE MANAGEMENT



100% compliance in water and effluent discharge



Saved a total of **3,500m³** of water through **water recycling programme** at PMB Bangi and PLS Puchong plants

MATERIAL & WASTE MANAGEMENT



Xchange Recycling Campaign collected approximately **26,000** plastic bottles at all sites



Saved **80 bottles** of solvent for printer worth almost **RM18,000** at PMB Bangi plant

PROTECTING OUR ENVIRONMENT

ENVIRONMENTAL COMPLIANCE

As a responsible organisation, we recognise environmental impacts resulting from our pharmaceutical business. Pharmaniaga is an ISO 14001 : 2015 Environmental Management Systems certified organisation. To support this, our manufacturing division has established its Safety, Health and Environmental Policy (SHE Policy) which defines its commitment to minimise any adverse environmental impact that may occur as a result of its operations.

At Pharmaniaga, we adhere to the Environmental Quality Act 1974 and its regulations such as Environmental Quality (Clean Air) Regulations 2014, Environmental Quality (Industrial Effluent) Regulations 2009 and Environmental Quality (Scheduled Wastes) Regulations 2005 and its amendments.

Quality of Air Emission

We conduct regular air monitoring for emissions generated from our manufacturing plants according to the Environmental Quality (Clean Air) Regulations 2014. For the year under review, our air emissions were within the permissible limit set by the Department of Environment (DOE).

Quality of Effluent

To ensure effluent discharge from our manufacturing plants meet the permissible limits, we treat the effluent using an Industrial Effluent Treatment System (IETS). It uses both chemical and biological treatment and is operated by a competent employee certified by DOE. Quality of effluent discharge is monitored on daily basis and verified by an accredited laboratory on monthly basis. In 2019, the quality of effluent discharge from our manufacturing plants was well below the permissible limit.

Hazardous Waste

Our operations generate both hazardous and non-hazardous wastes. In Malaysia, hazardous wastes which are also known as scheduled waste are managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 and its Amendments whilst in Indonesia, the management of hazardous wastes is governed under the Government Regulation of the Republic of Indonesia regarding hazardous and toxic waste management (No. 19 of 1994). Details are elaborated in the 'Material and Waste Management' section on page 53. During the reporting year, we are pleased to report zero non-compliance to these legislation in both countries.

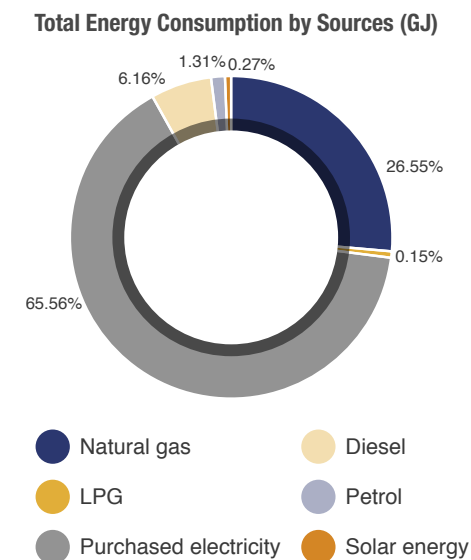


HAZARDOUS GAS EMISSIONS & ENERGY MANAGEMENT

ENERGY MANAGEMENT

We have been monitoring our energy consumption in the form of electricity usage and consumption of diesel, liquefied petroleum gas (LPG), petrol and natural gas. We also started comprehensive data collection in 2019 which includes operations in Malaysia and Indonesia. Monitoring and data compiling activities are important to assess our energy consumption patterns and identify areas for efficient energy management. Our total energy consumption and energy intensity in 2019 were 211,823.07 GJ and 75.65 GJ per RM million of revenue respectively. Data collected in 2019 will be used as the baseline to compare year-on-year intensity levels in the coming years.

In 2019, purchased electricity was the main type of energy consumed within the Group and largely contributed by our manufacturing operations. This was followed by natural gas, diesel, petrol at 26.55%, 6.16% and 1.31%.



Our efforts to improve energy efficiency throughout our operations include installing LED lighting, three units of new cooling towers and eight units of solar powered compound lighting at the Seri Iskandar plant and Bangi plant as well as solar panels at the Sungai Petani plant. The solar panel installation successfully harvested energy amounted to 155,949 kWh within eight months of commissioning, and this has achieved an average of 4.2% of electricity savings.

For Seri Iskandar plant, we completed installation of three new units of cooling towers for the plant's chilled water system, in which these units provide more efficient cooling capacity for the main chiller plant, compared to existing cooling tower. We also installed solar powered compound lights to maximise utilisation of renewable energy and minimise use of non-renewable energy. For Bangi plant, our energy saving initiatives such as machineries retrofitting and installation of LED lights have led to savings of 93,417 kWh per year which equivalent to RM27,059.

As a testament to our commitment for efficient energy management, Seri Iskandar plant has been chosen as the second runner up for the ASEAN Energy Awards in the category: Energy Management Industry and sub-category: Small & Medium Buildings for demonstrating excellence and dedication to the field of Energy Management Industry. Despite being exceptionally competitive with a high number of nominees, Seri Iskandar plant has stood out as a leader who exemplifies the achievements across Energy Management Industry and is bringing the region closer to a greener community.

