



**MAXIMISE
POTENTIALS
ACCELERATE
GROWTH**

Annual Report 2019



ABOUT THIS SUSTAINABILITY STATEMENT

This Sustainability Statement covers activities that are significant to SuriaGroup business and stakeholders and how sustainable material issues are disclosed. This statement summarises the Group's progress in 2019 including the policies, practices and procedures developed.

SuriaGroup's commitment in maintaining the highest levels of transparency and accountability continue to propel the Company to the next reporting level, year on year.

SCOPE OF THIS REPORT**Reporting Period**

1 January 2019 to 31 December 2019

**Reporting Cycle**

Annually

**Organisation Covered**

Suria and its active subsidiaries; Sabah Ports and SCHB Engineering

**Principal Guidelines**

Bursa Malaysia's Sustainability Reporting Guide

**Additional Guidelines**

Global Reporting Initiative (GRI) Standards
Sustainability Development Goals (SDGs)

For further enquiries, please contact:**Group Corporate Affairs and
Communications Department**

Suria Capital Holdings Berhad, 2nd Floor,
Menara Jubili, No.53 Jalan Gaya,
88000 Kota Kinabalu, Sabah, Malaysia

Tel : +6 088-257 788

Fax : +6 088-231 032

Email : info@suriapl.com.my

**OUR SUSTAINABILITY
APPROACH**

We endeavour to constantly improve our overall strategic agenda to contribute towards the United Nations Sustainability Development Goals.

This Statement has been prepared in accordance with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad.

In our effort to create long-term values for stakeholders and shareholders, we in SuriaGroup emphasise our commitment to operate in a responsible and sustainable manner by integrating the Economic, Environmental and Social (EES) contexts into our business planning and daily operations. This can be achieved by embracing responsible management and sustainable development practices.

In ensuring consistency in our Sustainability Report, the Group has retained its present reporting scope for the financial year as presented in this Sustainability Statement.

CONTINUOUS ENGAGEMENTS WITH OUR STAKEHOLDERS



















We continue to proactively engage with our diverse stakeholder groups, respond to their expectations, meet their changing needs and strengthen ties with them.

Stakeholder Group	Engagement Approach	Frequency
Shareholders 	<ul style="list-style-type: none"> Annual General Meetings Extraordinary General Meetings Quarterly Reports Sustainability Reports Investors Relation Websites 	<ul style="list-style-type: none"> - Annual - As and when - Quarterly - Annual - Regular - On-going
Port Users 	<ul style="list-style-type: none"> Meeting Port Users Port's Customer Day Appreciation Events Surveys Port Forum 	<ul style="list-style-type: none"> - Regular - Annual - Annual - Annual - Biennial
Authorities & Government Agencies 	<ul style="list-style-type: none"> Meetings Corporate Events Collaboration Participate in Trade Mission 	<ul style="list-style-type: none"> - Regular - Regular - Regular - Ad hoc
Business Partners 	<ul style="list-style-type: none"> Meetings Surveys Corporate Events Exhibitions 	<ul style="list-style-type: none"> - Regular - Annual - Regular - Ad hoc
Employees 	<ul style="list-style-type: none"> Employee Engagement Activities Employee Workshops Family Day Employee Dinner 	<ul style="list-style-type: none"> - Regular - Regular - Biennial - Biennial
Community 	<ul style="list-style-type: none"> CSR Programmes Donations Sponsorships 	<ul style="list-style-type: none"> - Regular - Regular - Regular

MATERIALITY ASSESSMENT

SuriaGroup prioritises and maintains its materiality matters for each identified component of sustainability EES.

We are cognisant of the material issues at SuriaGroup level which have been identified using materiality matrix that allows us to ensure effective allocation of our resources to address material issues that matter to us.

	Materiality Issues	Contributions To The United Nations (UN) Sustainable Development Goals (SDGs)
 <p>ECONOMY</p>	<ul style="list-style-type: none"> • Our Business • How Do We Create Value to Economic Growth • Forecast Capacity Following Expansion Plans • Diversification into Commercial Property and Tourism-Related Developments • Direct Economic Impacts • Digital Transformation at SuriaGroup 	 
 <p>ENVIRONMENT</p>	<ul style="list-style-type: none"> • Our Environmental Commitment • Community • Environment Monitoring • Efficient Energy & Natural Resources Consumption 	   
 <p>SOCIAL - PEOPLE</p>	<ul style="list-style-type: none"> • Talent Force • Learning and Development • Talent and Leadership Development • People Engagement and Culture 	    
 <p>SOCIAL - COMMUNITY ENGAGEMENT</p>	<ul style="list-style-type: none"> • Sustainability Programmes With Learning Institutions • Social Well-Being 	  

GUIDING STRATEGIES, PLANS AND POLICIES FOR OUR BUSINESS

CORPORATE GOVERNANCE

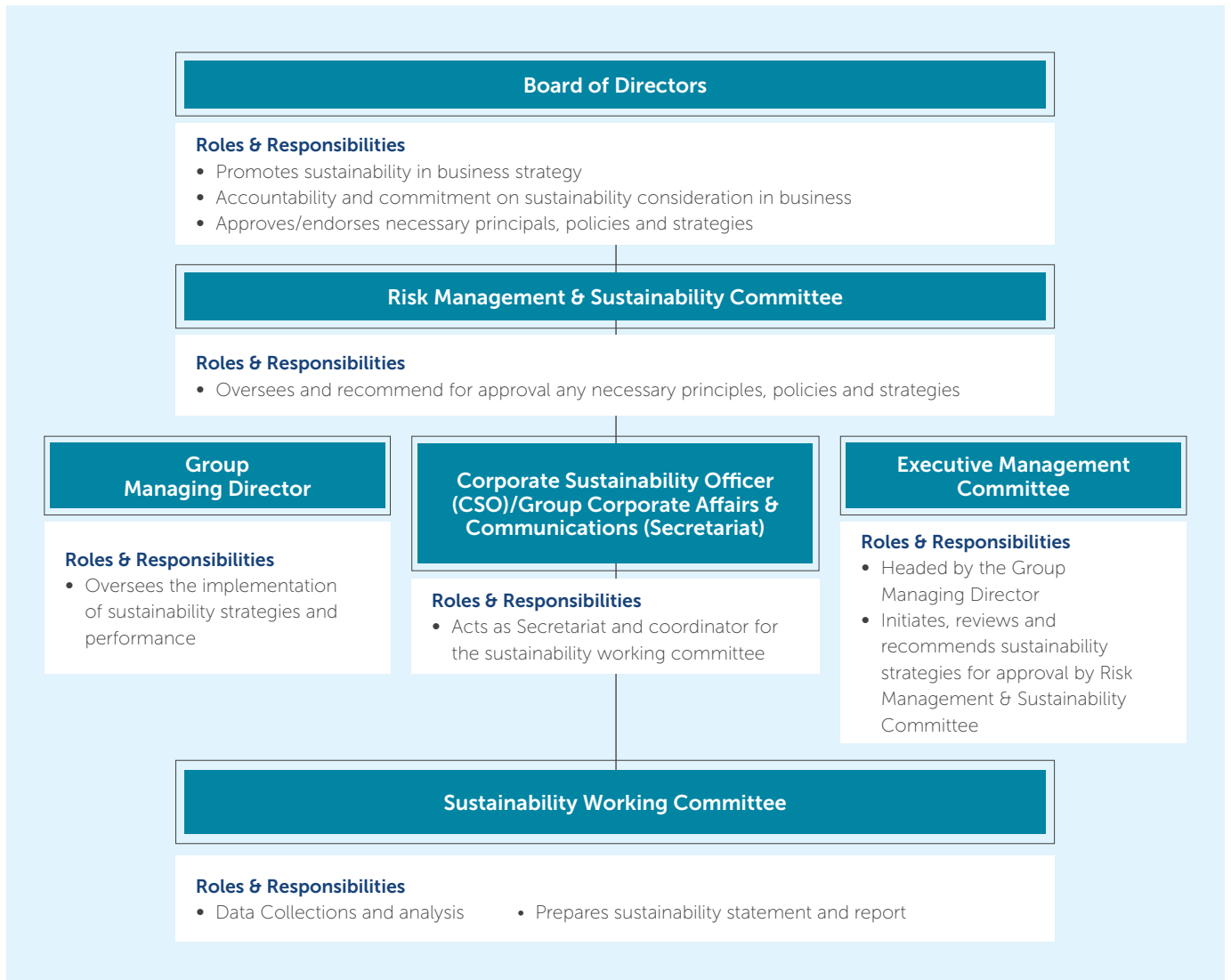
Our sustainability initiatives are driven by the Suria Board of Directors (the Board), Risk Management & Sustainability Committee (RMSC), Group Managing Director (GMD) and Sustainability Working Committee (SWC).

