SURIAGROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY

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1.0 INTRODUCTION

Corporate Social Responsibility* or CSR policy is part and parcel of good management. It helps to ensure company's activities have positive and meaningful impact on society, the environment and the communities. Through the set policies, we hope to put these issues in place while helping to manage risk, identify new business opportunities and build trust among stakeholders.

1.1 OBJECTIVES OF CORPORATE SOCIAL RESPONSIBILITY POLICY

1.1.1 The purpose of the policy is to guide management and employees on the Group's CSR philosophy or values as well as its vision and mission so that we have a clearly defined objective and a programme of intent.

1.1.2 The policy will indicate the Group's intended CSR cause i.e. Community, environment, human resource, staff development, stakeholder engagement, corporate governance, etc. Once the cause is chosen, this will serve as a guideline for the Group's CSR Programme and funding/donation drives.

1.2 BUSINESS REASONS FOR CORPORATE SOCIAL RESPONSIBILITY

1.2.1 CSR has strong impact on both brand image and reputation, helping to build loyal customers. Reputation on one hand has an impact on the business ability to attract finance, customers and business partners.

1.2.2 CSR is important in reducing non-financial risks, building more robust internal processes and helping to manage liabilities.

1.2.3 Demonstrating responsible operating practices enhances the prospects of getting support over a longer term by the local community, regulators and investors.

1.2.4 A safe and respectful workplace tends to improve productivity and generates financial returns.

1.2.5 Considering the environment and maximising resource efficiency e.g. reducing energy and waste, can lead to cost savings and higher productivity.

1.2.6 Better communication with investment community especially those in western countries with high CSR standards and greater access to capital.

* *In addition to Corporate Social Responsibility (CSR), some other organizations use different terms such as Corporate Responsibility (CR) and Corporate Citizenship to name a few.*

2.0   DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY

2.1   Broadly speaking, corporate social responsibility is a company's commitment to operate in an economically, socially and environmentally sustainable manner whilst balancing the interests of a diverse range of stakeholders.

2.2   Bursa Malaysia Securities Bhd defines CSR as open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders.

CSR is not necessarily the same as philanthropy or charity. It is about how a company makes its money in a right way, not so much on how it spends it. This involves cultural transformation as it integrates CSR concepts into its operations and decision making.

3.0   OUR CSR DEFINITION

At SuriaGroup, we shall define CSR as:

3.1   Conducting affairs in a socially acceptable manner.

3.2   Understanding, supporting and developing the communities and the cultures within which we operate.

3.3   Protecting the environment and safety of the people connected with SuriaGroup and the surroundings.

3.4   Enhancing the value of SuriaGroup through sustainable growth.

4.0   CSR LEGAL REQUIREMENTS AND RESPONSIBILITIES

4.1   In Malaysia, CSR legislation focuses on disclosure which is the practice of communicating the company's economic, environmental, social and governance performance to internal and external stakeholders, making the organisation more accountable on its impact.

4.2   From 31 December 2007, all public-listed companies are required to provide a description of their CSR activities or practices in their annual report, including that of their subsidiaries, or if there are no such activities or practices, a disclosure statement to that effect.

4.3   In line with the current requirement and general practice, the CSR policy of SuriaGroup should expand its consideration to society by taking ownership for the impact of its business on the respective stakeholders i.e. its customers, employees,

suppliers, distributors, regulatory authorities, investors and the communities under its purview.

5.0   CSR APPROACH:

5.1   At SuriaGroup, CSR should be seen a collective initiative to "create new value" to economic, environmental and social issues.

5.2   It is intended to identify SuriaGroup with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

6.0   OUR PRINCIPLES:

6.1   We recognise that we must integrate our business values and operations to meet the expectations of our stakeholders, which include Government, Regulators, customers, shareholders, employees, investors, suppliers, the community at large and the environment.

6.2   We recognise that our social, economic responsibility and commitment to preserve environment forms integral part of our business. We aim to demonstrate these responsibilities through our actions and corporate policies.

6.3   We take seriously all feedback from our stakeholders and, aim to meet their aspirations and our commitments.

6.4   We shall be honest and transparent in communicating our strategies, targets, performance and governance to our stakeholders at all times.

6.5   The responsibility of translating this policy into action rests with all members throughout SuriaGroup.

6.6   Priority should be given to cater for the needs of local community in Sabah as OUR target group before we go outside the community.

7.0   OUR SHARE OF CSR COMMITMENTS:

As a public listed company, SuriaGroup can use the framework established by Bursa Malaysia as a guide to formulate its CSR approaches and agenda.

Bursa Malaysia has outlined its CSR Framework for PLCs to initiate their CSR practices by emphasizing on the economic, social and environmental wellness. All this can be translated within the four key broad dimensions:

- Environment

- Workplace

- Community

- Marketplace

7.1 ENVIRONMENT:

Responsibility towards the environment has become a commitment among corporate citizens. Companies today are becoming increasingly aware of the impact their operations and business decisions has on the physical, social and economic environment in which they operate. Deteriorating air quality, polluted rivers and destruction of natural habitat for flora and fauna are some of the damage caused by human activities.

SuriaGroup is no exception in having its own green agenda i.e. the strong commitment to protect the natural environment for our future generations. SuriaGroup has to recognize its responsibility and accountability towards society and environment for a sustainable future. CSR activities can be focused on a variety of environmental issues related to the core business of Company, namely port services. SuriaGroup is equally responsible to protect the coastal areas or the sea surrounding our 8 ports, which has impact on the lives of the people or the marine population.