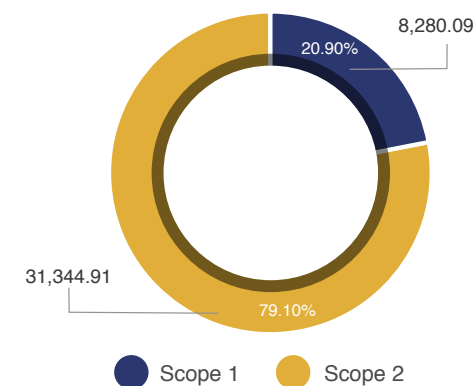


Greenhouse Gases Emissions

Greenhouse gases (GHG) emissions are commonly categorised into direct and indirect emissions and are further broken down into three scopes. For this year, our GHG emissions are covering Scope 1 and Scope 2 only due to our direct control on these emissions.

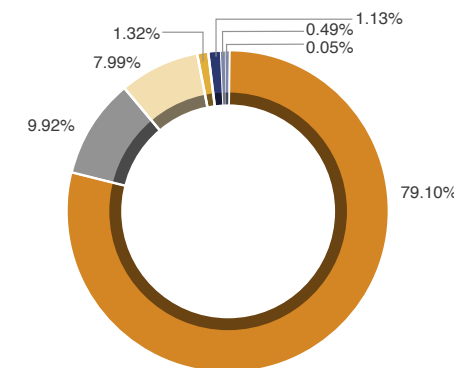
Scope 1	Direct emissions from sources that are owned or controlled by an organisation i.e. fuel consumption
Scope 2	Indirect emissions from sources that are owned or controlled by an organisation i.e. electricity, heat or steam purchased from a utility provider
Scope 3	Sources not owned or directly controlled by an organisation but related to the organisation's activities i.e. employee travel and commuting

Total GHG Emissions by Scope (tCO₂-e)



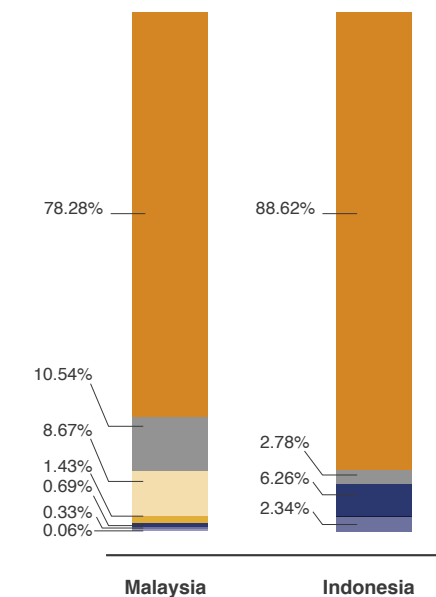
Our main contributor for carbon emissions is purchased electricity at 79.10% due to our major business in manufacturing. It is followed by refrigerants at 9.92% and 7.99% of total GHG emissions for natural gas used for boilers at manufacturing facilities. Our operations in Malaysia generated 36,484.94 tCO₂-e while Indonesia operations generated 3,140.07 tCO₂-e. Pharamaniaga's GHG emissions performance is summarised as below.

GHG Emissions by Sources (tCO₂-e)



- Purchased electricity
- Fugitive refrigerants (medium and large commercial refrigeration/ Industrial refrigeration)
- Natural gas (machineries)
- Diesel (transportation)
- Diesel (machineries)
- Petrol (transportation)
- LPG (stoves)

GHG Emissions by Country and Sources



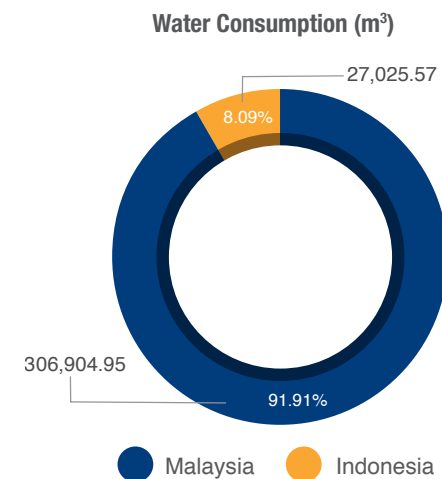
	Malaysia	Indonesia
Purchased electricity	78.28%	88.62%
Fugitive refrigerants (medium and large commercial refrigeration/ Industrial refrigeration)	10.54%	2.78%
Natural gas (machineries)	8.67%	0%
Diesel (transportation)	1.43%	0%
Diesel (machineries)	0.69%	6.26%
Petrol (transportation)	0.33%	2.34%
LPG (stoves)	0.06%	0%

The GHG emission intensity for this year is 14.15 tCO₂-e per RM million of revenue

WATER & EFFLUENT DISCHARGE MANAGEMENT

WATER MANAGEMENT

We are responsible for managing our consumption of natural resources including water. For our operations in Malaysia, we use treated water whereas for our Indonesia operations, 100% of water used is ground water where we pre-treat our own water. We monitor water consumption throughout our operations starting in 2019 to identify consumption patterns and assess areas for improving water efficiency. The data collected this year will be used as the baseline to compare year-on-year intensity levels in the coming years.



The water intensity for this year is at 119.26 cubic metre per RM million of revenue.

For our operations in Indonesia, we extracted groundwater to be utilised in our manufacturing processes, boiler feed, domestic use and landscaping. We have set maximum intake from ground water at 294 m³ per day, as to ensure we are not over extracting the natural resource and to maintain the level of the groundwater table within the areas. In our daily operations, we consumed approximately 56% of water and the remainder was stored in our water tank. Out of the 56%, only 29% was used in our manufacturing processes whilst the remaining was used for other domestic uses.