The Board supports sustainability practices by giving the mandate to the RMSC to oversee the execution of our sustainability commitments and to recommend for approval any necessary principles, policies and strategies. The GMD, who heads the Suria Executive Committee (Suria EXCOM),

is responsible for overseeing the implementation of sustainability strategies and performance.

In assisting the Board to oversee the sustainability initiatives, SuriaGroup’s Corporate Affairs and Communications Department (GCAC) acts as the secretariat. GCAC is also responsible to submit progress reports to RMSC on a quarterly basis and to Suria Board for final approval.

The SWC is divided into four (4) teams; namely, Economic, Environmental, Social-People and Social-Community Engagement. The SWC comprises representatives from the Group. It was established to lead and review the sustainability aspects of SuriaGroup.



SUSTAINABILITY AREAS OF FOCUS

ECONOMY

OUR CORE BUSINESS

The core business of SuriaGroup has been the management and operations of ports and port-related services through Sabah Ports. Due to the long coastlines and the mountainous terrain of the inland of Sabah, shipping remains the primary mode of transportation for goods. This explains why there are eight (8) ports serving the major cities and towns of Sabah as shown in the following illustration.

Sabah Ports positions itself not only as the gateway of trade that connects the State to the national and global economies but also assumes its role as an important contributor to the State’s economic development. Sabah Ports is thus committed to deploy sufficient resources to its ports to ensure the needs of the port users are met in facilitating trade activities of the State.

The figure consists of a map of Sabah, Malaysia, with eight numbered locations marked. To the right of the map is a grid of 12 aerial photographs, each corresponding to a port or terminal. The grid is organized as follows:

- Row 1: Port 1 (Kota Kinabalu), Port 2 (Sapangar Bay Container), Port 3 (Sapangar Bay Oil Terminal)
- Row 2: Port 4 (Kudat), Port 5 (Sandakan Port - i), Port 5 (Sandakan Port - ii)
- Row 3: Port 6 (Lahad Datu - i), Port 6 (Lahad Datu - ii), Port 6 (Lahad Datu - i)
- Row 4: Port 7 (Kunak), Port 8 (Tawau - i), Port 8 (Tawau - i)

1. Kota Kinabalu Port
2. Sapangar Bay Container Port
3. Sapangar Bay Oil Terminal
4. Kudat Port
5. Sandakan Port
 - (i) Mowtas Oil Terminal
 - (ii) Karamunting Oil Terminal
6. Lahad Datu Port
 - (i) Lahad Datu Oil Terminal
7. Kunak Port
8. Tawau Port
 - (i) Tanjung Batu Oil Terminal

OUR VISION

As a reputable investment corporation in ports and port related businesses, Suria aims to create value in its ventures through its core business.

Suria, through Sabah Ports, leverages on Sabah's strategic location at the centre of ASEAN nations and along the world's shipping route to the East Asian growing markets that will stimulate new investment opportunities in the State of Sabah. With this potential, Suria as the holding company supports Sabah Ports' vision to be the Ports of Preference in the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) and the larger Asia region as Sabah holds great economic potentials to become a logistic centre and a transshipment hub.

In its journey towards achieving this vision, Sabah Ports' focus in 2019 had been on improving port operational efficiency and productivity via capacity building, port expansion programmes and collaboration with new strategic partners.

In optimising the value of its assets, Suria has ventured into property development and tourism related projects on Kota Kinabalu Port land within Kota Kinabalu Central Business District. Suria's involvement in property development allows Suria to enlarge its revenue base and creates sustainable value to its stakeholders.

STRATEGIC COLLABORATIONS

On 29 August 2019, Sabah Ports signed a memorandum of understanding with Indonesia Port Corporation (IPC) to explore business potential, enhance bilateral trade as well as build capacity and skills for the purpose of improving port efficiency. IPC operates 12 seaports in 10 provinces of Indonesia, one

of which is Port of Tanjung Priok in Jakarta that serves as Indonesia's primary international trade gateway. It is considered as one of the busiest and most advanced seaports.

On 12 December 2019, Sabah Ports signed a tenancy agreement with Tenoil Sabah Sdn Bhd where the latter had agreed to accept the offer of leasing the Sapangar Bay Oil Depot (SBOD) for fifteen (15) years.

EXPANSION AND IMPROVEMENT PROJECTS UNDERTAKEN IN YEAR 2019

Sabah Ports plays a bigger role in supporting the economic development of the State and it believes that by enhancing efficiency and providing ample infrastructure and facilities, this would encourage industrial activities to take place and attract investments into the State. As part of Sabah Ports' capital expenditure plan, Sabah Ports is continuously expanding the port capacity to meet customers' demand and to enhance operational efficiency.

Sandakan Port, which is a multi-cargo port that also handles cruise and ferry passengers, remains the busiest port for Sabah Ports. The wharf of Sandakan Port was extended from 214 metres to 496 metres to expand the berthing capacity so that more vessels can berth alongside the wharf at any one time. The project was completed in February 2019 at a cost of RM129.4 million. The new wharf extension is a significant development contributing towards the port's vessel handling capacity by providing four (4) additional berths at the main wharf for the berthing and handling of sea-going vessels. With the additional berths, Sandakan Port can be positioned as the hub-port for the East Coast of Sabah with good

overland connectivity with Tawau and Lahad Datu ports. This is expected to catalyse economic development and logistics opportunities at the East Coast of Sabah.

Other major improvement programmes carried out in 2019 included dredging works at Sandakan Port and Tawau Port. The capital dredging works at the Sandakan Port will increase the drafts of the outer and inner berths from 8 metres and 4 metres to 11 metres and 10 metres respectively. The dredging works are expected to be completed by the first half of 2020.

At Tawau Port, siltation is one of the ongoing challenges that restrict entry of larger vessels. Tawau Port facilitates cross-border trade with Sabah's neighbouring countries especially with the bordering Indonesian towns. The maintenance dredging works at Tawau Port is carried out every two to three years to ensure the draft is always conducive for vessels to call at the port. The maintenance dredging works at Tawau Port will increase the drafts of the outer and inner berths from 7 metres and 0.3 metre to 11 metres and 5.5 metres respectively.

EXPANSION PLANS IN THE PIPELINE**SBCP Expansion**

The proposed development of SBCP into a transshipment hub will transform SBCP to become the regional hub for the BIMP-EAGA and the larger ASEAN regions aims at creating more opportunities for direct connectivity with the international markets. By having more direct global connectivity for main line operators (MLOs) to make direct calls to Sabah, the freight cost will be reduced due to the economies of scale and this will eventually lower the cost of doing business, speed up

industrialisation, attract foreign direct investments and create jobs and business opportunities in the State. The expansion initiative is expected to contribute significantly to the future development and sustainability of Sabah's economy.

Year 2019 marked an important milestone that signified continuation of the project following the channelling of funds by the Federal Government to the Sabah Economic Development and Investment Authority (SEDIA) for the appointment of various consultants to carry out studies and design works. It is expected that construction works for the first phase of the expansion would commence in the second half of 2020 with completion period of three (3) years.

Sapangar Bay Conventional Cargo Terminal (SBCCT)

Kota Kinabalu port handles most of the general cargo for the West Coast of Sabah with an average of 1.0 million metric tonnes of cargo throughput registered annually. In view of the mixed developments which are gradually taking shape in the vicinity, the general cargo operation will be relocated to a new site at Sapangar Bay to make way for the proposed development of a dedicated international cruise terminal that would complement the nearby developments. Sabah Ports will undertake the construction of the new port, provisionally known as SBCCT, in the second quarter of 2020 and will target for completion within three (3) years.

Sapangar Bay Oil Terminal (SBOT)

SBOT is the only oil terminal serving the West Coast of Sabah and handles an average volume of 1.2 million



Expansion Plans for SBCP, SBCCT and SBOT

metric tonnes of bulk oil annually. The existing jetty currently handles one vessel up to a maximum of 30,000 DWT. With increasing demand and SBOT reaching its existing handling capacity, Sabah Ports will be expanding the jetty in early 2020 to provide adequate facilities for its customers. The extension entails constructing another jetty with two (2) additional berths designed to handle two vessels for further efficiency. The outer berth and the inner berth are capable to handle a vessel with capacity up to 60,000 DWT and 10,000 DWT, respectively. The additional berths will ease congestion and enhance efficiency by reducing the ship's waiting time to berth at SBOT, as well as allowing maintenance works of the pipelines to be carried out more efficiently without compromising on safety and operations.