As part of our efforts to reduce water consumption, our manufacturing division initiated water recycling project in 2018 whereby the rejected water from our manufacturing processes is reused in the flushing system for washrooms and the cooling tower. In 2019, this project saved 3,500 cubic metre of water. Other than that, our manufacturing plant in Seri Iskandar installed a rainwater harvesting system for the cafeteria and offices block's washroom as an initiative to minimise usage of purchased water in our operations.

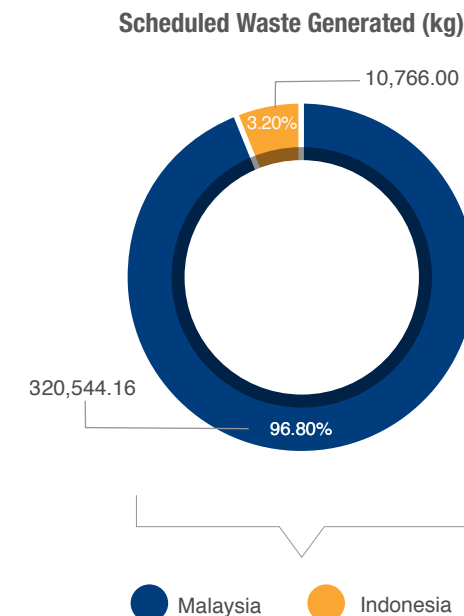


MATERIAL & WASTE MANAGEMENT

WASTE MANAGEMENT

At Pharmaniaga, scheduled waste is properly stored and labelled in a designated area. When the scheduled waste in storage reaches a certain limit of weight or time, it is collected by an approved waste contractor and subsequently sent for treatment and disposal.

As a guide for proper management of scheduled waste for the entire organisation, our established Standard Operating Procedure outlines the steps taken for labelling, inventory update, notification to contractor, consignment note and final disposal.



With regard to the non-hazardous waste that is generated, recyclables are collected by recycling vendors and non-recyclables are collected by an approved waste contractor for disposal at approved landfill sites.

We continue to embark on initiatives to minimise waste and conserve the environment. In 2019, we reduced the use of organic solvent ink for printers by implementing a centralised labour printing for shipper and managed to generate cost saving worth RM18,000. We started using recycled material as packaging and continued with Xchange Recycling Campaign. The Xchange Recycling Campaign was conducted at all sites in Malaysia aims to encourage plastic bottle recycling by exchanging 20 used plastic bottles for 1 bottle of hand sanitiser. In 2019, we collected close to 26,000 plastic bottles. For Indonesia operations, logistics and distribution arm has launched a programme known as *Bawa Kantong Sendiri* (BAKRI) in which it aims to encourage its employees to bring and use reusable bags to minimise single-use of plastic bags or plastic-based materials.



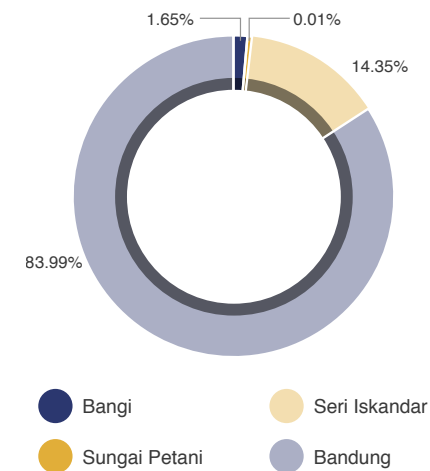
MATERIAL MANAGEMENT

The proper management of material and avoidance of material wastage is important as it helps control the cost of production. Our manufacturing division carries out material planning, and monitors both Material Usage Variance (MUV) and percentage of rejected products. We introduced multi-tip punches to increase tablet output without inserting additional punches, which improved process efficiency and led to cost savings.

Four of our manufacturing plants which are located in Bangi, Sungai Petani, Seri Iskandar and Bandung are using recycled inner box packaging (grey back carton) to wrap our medicines. We believe by using recycled material, we are contributing towards minimising the usage of new pulp. To date, there are more than 220 tonne of grey back carton which has been used for packaging at these plants.



The amount of recycled packaging used by plants



GO GREEN CAMPAIGN



We started a community garden where various vegetables and herbs are planted and harvested by our employees. This initiative is to increase the greenery and inculcate sustainability awareness amongst employees.

Employees regularly plant different types of crop in the garden, or harvest the current yield produced. In the past year we have planted lady fingers, corn, sweet potatoes, yam trees, Brazilian spinach, long beans and green beans, amongst others. We also reused drums for the planting of some our vegetables. In addition to this, we breed tilapia and catfish which are then distributed to the employees.

Considering the urgency in mangrove degradation, we have also taken the efforts towards mangrove conservation by planting mangrove trees at the Kompleks Pelancong Sungai Merbok in Sungai Petani and hope that this initiative will encourage more conservation activities in the future.





SOCIAL PERFORMANCE

Committed to improving and providing quality life for future generations



KEY HIGHLIGHTS OF SOCIAL PERFORMANCE

TALENT ATTRACTION, DEVELOPMENT & RETENTION



Participated in **All Women Expedition to Antarctica (AWETA)**



Conducted various activities with the support of **Kelab Sukan & Rekreasi** and **Do It Right** Awareness committees



Provided consultation services for employees to promote **Mental Health Awareness**

OCCUPATIONAL HEALTH & SAFETY



Hosted a **Program Keselamatan & Pencegahan Kebakaran**

Conducted **5-day training** at Akademi Bomba

LABOUR PRACTICES & HUMAN RIGHTS



Provide **Annual Medical Check-up** for employees

COMMUNITY CONTRIBUTIONS & DEVELOPMENT



Hosted a charity event for the **Rohingya Muslim community**

Donated **100** packs of basic necessities
150 mini food packs
Pre-loved clothing



Provided **Flood Aid Relief** to Johor and Pahang



Donated **RM100,000** to Tabung Pahlawan for **army veterans**



Donation to the Department of **Orang Asli** Development for Ramadan and Aidilfitri celebrations



Purchased a **Van** for **orphanage**



Provided **100 hygiene kits** to **Orang Asli** of Kampung Kuala Koh due to the measles outbreak



Donated **RM100,000** to Tabung Angkatan Tentera Malaysia for the **serviceman** who were on duty during **Aidilfitri**



Provided **health education, counselling and basic medical screenings** through our **Skuad Operasi Sihat (SOS)**

Involved more than **3,200 participants**

Conducted more than **30 programmes** throughout the year

154 volunteers amongst employees



Employees over **3,600**
99.8% local

HUMAN CAPITAL

LABOUR PRACTICES & HUMAN RIGHTS

Pharmaniaga ensures its established businesses comply with the standard and practice of laws and regulations. We emphasis on measures to ensure that we are in full compliance to all relevant labour laws. Our Human Capital Management team ensures systematic processes are executed for employees' human rights protection throughout our operations.

Our Management believes it is important to communicate with employees in an open and transparent manner as well as committed to listening to employee concerns. Employees are encouraged to voice out their opinions, suggestions and ideas for the betterment of the

Company. We also provide a platform for our employees to submit their grievances properly which are then addressed in a timely manner.

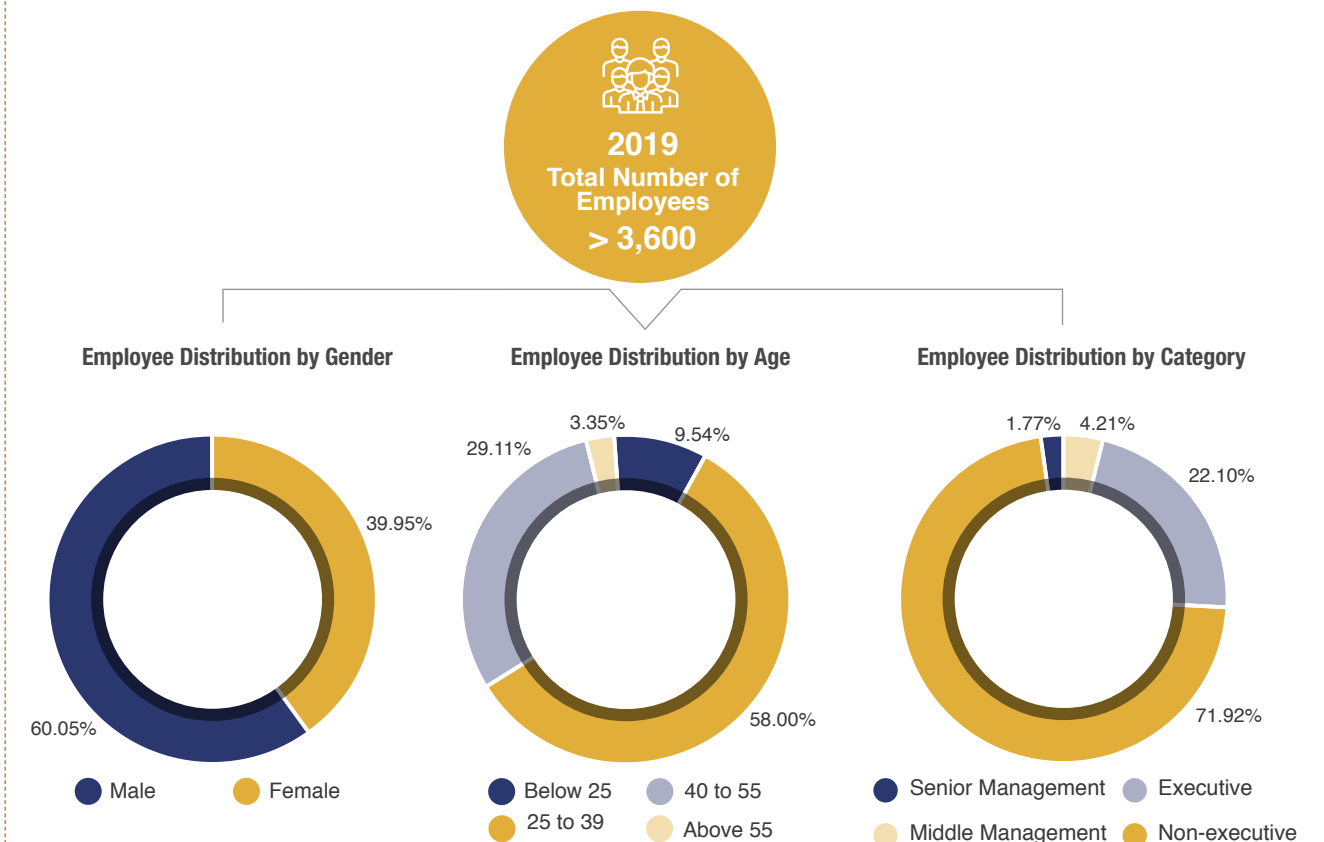
Pharmaniaga recognises trade unions formation and enters into a collective agreement which is agreed mutually by the Management. We reject any form of slavery, forced labour or child labour in our organisation. Our ethical codes are extended further to our suppliers and contractors, as they are required to adhere to the company's ethical responsibilities regarding labour practices.