Lahad Datu Port

The Lahad Datu Port Oil Terminal supports the palm oil industry on the East Coast of Sabah, which is vastly planted with the oil crop. The utilisation rate of the oil terminal is reaching the maximum capacity soon and Sabah Ports has planned to construct a new oil jetty in 2020 to enable more vessels to come to Lahad Datu Port. The additional jetty is expected to enhance the efficiency of port operations and offers convenience for more vessels to berth.

PROPERTY AND COMMERCIAL DEVELOPMENTS

DEVELOPMENT OF JESSELTON WATERFRONT CITY



Jesselton Quay

The first phase of Jesselton Quay development known as Jesselton Quay Central (JQC) which commenced construction in the first quarter of 2017 is progressing well with completion expected by first quarter of 2021.

JQC comprises two (2) towers of 25-storey commercial suites dubbed as City Pads, one tower of 25-storey i-hotel, commercial Gallery Shoppes and a recreation club. Sales of the City Pads are encouraging with 95% units sold, further reaffirming the demand for property at prime location remains high despite the softening of the property market observed elsewhere. The second phase of Jesselton Quay, which will encompass high-end residences, hotels and retail lots, is expected to commence construction in 2020.

Suria's Entitlement pursuant to the joint venture agreement (JVA) with its partner SBC Corporation Berhad is 18% of the minimum Net Saleable Value of RM1.8 billion. Upon completion of JQC, Suria will be receiving 60 units of Gallery Shoppes as part of its entitlement under the JVA. Some units will be converted into interim office space for Suria while the other units will be leased out to generate recurring rental income for the Group.

Jesselton Quay won the iProperty Development Excellence Awards 2019 for "Best Waterfront Development" in the category of "Future Projects".

One Jesselton Waterfront

In 2015, Suria and its joint venture partner, Gabungan AQRS Berhad, executed a Joint Venture Agreement to develop for One Jesselton

Waterfront project (1JW), that sits on a seven (7) acre land located just next to Jesselton Quay.

1JW would comprise development of Suria's corporate office, a retail mall, serviced suites, serviced apartments, residential units, retail lots, an office tower and car parks. 1JW is expected to commence construction by end of year 2020.

International Cruise Terminal At Kota Kinabalu Port

Suria has earmarked an area measuring 28.9 acres at Kota Kinabalu Port land for the international cruise terminal development which will be based on a low-density, low-rise model to preserve the water feature, minimise environmental impact without obstructing the view of the surrounding developments. It will be

planned in a manner that links the terminal to the various commercial developments in the vicinity.

Suria supports the initiatives of the Federal and State Governments to promote cruise tourism in Malaysia under the National Key Economic Area (Tourism) and Economic Transformation Programme (ETP) where Kota Kinabalu Port has been identified as one of the most promising ports alongside Port Klang and Penang Port that could enhance Malaysia's competitiveness as a cruise destination.

In 2019, we undertook upgrading works at the port to replace the fenders and bollards to provide better services to cruise vessels.

RAILWAY PROJECT

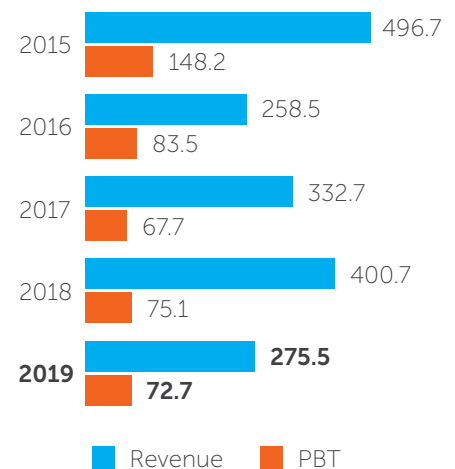
On 18 September 2017, SuriaGroup, through its engineering arm SCHB Engineering was awarded a RM49.5 million railway upgrading project which connects Halogilat Station to Tenom Station.

The railway is the only mode of transportation from Halogilat to the nearest towns which are Tenom and Beaufort. The upgrade in the 27 km railway track will increase the travelling speed from 30 km/h to 40 km/h, thereby improve the connectivity for the locals in Halogilat to undertake business and social activities outside its locality.

As at 31 December 2019, the project is at 91% of completion. Upon full completion, it will be handed over to the Sabah State Railway Department for operation.

DIRECT AND INDIRECT ECONOMIC IMPACTS

Group's Revenue and Profit Before Tax 2015 - 2019 (RM MILLION)



SuriaGroup continues to contribute to the State's economy through its ports and port-related services, property development, construction as well as cruise and ferry terminal operations.

SuriaGroup recorded lower total revenue of RM275.5 million and profit before tax of RM72.7 million in 2019, decreasing by 31.2% and 3.2% respectively compared to 2018. The lower result was contributed by lower operating revenue from port operations segment and lower construction services revenue as the Sandakan Port's expansion project was completed in the first quarter of 2019.

Genting Dream Cruise at KK Port



On 11 June 2019, Genting Dream made a maiden call at Kota Kinabalu Port. The Genting Dream cruise vessel has a length of 335.3 metres and a width of 39.7 metres with a capacity of 3,500 passengers and 1,700 crew.

Sabah Ports support the State's economic development through exports and imports of commodities and consumer products. The exports of crude palm oil (CPO) and palm kernel expeller (PKE) and the imports of fertiliser through our ports are supporting the State's palm oil industry, which are mainly concentrated at the East Coast of Sabah. The palm oil throughput of 7.8 million metric tonnes represented a growth of 15% in 2019. This was attributed to the higher exports to China and other countries in parallel to the increased demands to support their local industries. Notwithstanding that, the overall throughput was at the same time impacted by the decrease in bulk oil by 10%, general cargo by 14%, fertiliser by 25% and wood products by 44%.

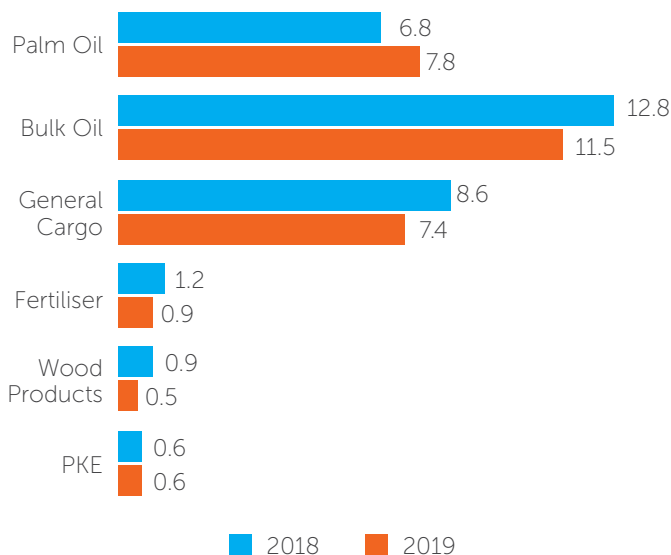
The imports of bulk oil and refined petroleum products for local consumption are handled at our dedicated oil terminals where oil majors operate. We are in the midst of reviving our oil storage facilities at Sapangar Bay and Lahad Datu Port, in support of fuel supply and bunkering activities within the port area.

Our ports handle containers which are mainly imports of consumer products through our dedicated container port at Sapangar Bay, as well as our multi-cargo ports at Tawau and Sandakan. In 2019, our ports handled 379,384 Twenty Equivalent Units (TEUs) containers, a decrease of 2% compared to 386,786 TEUs in 2018.

SuriaGroup has contributed significantly to the State of Sabah since the privatisation of ports through dividend payment to the State's investment arm and periodic payment to Sabah Ports Authority (SPA) totalling RM123 million and RM200 million respectively.

The Group employs 1,132 employees, more than 90% of whom are local Sabahans. Apart from job creation, we invest in capacity building for our local talents and have produced experts in the field of port logistics and related disciplines.

Major Cargo Throughput (MT MILLION)



No. Of Containers (TEUs)



The direct impacts of our businesses are reflected as per the following income distribution:

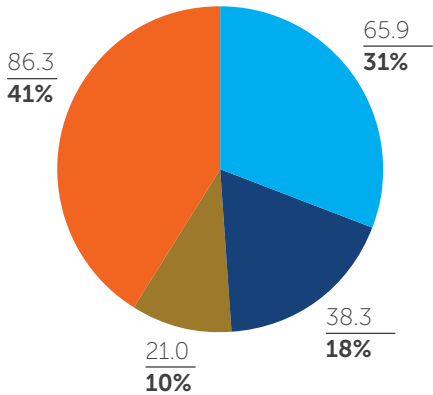
DISTRIBUTION	2015	2016	2017	2018	2019	
	(RM MILLION)					(%)
To Employees:						
- Personnel Costs	74.9	58.0	60.4	65.6	65.9	31.2
To Government:						
- Payment to SPA (*)	16.5	16.8	17.4	17.9	17.8	
- Taxation	22.5	16.9	18.8	22.2	20.5	
	39.0	33.7	36.2	40.1	38.3	18.1
To Providers of Capital:						
- Dividends	20.0	20.2	11.5	27.4	17.3	
- Finance costs	7.6	5.9	4.1	3.0	3.7	
	27.6	26.1	15.6	30.4	21.0	9.9
To Reinvest in the Business:						
- Depreciation, Amortisation & Impairment	52.5	39.9	51.0	49.1	51.3	
- Retained Profit net of Dividend	106.1	46.5	37.4	25.8	35.0	
	158.6	86.4	88.4	74.9	86.3	40.8
TOTAL DISTRIBUTED	300.1	204.2	200.6	211.0	211.5	
% on Total Revenue	60.4	79.0	60.3	52.7	76.8	

Note:

(*) Payment to SPA includes Port Land Lease Rental, Annual License Fee, Concession Fee and Sufferance Wharves charges

Out of the total direct distribution of RM211.5 million in 2019, 31.2% was to the employees, 18.1% to the Government and 9.9% to the providers of capital while 40.8% was retained in the business. The total direct distribution in 2019 of RM211.5 million represents 76.8% of the total revenue generated for 2019.

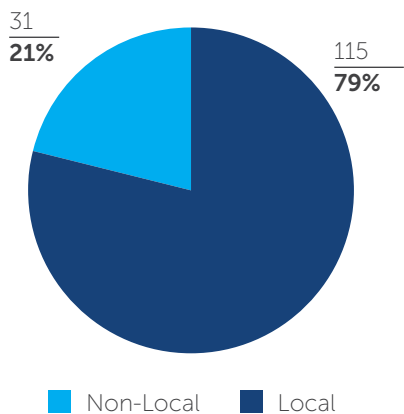
Distribution 2019 (RM MILLION)



- To Employees
- To Government
- To Providers of Capital
- To Reinvest in the Business

As far as procurement is concerned, we give priority to the local suppliers and contractors for the supply of goods and services as a way to support our local business and community. For the past four (4) years, local suppliers and contractors account for 79% of the procurement of projects by tender, as depicted in the pie-chart below.

Procurement of Projects by Tender
2016-2019



- Non-Local
- Local

SuriaGroup purchases goods and services from an extensive supply chain which in turn employs more people. Further interactions within the supply chains throughout the economy will provide a multiplier effect across the State's various sectors and supports more employment opportunities for the locals.

The Group continues to maximise its potentials by improving revenue, boosting productivity and efficiency, strengthening assets quality and looking for other new business ventures to accelerate sustainable growth and create values for all stakeholders.

DIGITAL TRANSFORMATION

Over the years, the Group had implemented several digitalisation projects for identified processes based on the critical needs of business and operations, as well as customers' demand in the areas of financial management, asset management, human resource management, procurement and maintenance, collectively known as Enterprise Resource Planning (ERP). These have helped to reduce processing time, minimise paper works, eliminate redundancy, enhance trackability of processes, streamline and integrate processes and reduce human intervention, ultimately contributing to improvement in efficiency, effectiveness and productivity.

The digitalisation of cargo handling through Terminal Operating System (TOS) has been key to smoothen port operation flow. TOS handles multiple types of port operation through Autostore for container handling, Cargo System for general cargo management and Exceptional Module (EM) for integration of financial

processes. Mobile devices have been installed into port machineries to facilitate the updating of data in real-time while a number of administrative processes have been digitalised such as eFilling, eStationery and eFacilities.

The Sage 300 People human resource management system is advancing to the next phase of the implementation which include staff performance management, online medical chit management and employee training management.

Based on the 5-year IT Strategic Plan, the digitalisation projects that will be prioritised in year 2020 include upgrading one of the major port management systems into online-based applications. A platform for shipping agents to do online submission will be developed as well while online facilities for e-payment will also be provided.

A centralised ticketing management system will be implemented for SCHB Engineering to facilitate and streamline the ticketing process for tourists passing through the ferry terminal.

The continuous efforts by the Group in digitalising manual processes are in progress that will create business opportunities, improve customer-centric strategy, consolidate operations, save costs as well as establish new products and services to better serve our customers. Business intelligence tools will be adopted to provide data mining and statistical analysis to aid Management in retrieving information on a timely manner that will assist in decision-making. This will keep SuriaGroup at a competitive edge in its business undertakings.

ENVIRONMENTMENT

OUR ENVIRONMENTAL COMMITMENT

SuriaGroup is committed to encouraging the best possible environmental practices in order to control and reduce the adverse impact of our business operations on the environment. Our effort is driven by the Green Port Programme, which is guided by the Health, Safety, Environment (HSE) Policy and Green Port Policy.

GREEN PORT POLICY



PROTECT

Protect the Community and Environment Health from Harmful Effects of Port Operations



DEVELOPMENT & TECHNOLOGY

Ensure Sustainability in Port Development and Port Technology usage



BALANCE

Ensure a Balance of Environmental, Social and Economic Concerns are considered during Planning, Development and Operational Decisions



PUBLIC

Enhance Public Awareness on Sustainable Development and Port Technology usage



STEWARDSHIP

Ensure Environmental Stewardship through Environmental Conversation and Compliance



PARTNERSHIP

Enhance Smart Partnership with Environmental Organisations in promoting Green Efforts

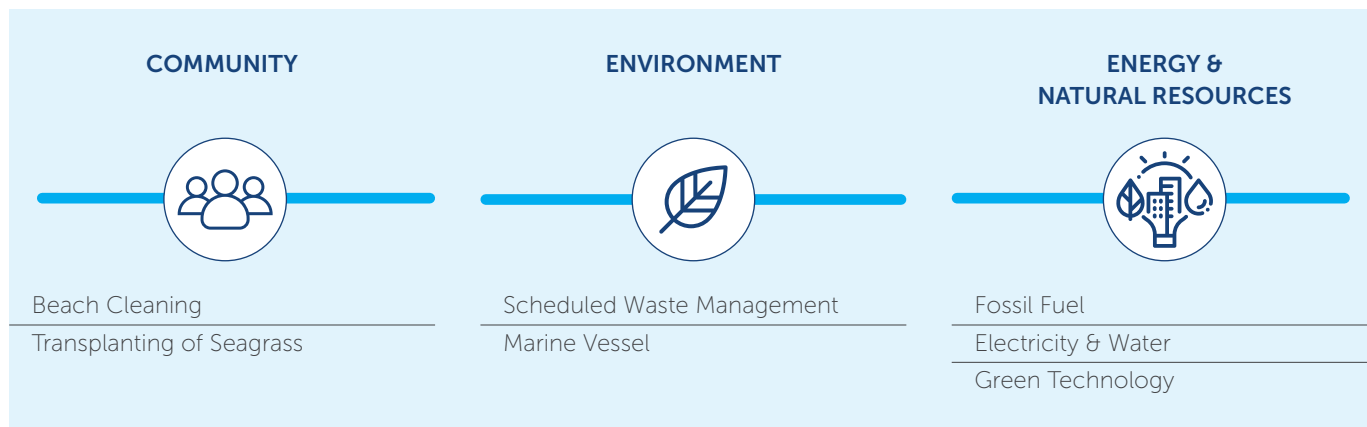


Our initiatives and contributions to safeguard the environment is recognised internationally when Sapangar Bay Container Port received the ASPN Green Port Award System on 24 September 2019.



GREEN PORT PROGRAMME

Our initiatives in the Green Port Program focuses on three (3) main areas, namely community, energy & natural resources and environment.

**COMMUNITY PROGRAMME****Beach Cleaning**

Annual beach cleaning exercise was held at Sapangar Bay Container Port to ensure that drifting garbage and sea debris around the port area did not pollute the surrounding water.