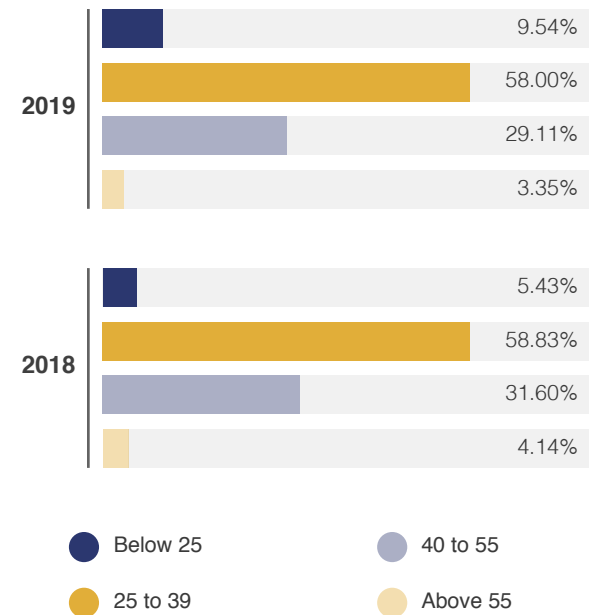
TALENT ATTRACTION, DEVELOPMENT & RETENTION

Our main driving force in our company are our talented employees. Their passion towards excellence is amongst the main factors contributed to the success and sustainability of Pharmaniaga. We strive to be the top choice employer and committed in providing our employees a safe, healthy and harmonious work

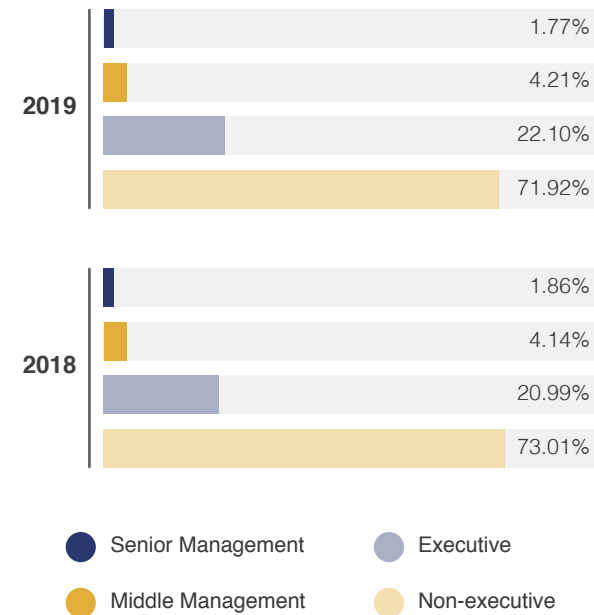
environment, hence conducive for productivity. At Pharmaniaga, we believe that our company is as strong as its workforce, and therefore, we take tremendous efforts to promote their professional growth while not neglecting the aspect of personal growth.



Employee Distribution by Age Over the Years



Employee Distribution by Category Over the Years



Pharmaniaga embraces diversity among its employees. We celebrate differences as a strength which enable us to explore various perspectives in which we can learn from each other. The company is against any form of discrimination, and we believe every employee shall has the right to feel safe and welcomed in their workplace.

Pharmaniaga rewarded its employees with appropriate remuneration package, regardless of their gender and age. Our compass on rewards and benefits for our employees are tailored on their needs in completing their tasks successfully while benefiting the company in general.

We offer our employees attractive remuneration packages that help support their well-being. In the future, we plan to further improve our packages and benefits to better suit employee needs and to enrich their lives.

To retain our talents, we provide competitive remuneration packages which covers our employees and their family. We firmly believe that our benefits package is the strong factor in our talent retention strategy. We review our packages from time to time to ensure that our offer is at par with the industry.

Monetary

- Festival token
- Car interest subsidy
- Medical benefits & employee insurance
- Birthday gift voucher
- RoyalePharma voucher
- Meal subsidy
- Attendance allowance
- Tuition subsidy
- Higher education subsidy
- Back to school token

Employee Benefits at Pharmaniaga

Non-Monetary

- Birthday leave
- Marriage leave
- Paternity leave
- Compassionate leave
- Calamities leave
- Hajj leave
- Umrah leave
- Flexible working hours

As a responsible business entity, we understand the importance of maintaining a healthy work-life balance. Various engagement programmes and activities are conducted to keep the employees engaged. We modelled our employee engagement programmes based on our core values: **Respect**, **Integrity**, **Teamwork** and **Excellence** (RITE).



All Women Expedition to Antarctica (AWETA)

Pharmaniaga's Nur Atiqah Tamarun was selected as one of the participants of AWETA, a project to inspire and encourage women empowerment. She was selected from thousand of applicants to be one of the three-member team of the expedition. They had to go through months of rigorous training both locally and overseas before completing the two-week expedition.