Transplanting of Seagrass

The seagrass transplanting project for the year 2019, which was funded by

Sabah Ports was officially completed by September 2019, after Universiti Malaysia Sabah carried out work between February and June 2019 (between the end of inter-monsoon and early south-west monsoon). The monitoring of the planted seagrass for biological and physical conditions were carried out between February to August 2019.

The progress on seagrass survivability observed is shown in the table below:

**Monitoring of transplanted seagrass statistics from February to August 2019**

Date of Planting	No. of Shoots	Species	Transplanting Sites	Feb (Status)	Mar (Status)	April (Status)	July (Status)	August (Status)
22.01.19	278	<i>Enhalus acoroides</i>	Kg Kibagu (Blue House)	uprooted	20%	*	*	*
23.01.19	258	<i>Enhalus acoroides</i>	Kg Kibagu (Mid)	uprooted	Unsure	*	*	*
21-22.02.19	206	<i>Enhalus acoroides</i>	ODEC (Mid)		80%	80%	72%	66%
	216	<i>Cymodocea rotundata</i>	ODEC (Mid)	uprooted	0%	0%	0%	0%
20-21.03.19	300	<i>Enhalus acoroides</i>	ODEC (South)			90%	81%	74%
TOTAL	1,042	<i>Enhalus acoroides</i>						
	216	<i>Cymodocea rotundata</i>						

* High turbidity, unable to observe

A total of 1,258 seagrass shoots had been relocated from the meadow adjacent to Sabah Ports to Kg. Kibagu and Outdoor Development Centre beach, Universiti Malaysia Sabah. The growth and survival of the transplanted seagrass shoots are influenced by the weather conditions and other biological factors. No seagrass collection or transplanting was carried out in April 2019, due to safety reason as April month typically has more jellyfish blooms and more frequent occurrences of high water level condition.

During the monitoring period in April and September 2019, some seagrass shoots were partially or fully uprooted or covered with sediment. The transplanted seagrass had a low survival rate but the efforts would potentially enhance seagrass meadows to support the coastal ecosystem function. Challenges during the seagrass transplanting and monitoring included bad weather condition, rough sea and thick sediment.

EFFICIENT ENERGY & NATURAL RESOURCES CONSUMPTION

As a key advocator for environmental preservation, SuriaGroup will continue to focus on the effort to manage the use of our natural resources and being energy efficient. Our business operation uses several forms of energy, with electricity being the primary source and other forms of fuel such as diesel.

Fossil Fuel Usage Monitoring

Given the extent and complexities of our business operations, we highly depend on the consumption of fossil fuel (diesel) to power up our port equipment.

The fuel consumption within the Group from 2016 to 2019 was as follows:



The figure above shows that there was a slight increase in the fuel consumption in 2019 compared to that in 2018 mainly due to increasing port operation activities and optimising the use of equipment.

Electricity and Water Usage Monitoring

SuriaGroup aims to reduce its electricity and water consumption. The Group has started to monitor its electricity and water usage data

closely. The graph below shows SuriaGroup's electricity and water consumption usage from the year 2017 to 2019.

Electricity Consumption (Kwh)

2017	8,423,282
2018	8,296,159
2019	8,970,575

Electricity Consumption (2019)

	Kwh	RM
Suria	111,150	44,283
SCHB		
Engineering	796,021	411,120
Sabah Ports	8,063,404	2,847,364

The figure above shows that there was an increase in the usage of electricity in 2019 compared to that in 2018. This was due to the use of e-RTG and electrified buggy in our efforts to minimise carbon emission to the environment by reducing the consumption of diesel.

The 1,000W HPS had been replaced with 300W LED lighting system in stages within our respective ports. The phasing out had shown substantial reduction in energy consumption from 2017. In line with our efforts to reduce the usage of electricity, energy waste prevention through 5S practice had been carried out by labelling all the switches to "off" if the equipment were not in used (e.g. for lighting, air conditioner and office equipment).

Total Water Consumption (m³)



Water Consumption by Company (2019)

	m³	RM
SCHB Engineering	30,954	61,575
SP Marine Services	9,482	18,964
Sabah Ports	176,761	479,217

For water consumption, the Group managed to reduce its usage by 24.4% (70,096.65 m³) compared to that in 2018, which translates into cost savings of RM54,308.35.

In order to reduce its dependency on water supply from local municipal, Sabah Ports had planned to construct a rainwater harvesting system. Through this system, rainwater can be collected and used in general cleaning, watering the greens and others.

WASTE MANAGEMENT

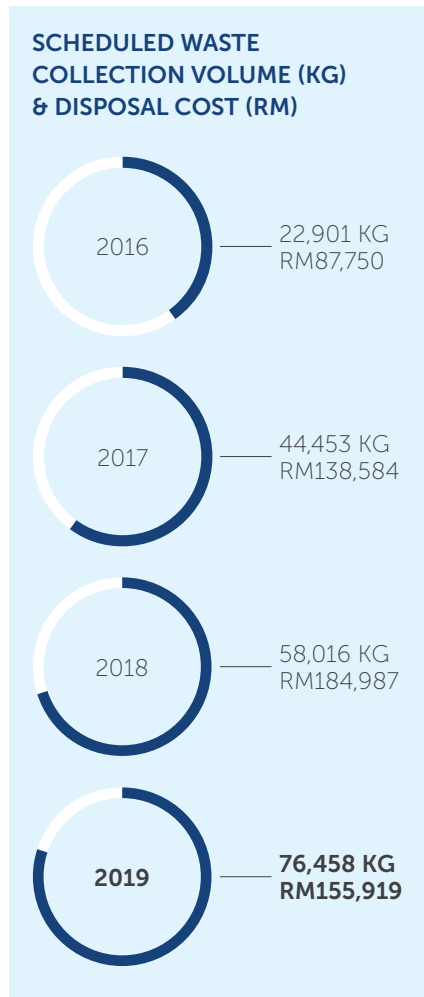
SuriaGroup strictly adheres to local regulation when dealing with waste products. To ensure these wastes do not end up contaminating the environment (both on land and sea) the Group ensures proper land waste management and provides disposal services for vessels.

Scheduled Wastes

SuriaGroup implements proper management and control measures in accordance with the Environmental Quality (Scheduled Wastes) Regulations

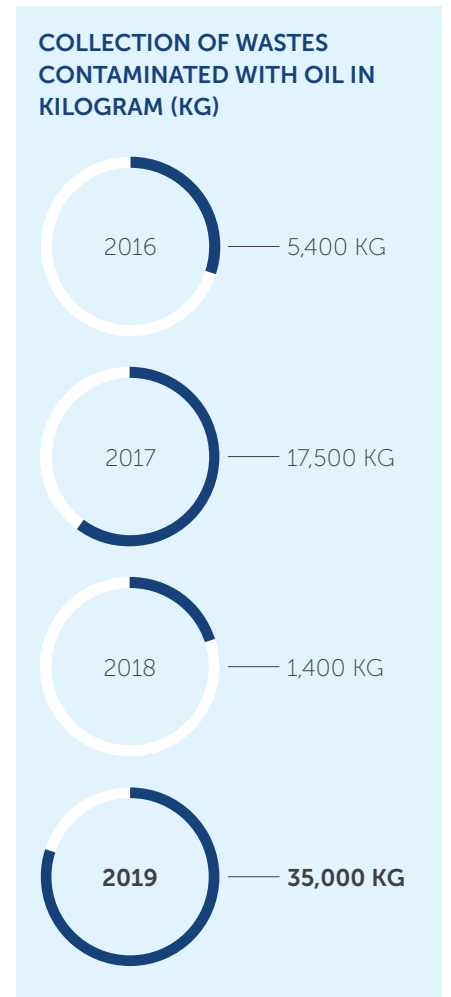
2005 when it comes to Scheduled Waste Management.

The following is a comparative chart of our Group’s Scheduled Waste production volume and disposal cost from 2016 to 2019:



Department of Environment (DOE) requirements, while garbage taken out and disposed according to the local municipal council guidelines.

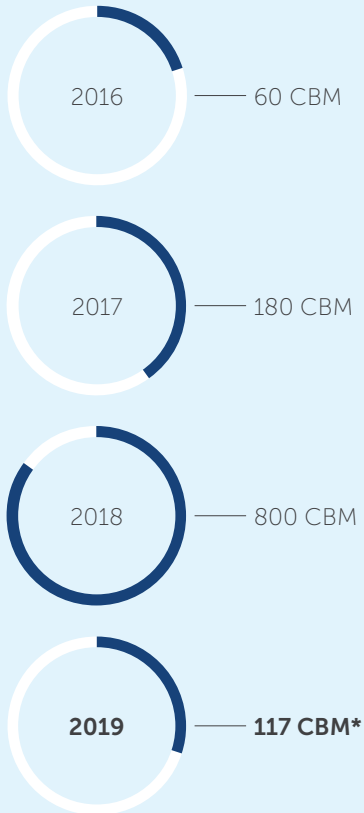
The data on volume of vessels’ waste collected at Sabah Ports are as follows:



Marine Vessel Wastes

To cater for vessel waste, SuriaGroup through SP Marine Services provides disposal services for vessels. Vessels’ wastes contaminated with oil are taken out of the port via direct shipment and disposed according to the Malaysian

GARBAGE COLLECTION BY VOLUME IN CUBIC METER (CBM)



* The reduction in the volume of garbage collection was due to the phasing out of garbage collection services by SP Marine Services.

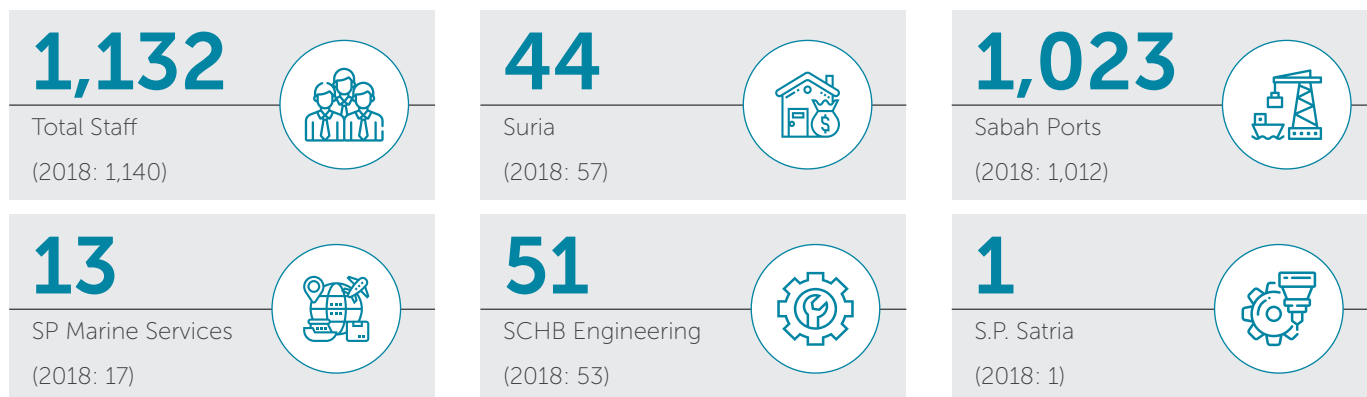
GREEN CULTURE

Within SuriaGroup office environment, we convey our support in environmental issues by introducing the Green Culture to our people. This is done through environmentally friendly awareness programme and campaign carried out for the year.