Pharmaniaga supports employee's personal development and hope to inspire as well as to encourage them to step outside of their comfort zone and challenge themselves. Through this programme, we hope to empower more women to discover their inner capabilities.



Mental Health Awareness Programme

With the rise of mental health issues, we prepared a platform for our employees on the awareness. We launched a Mental Health Awareness Programme among employees where they are exposed to the knowledge of identifying sources of stress and ways to manage and reduce it. A confidential third-party channel is provided for our employees to address their concerns on mental health issues while seeking help from professional practitioners.

Kelab Sukan & Rekreasi (KSR) and Do It Right (DIR) Activities

Pharmaniaga organises sports events to ensure employees are healthy and productive. Amongst activities conducted by KSR and DIR, include tournaments for archery, badminton, netball, and dodgeball.

Training & Development

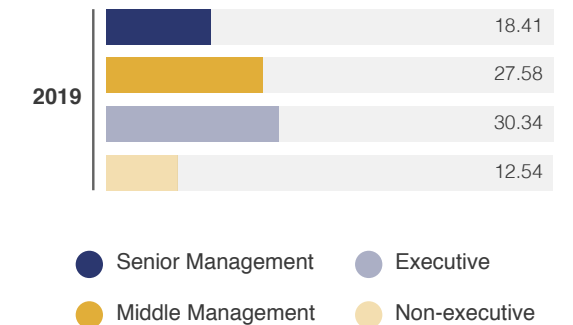
We foster a work environment that is conducive to the productivity of our employees by embarking on various training programmes to nurture their development and growth, enhancing their professional competencies. In order to deliver superior quality products and services, it is imperative to enhance our employees' abilities to increase their work efficiency and performance. We update and plan our training development programmes accordingly to keep abreast on the latest technological advancements and industry knowledge.

Our training programmes covers both soft and technical skills. We collaborated with Jabatan Bomba & Penyelamat Malaysia to conduct safety training, such as Emergency Response Preparedness and fire drills. We also invited the National Institute of Occupational Safety and Health, along with the Social Security Organisation to conduct training on Safe and Defensive Driving.

Delivering high quality products and services depends on our work efficiency, level of competency and employee performance. Cognisant of this, we plan development training programmes to hone employee skills and efficiency, to further their industry knowledge.

We regularly conduct training on Good Manufacturing Practices to ensure our manufacturing practices are on par with the industry's best practices. Our Manufacturing Division conducts training specifically catered to product development and technical training to enhance employee proficiency on product manufacturing, thereby improving product quality. To remain relevant in this industry, we constantly invest in new technologies and machinery. Thus, a crucial process that must be conducted when purchasing new machinery is the Factory Acceptance Test (FAT), a practice used to verify that all new equipment works according to its specifications. Our FAT programme enables the production and engineering team trained to operate and maintain equipment prior to the commissioning of all newly purchased equipment.

Average Training Hours by Employee Category



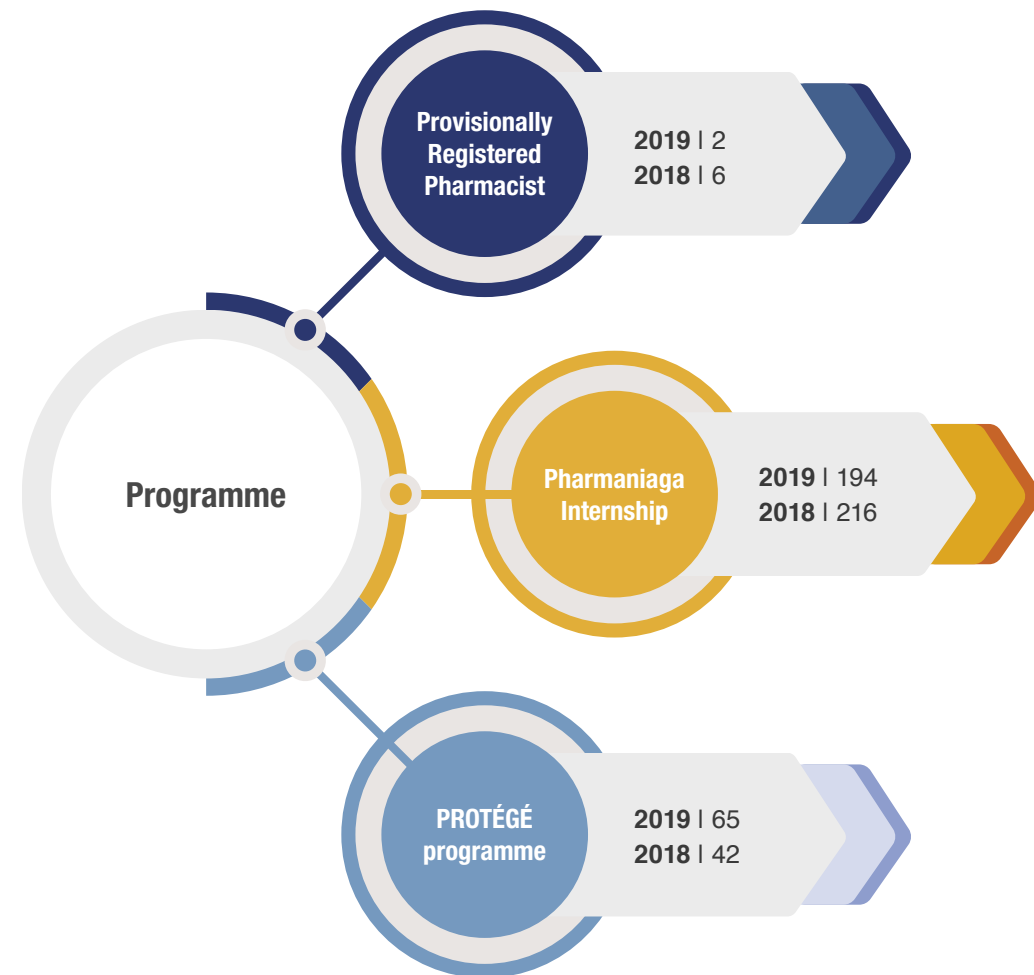
This year, Pharmaniaga conducted a total of 62,094 training hours with an investment of more than 2.50% of total basic salary. Our training focuses on technical and compliance needs that will enable us to move forward and meet the requirements of the pharmaceutical industry. Through these training programmes, we improve employee performance and ensure competitive advantage in the industry.