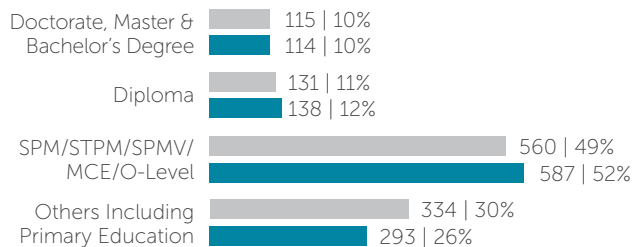


SOCIAL - PEOPLE

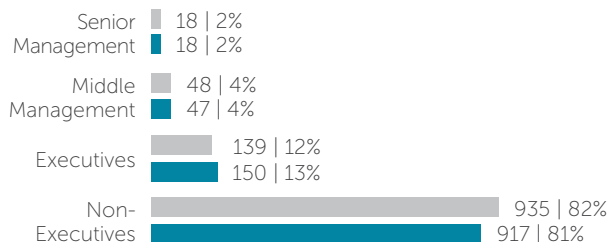
TALENT FORCE



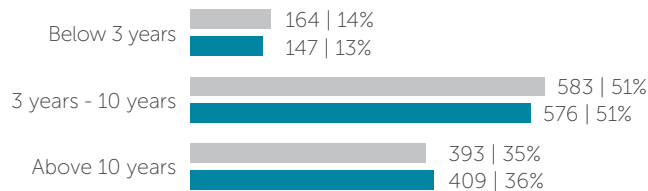
QUALIFICATIONS



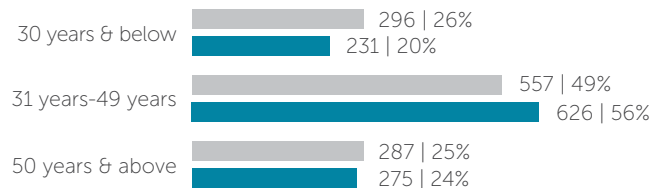
EMPLOYEE CATEGORIES



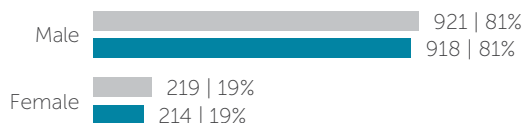
LENGTH OF SERVICE



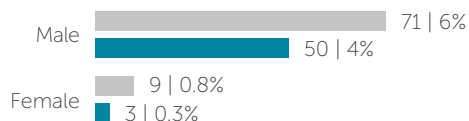
AGE GROUP



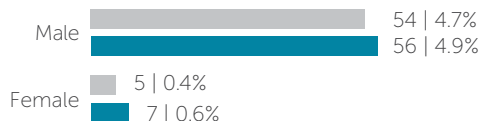
GENDER



NEW HIRES



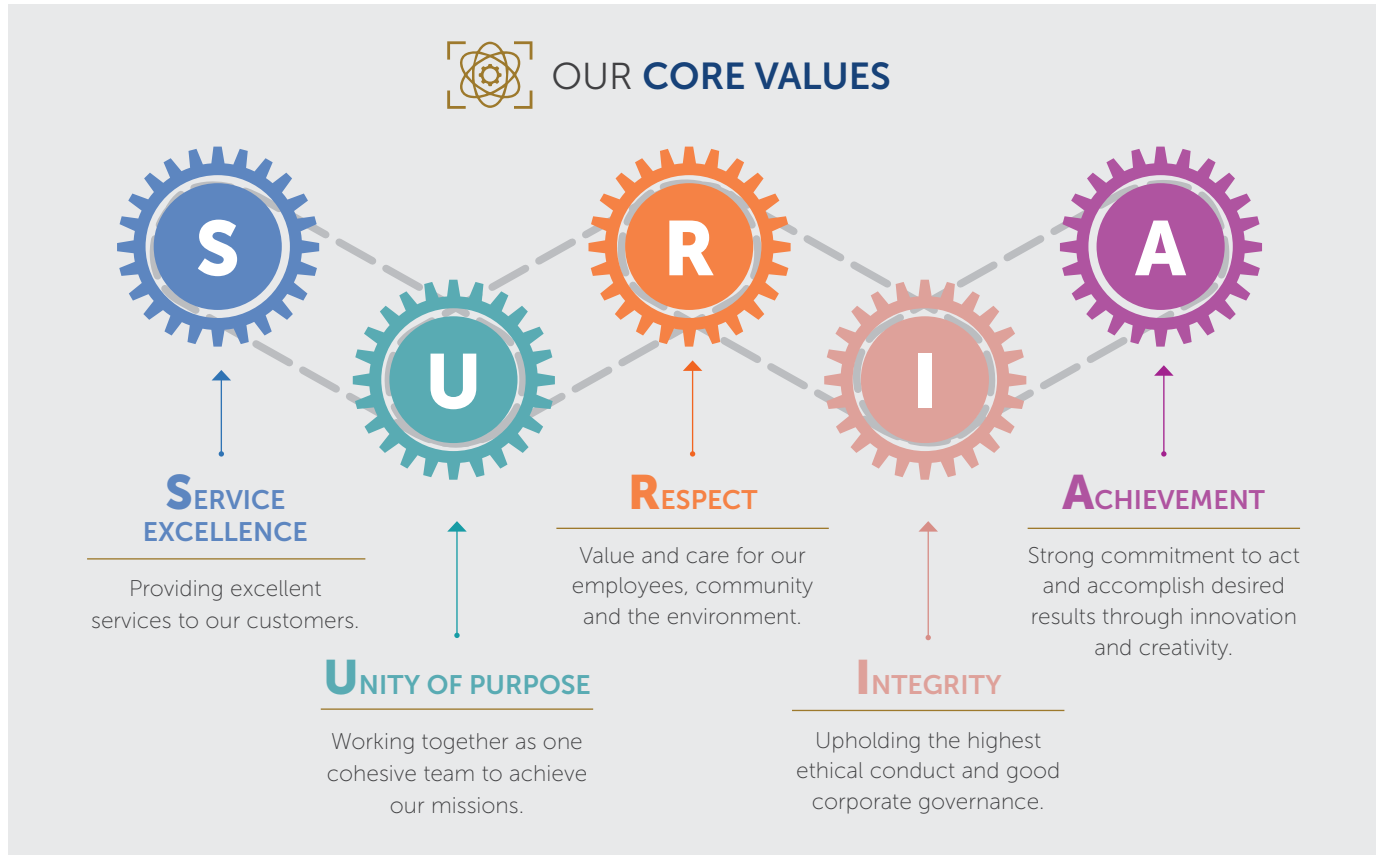
EMPLOYEE TURNOVER



■ 2018 ■ 2019

SURIA GROUP VALUES AND KEY BEHAVIOURS

SuriaGroup employees uphold the five (5) Core Values and continuously strive to demonstrate the desired behaviour in meeting the highest business and ethical standards in all aspects of our work.



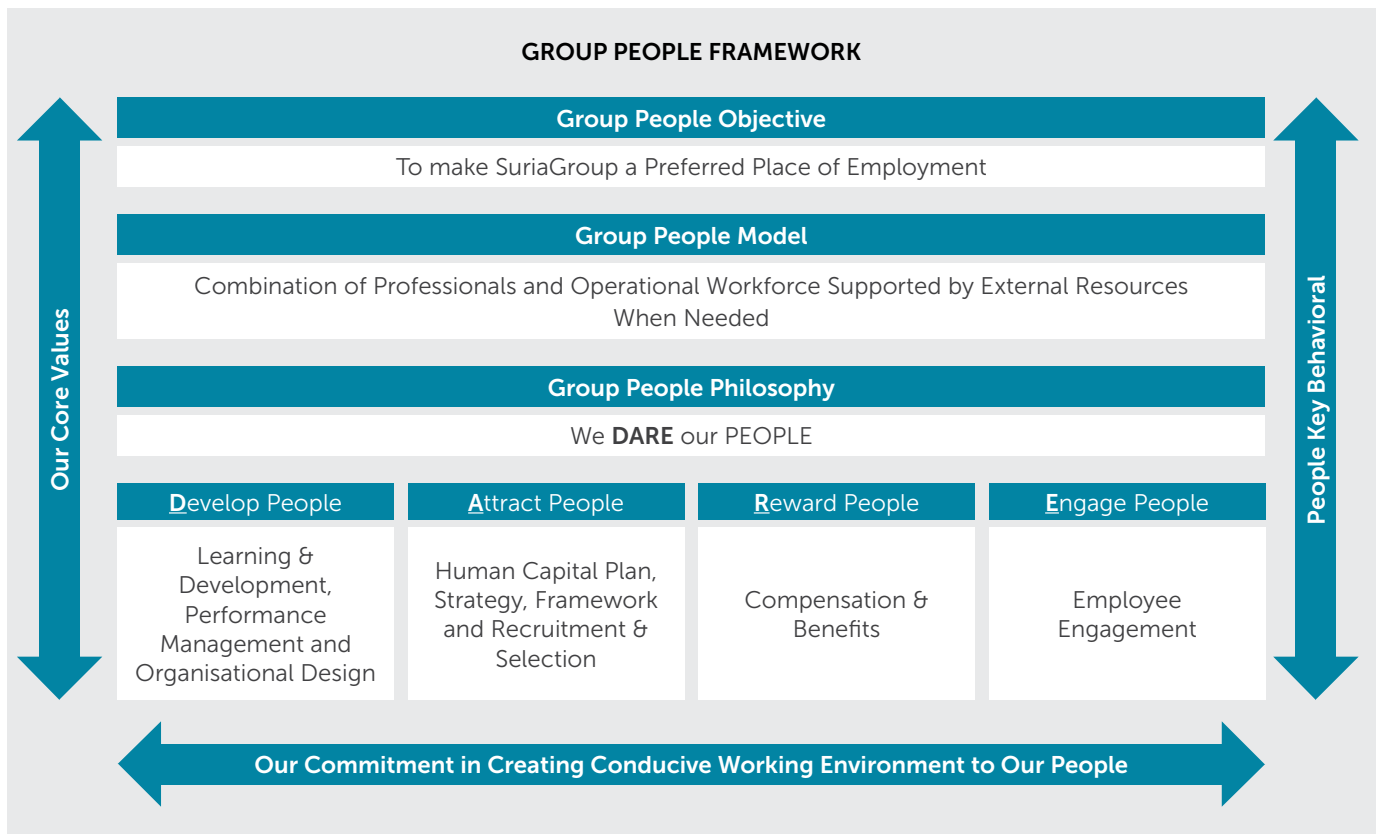
OUR KEY BEHAVIOURS

- Be Positive** (Icon: Head with gear) I can contribute more and make a difference.
- Take Initiative** (Icon: Clipboard) I will do it before being asked.
- Seek Perspectives** (Icon: Magnifying glass over chart) I accelerate decision-making through wise consultation.
- Be Accountable** (Icon: Target) I take responsibility for achieving results.
- Be Creative** (Icon: Lightbulb) I will always find a better way to perform my duties.

SuriaGroup recognises employees as the most valuable asset in driving the Group towards achieving its business direction and objectives.

Guided by the Group’s Terms and Conditions of Service, Code of Conduct and Group People Framework, the Group continues providing its best working environment and efforts to nurture its People.

In addition, SuriaGroup is also governed by the employment laws and regulations which included the Labour Ordinance (Sabah Cap. 67), Industrial Relations Act 1967, Trade Union Act 1969, Personal Data Protection Act 2010 and Minimum Retirement Age Act 2012.



The Group People philosophy, “We DARE our People” reflects the Group’s commitment in Developing, Attracting, Rewarding and Engaging (DARE) our People. Training and learning are important functions to support the effective execution of “DARE” that contributes to the development of our People in SuriaGroup.

With the current employment challenges and the Industrial Revolution 4.0, we believe that people engagement is pertinent to be implemented and communicated to our People. In our effort to sustain a harmonious working

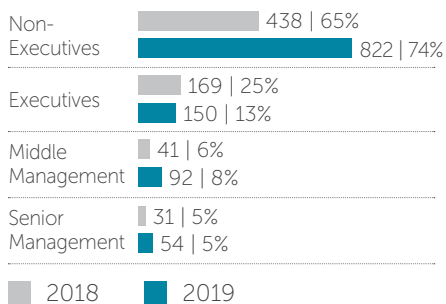
environment and enhance a high-performing culture in SuriaGroup, we introduce and organise various events such as SuriaGroup Kaamatan Raya, SuriaGroup Employees Night and Human Resource Award.

LEARNING AND DEVELOPMENT

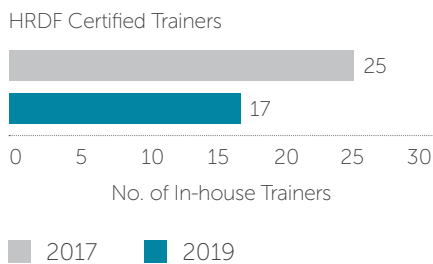
Sharing and creation of knowledge through training is one of the sustainable initiatives in inculcating a conducive Learning Culture. In 2019, the Group recorded 29,835 training hours of internal and external training programmes.

**LEARNING AND DEVELOPMENT
(BOTH INTERNAL & EXTERNAL)**

No. of Attendees



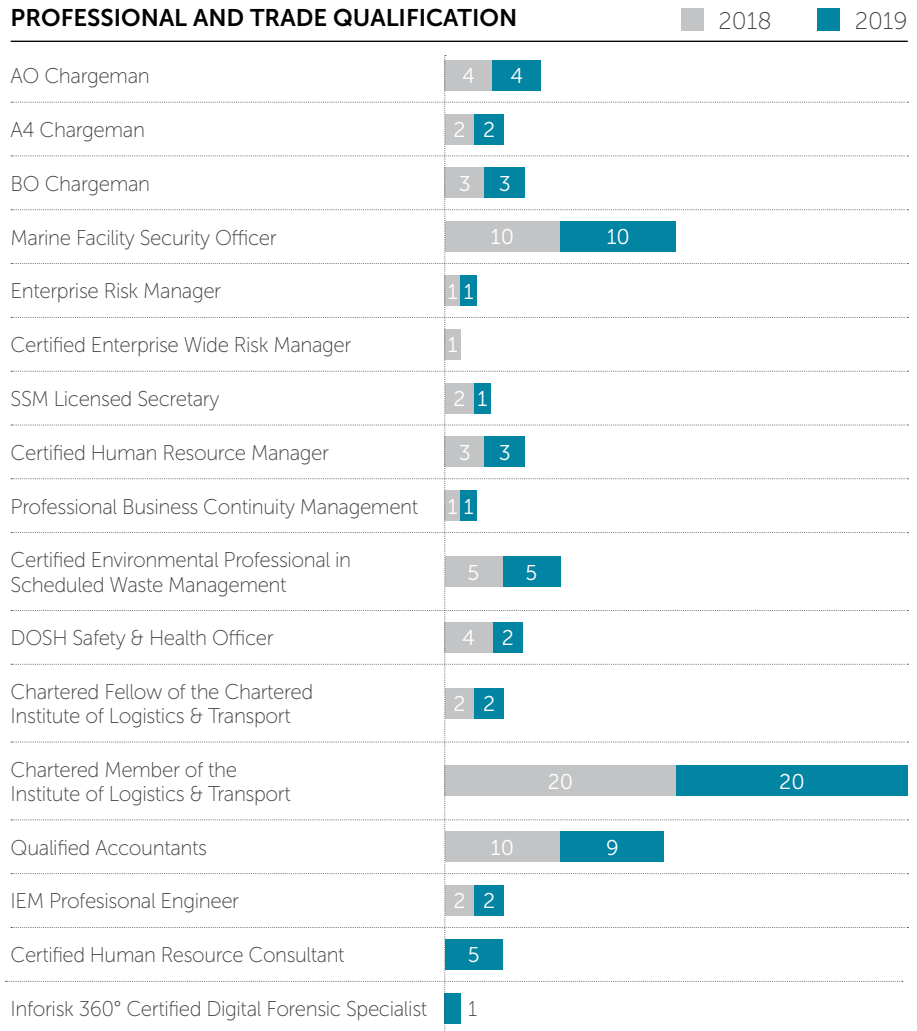
As of the year 2019, SuriaGroup had sponsored 41 certified in-house trainers who contributed 44% of the total training hours.

**SURIGROUP'S
IN-HOUSE TRAINERS**

Recognising the needs for People professional development, we provide an avenue under the 'Continuous Education Programme' that provides our People with financial support in their education offered by universities or professional bodies. In 2019, a total of 17 of our People received support in this programme and four (4) of them had successfully completed their education journey.

With great emphasis on leadership development among our People, potential leaders were identified and currently being nurtured through our Talent Management Programmes.

To maintain a competitive edge, the Group uphold its People to the highest standard in ensuring professional and industry requirements are met with the attainment of related industry certification as follows:

PROFESSIONAL AND TRADE QUALIFICATION

Not forgetting potential young employees, we also provide internship and industrial trainings to our local graduates to gain industry experience. In 2019, two (2) interns completed their internship whereby one (1) of them had secured an employment with us.

SOCIAL – COMMUNITY ENGAGEMENT

SuriaGroup aspires to become a reputable and eminent corporate leader in Sabah by delivering a positive and lasting impact for various stakeholders especially the community.

In 2019, SuriaGroup continued to place special interests in supporting the surrounding communities particularly in the field of education and social well-being of the rural communities in order for them to become self-sustainable in the long term. Our social engagements involved the environment, community and marketplace.

Through our continuous outreach programmes, we believe SuriaGroup is responsible to accomplish better outcomes for the society and environment by creating opportunities for education, health and wellbeing. Our aim is to build a sustainable community while caring for the environment within which we operate.



SUSTAINABILITY PROGRAM WITH LEARNING INSTITUTION

INITIATIVE	CONTRIBUTION	OBJECTIVE	SOLUTION	BENEFICIARIES
1. Sponsorship for Tile Installation at S.K. Gentisan’s Multipurpose Hall.	Suria sponsored RM8,948 for the installation of tiles at the Multipurpose Hall of S.K. Gentisan.	To provide better facilities for the school teachers and children who use the hall as assembly and waiting area during the interchange of morning and afternoon sessions as well as for them to have their food during recess time. In addition, more activities can be carried out by the school.	<ul style="list-style-type: none"> To upgrade the current flooring by replacing the concrete floor with tiles. To beautify the hall with long lasting and easier to maintain flooring. 	The students, teachers and parents.
2. Donation to Fire Victims of Pusat Tahfiz Tarbiyatun Nisa’s Dormitory.	Sabah Ports donated RM1,000 to fire victims at Pusat Tahfiz Tarbiyatun Nisa’s Dormitory, Tuaran.	To ease the burden of the caretakers and 41 female boarders who lost all their possession in the fire which destroy the entire hostel.	Cash for the hostel and school shoes for the students.	Caretakers and boarding students.

SOCIAL WELL-BEING

INITIATIVE	CONTRIBUTION	OBJECTIVE	SOLUTION	BENEFICIARIES
3. Race for Water Odyssey.	Sponsorship of RM25,000 to the Race for Water Odyssey programme in collaboration with NOW! Project Action Committee, a global environmental awareness project.	To support and raise awareness on the impact of plastic waste on the marine environment, through the promotion of innovative solutions to transform plastic waste into energy.	To provide financial support in raising awareness.	Race for Water Odyssey 2017-2021 and contributes indirectly to the community of the various stop-overs.
4. Water Catchment System for Kampung Bongkilong, Kota Belud.	Suria sponsored RM39,441 to build a gravity water system for Kampung Bongkilong located 10 km from Kota Belud.	To provide a sustainable clean water supply.	To build water catchment system and replace old piping system.	250 villagers from 54 families benefited from this project. The villagers were mostly farmers and rubber tappers with income below the poverty line.
5. Community Bonding Through Breaking of Fast during the month of Ramadhan.	SuriaGroup spent a sum of RM22,147 to organise the event.	To strengthen the bonding with nearby villagers by sharing some of our earning.	Allocate budget for the programme of breaking of fast and Tarawih congregation with the nearby local community.	Local communities from nearby villagers together with SuriaGroup staff.
6. Donation of Hari Raya Cookies to Security Forces.	SuriaGroup donated RM7,200 for the purchase of Raya cookies.	To show appreciation for the Security Forces services.	Donation of Hari Raya cookies to the Security Forces.	Security Forces in Sabah.
7. Donation to Fire Victims at Kampung Sarang, Kota Belud.	SuriaGroup donated cash of RM4,000 to the fire victims of Kampung Sarang, Kota Belud.	To ease the burden of fire victims.	Financial assistance to purchase the materials to build new house.	Four (4) families.
8. SuriaGroup's Blood Donation Drive.	RM4,000 was utilised for this event.	To give aid to the Hospital's Blood Bank.	Organised as annual event.	Queen Elizabeth Hospital's Blood Bank and those people in need.

Our social programmes in 2019 is summarised in the following diagram:

CSR PROGRAMMES UNDERTAKEN DURING 2019



Sponsorship of tile installation at S.K. Gentisan's Multipurpose Hall



Donation for fire victims of Pusat Tahfiz Tarbiyatun Nisa's Dormitory



Sponsorship for Race for Water Odyssey programme



Donation of Hari Raya cookies for Security Forces



Community bonding through breaking of fast during the month of Ramadhan



Volunteering and sponsorship of water catchment system at Kampung Bongkilong, Kota Belud



Donation to fire victims at Kampung Sarang, Kota Belud



SuriaGroup's Blood Donation Drive

SURIA CAPITAL HOLDINGS BERHAD 198301001662 (96895-W)

1st & 2nd Floor, Menara Jubili,
No. 53, Jalan Gaya,
88000 Kota Kinabalu,
Sabah, Malaysia.

Tel: +6 088 257 788 (4 lines)

Fax: +6 088 260 355, 231 032

Email: info@suriapl.com.my

Website: www.suriagroup.com.my