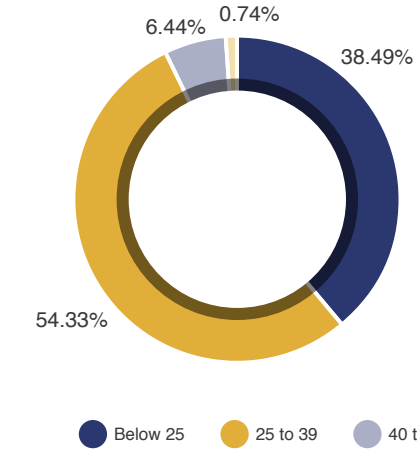
New Recruitment & Turnover

Pharmaniaga provides a working environment that helps employees to progress professionally throughout their tenure in the company. We believe that to sustain a progressive growth, we need to attract and retain talents. We value fresh ideas from young talents and provide a learning environment for them to experience real-life working situations.

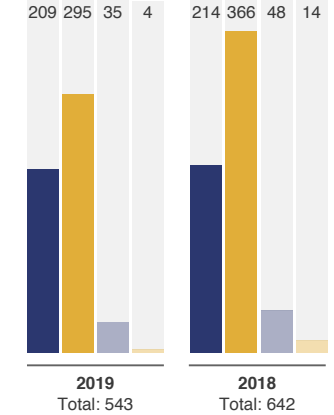
We participate in various career fairs at colleges and universities. We provide internships for undergraduates to expose them to the healthcare industry and equip them with the right skills needed. Amongst the programmes conducted are PROTÉGÉ and Provisional Registered Pharmacist.



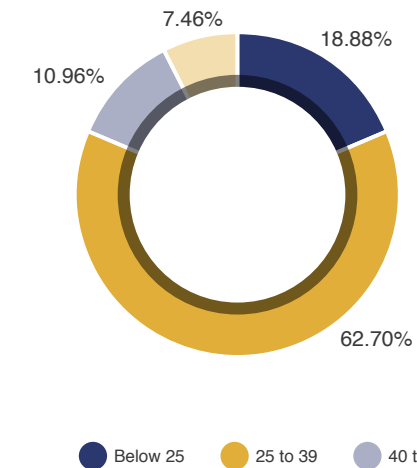
New Hires by Age 2019



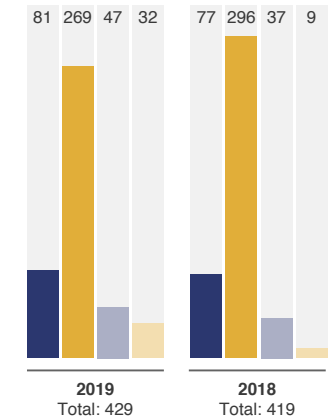
New Hires Over the Years



Turnover by Age 2019



Employee Turnover Over the Years



OCCUPATIONAL HEALTH & SAFETY

Health and safety of our employees is among the Group's top priorities. We strive to provide a safe and conducive working environment for our employees as we believe this will prevent injuries and hazards at the workplace.

We have successfully upgraded our certification from OHSAS 18001 : 2007 to ISO 45001 : 2018 Occupational Health and Safety Management System at our Logistics Division. We have developed internal SOPs and manuals to guide implementation of health and safety elements into work processes. The Health and Safety Manual outlines the establishment of Environment, Health and Safety (EHS) Policy, Hazard Identification, Risk Assessment and Determining Control (HIRADC), and training among others. We established SOPs, work instructions, checklists, forms and records to facilitate management of occupational health and safety across our operations.

We have established EHS committee with equal employer-employee representation. It meets quarterly to discuss occupational health and safety matters pertaining to our operations. This committee is responsible for:

- Developing health and safety rules and safe systems of work
- Carrying out trend analysis of accidents, near-misses, dangerous occurrences, occupational poisoning and diseases
- Reporting any unsafe acts or unhealthy conditions
- Carrying out health and safety programmes
- Reviewing the effectiveness of health and safety programmes

- Reviewing health and safety policies at the workplace and making recommendations for any revision of such policies.

Risk assessment is an integral part in ensuring smooth operation and maintenance of the Occupational Health and Safety Management System. It identifies relevant risk, affected parties and mitigation measures to be implemented to reduce the associated risk to an acceptable level. HIRADC assessment is conducted and reviewed annually or when necessary for its relevance. Any risk which is identified as medium or high risk, shall be presented and discussed during EHS committee meeting to determine appropriate control measures to lower the risk level.

Training and Awareness Programmes

In the pursuit of creating a safe and secure workplace for our employees, we understand the importance of health and safety awareness. The key health and safety training programmes conducted were:

- 1 Fire Preventative Seminar
- 2 Training on Compliance to Regulations under Occupational Safety and Health Act 1994
- 3 EHS Induction and Refresher Programme
- 4 Fire Fighting Training and Certification
- 5 Forklift Safety
- 6 Boilerman Safety Certification

Road Safety Programmes

Pharmaniaga has established a Road Safety Programme that aims to create awareness amongst our drivers, especially those involved in logistics and transportation of our products. The programme is carried out to improve road safety practices, as well as to provide practical knowledge to help drivers inculcate safe, responsible and lawful driving behaviour.

The programme is intended to facilitate safe practices amongst drivers at Pharmaniaga by exposing them to the following key areas:

- Defensive driving concepts and principles
- Statistics relevant to accidents and death
- Negative and positive driving habits
- Roadcraft and system of vehicle control
- Driver behaviours and hazards
- Correct steering techniques
- Correct emergency breaking technique
- Emergency accident avoidance
- Types of skid and correction

A total of 89 participants attended the programme since 2015 including 33 participants in the year under review. Participants also provided positive feedback such as improved knowledge on safety and defensive driving as well as increased awareness and alertness. Based on these positive indicators, a structured development programme to further embed safe driving culture is currently being developed.

Health & Safety Reporting

With the establishment of health and safety policies and procedures in tandem with provision of relevant knowledge and skills for our employees, we strive to maintain accident-free workplace which nurture health and safety culture among employees and other stakeholders. We closely monitor hazards, risks and incidents at our workplace and encourage reporting from employees for potential hazards that could jeopardise their health and safety while conducting work.

In 2019, we recorded zero fatalities and lower number of accidents and lost days, which contribute to reduced frequency rate.

	2019	2018
Man-hours worked	6,873,660	7,051,136
Number of fatalities	0	0
Number of accidents	7	12
Number of lost days	102	127
Fatality rate	0	0
Accident rate	1.97	3.38
Frequency rate	1.02	1.70

COMMUNITY CONTRIBUTIONS & DEVELOPMENT

During the year, we invested over RM4 million in corporate responsibility efforts. One of the key initiatives was *Skuad Operasi Sihat*, with over 30 programmes which benefitted more than 3,200 participants across the nation with a wide range of complimentary healthcare programmes. This included providing health education, counselling and basic medical screenings. During the hazardous haze situation which affected Malaysia in 2019, we distributed face masks to traffic officers of Polis DiRaja Malaysia to protect them from intense exposure of their work hazards.

We gave back to the underprivileged communities through outreach activities such as festive celebrations, distribution of meals, donation of basic necessities and financial assistance. We have a number of initiatives to support young Malaysians, especially those from needy families by providing sponsorship for Program Tuisyen Pintar Harapan at six MARA Junior Science Colleges, as well as *Program 'Speaking Nation' Pembelajaran Abad Ke 21* spearheaded by the Ministry of Education Malaysia and Yayasan Pesona. Apart from this, our "Back to School" programmes equipped children from underprivileged homes with necessities to prepare

them for the schooling year. Recognising the bravery and sacrifices of members of the Armed Forces, we also contributed to Tabung Pahlawan.

In Indonesia, we donated basic necessities to surrounding local communities, especially during the holiday season. We helped upgrade a local musalla by providing carpets, used doors and wall panels, while another initiative was our collaboration with the Tentara Nasional Indonesia (TNI) to clean up the riverbank of Citarum River, Indonesia.

Participated by over 300 employees and 30 TNI members, the programme was covered by local newspapers and television stations.



PHARMANIAGA'S CONTRIBUTIONS TO COMMUNITY DEVELOPMENT



Hero Ramadan

Distributed iftar meals to Emergency and Trauma Unit staff at 12 Government Hospitals in the Klang Valley.



'Speaking Nation' PAK21 Programme

Motivational event hosted by Datuk Aznil Haji Nawawi in schools together with the Ministry of Education.



Program Tuisyen Pintar Harapan

Students from underprivileged families were provided with tuition classes, seminars and mentoring sessions. Total of 34 schools and 618 students benefitted.



Upin & Ipin Movie Preview for Anak Yatim

Selected orphanages were given the opportunity for exclusive preview for the movie: Upin & Ipin: Keris Siamang Tunggal.



Purchase of Van for Orphanage

Pharmaniaga purchased a van for transportation needs of the children at the Persatuan Kebajikan Anak-Anak Yatim and Baitul Nurrawdhah.



Skuad Operasi Sihat

Provided free basic health check-ups to local communities.



Ramadan Charity Event for Rohingya Muslims

Collaborated with Al-Ikhlas School to distribute 100 food packs, and pre-loved clothing.



Jalanan Kasih Programme 2019

Provided aid during Ramadan and Raya for *Orang Asli* at Simpang Pulai, Perak and school children in SK Lemoi, Cameron Highlands, Pahang.



Blood Donation Drive

Collaborated with Hospitals at selected sites, employees donated blood for the blood bank.

NADMA mission for Orang Asli Kuala Koh, Gua Musang

Contributed 100 hygiene kits for Orang Asli Batek due to measles outbreak. Hygiene kits included toiletries such as shower cream, toothpaste and toothbrush, as well as hand sanitiser.



OTHER INFORMATION

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GRI STANDARDS CONTENT INDEX

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