As a corporate entity, SuriaGroup could carry out its CSR activities either internally or externally in many areas in safeguarding the environment, among others, such as:

7.1.1 Conduct environmental audits

7.1.1.1   Environment impact assessment on our port development projects so as to minimize impact on local wildlife, flora and fauna.

7.1.1.2   Have an environmental review on consumption and waste from our operations and set targets.

7.1.1.3   Data from utility bills could record savings from reduced resources or waste.

7.1.2 Establish environmentally oriented objectives

7.1.2.1 Obtain certification of environmental management standards such as ISO 14001 to put processes in place to protect environment, prevent pollution and improve environmental performance.

7.1.3 Environmental awareness programmes

7.1.3.1 Raise staff awareness programmes at office and home e.g. on Recycling habits, energy saving practice and other special natural environmental issues such as ozone depletion, global warming, depletion of rain forests, destruction of animal habitats, protecting endangered species, developing biodegradable products and packages, waste management, clean air, clean water, pollution control etc.

7.1.3.2 Provide notices to staff, intranet courses, newsletters and talks to keep staff informed and motivated on environmental issues.

7.1.4 Involved in environmental issues

7.1.4.1 Since SuriaGroup is involved very much in maritime business, we can support conservation activities such as biodiversity projects e.g.:

- Preserving the natural habitat of the coastal areas

- Rehabilitation of mangrove swamp or forests near the ports

- Maritime preservation such as coral reef replanting, etc) benefiting the local community

7.1.4.2 Reducing the emission of chemical waste or by-products (detergents, fuel etc) into the sea at our ports

7.1.4.3 Addressing the water pollution issues at nearby vicinity/villages

7.2 WORKPLACE

7.2.1 Employees

7.2.1.1 As a responsible corporate organization with diverse and multicultural/multiracial workforce, we should be able to create a workplace that is inclusive, supportive, innovative, stimulating and respectful. Diversity requires respect for individual characteristics.

7.2.1.2 Our workplace should reflect and welcome the skills, experiences the different people bring to the company and business.

7.2.1.3 We need to examine from time to time the appropriateness of existing policies and procedures in order to ensure equal opportunities policies.

7.2.1.4 Training can help to develop emotional intelligence, encourage internal communication, productivity and innovation.

7.2.1.5 Conduct equal pay audits to check any imbalances according to gender and ethnicity.

7.2.1.6 Encourage professional networks and mentors to help employees share experiences and learn more from experienced or longer serving people in the company.

7.2.1.7 Companies can collect data on low level employees to see if they feel hindered in the workplace and what issues affect them.

7.2.2 Health and Safety

7.2.2.1 We should be able to provide a workplace where the employees' health and safety is protected. This involves provision and maintenance of safe working equipment while ensuring a culture that looks after employees' health, stress and education on health problems.

7.2.2.2 We should ensure we always adhere to the Occupational Safety and Health Act particularly those staff attached at high

risk areas such as at the ports. We should adopt the healthy workplace culture where prevention as the priority over enforcement.

7.2.2.3   From time to time, as hazard and risk assessment is required through the service of industry expertise. We need to identify of all work activities at all locations and the respective hazards. For each hazard, identify who or what work site is at risk, and determine potential risks and severity of impact. We also check if existing measures are sufficient to control the risks.

7.2.2.4   In areas with potential risks, we need to implement certifiable management systems such as the OHSAS 18001 Occupational and Safety Management System or other reliable system to ensure processes are in place.

7.2.2.5   Put in place training programmes that ensure any employees exposed to health and safety risks understand how to mitigate risks.

7.2.2.6   We should also encourage staff to look after their own health through healthy eating, exercise and stress management techniques. Health-related events, awareness programmes, health and wellness talks on various concerns should be organized for employees at the office.

7.2.2.7   Work with local public authority or specialist groups to prepare actions for any outbreak of communicable diseases such as bird-flu or H1N1.

7.2.2.8   Always conduct spot checks to ensure the implementation of health and safety measures. Regularly check staff re using assigned protective equipment and that staff are ready to implement preparedness action plans.

7.2.2.9   The data on the accident and fatalities reports can be used to reflect the impact of measures as well as the possible areas to focus on. Any changes on insurance costs or sick leave can provide information on sequence. Bad accident reports may lead its way to the press and this can be harmful to the company's reputation.

7.2.3 Work-Life Balance

7.2.3.1 Creating an environment where employees undertake their role in the company while still being able to enjoy their own time or respond to personal needs is important to obtain optimum productivity, engagement, improving morale and reducing turnover and abseentism.

7.2.3.2 The working hours should enable a work-life balance in the company. It should be clarified in the employment contract and staff handbook. Use individual appraisal sessions to inform changes, review work-life balance regularly. Share successful stories.

7.2.3.3 Apply technology where it helps employees to work productively and improve communication.

7.2.3.4 Long working unpaid overtime hours should not be encouraged as a regular basis, especially struggling to finish a task or a particular project. Offer them time management training courses to manage their workload.

7.2.3.5 Find arrangements that help staff with particular domestic pressures e.g. paternity leave policy.

7.2.3.6 Consider allowing staff to pursue personal growth through career breaks or extended study.

7.2.3.7 Consider further guidance on health issues e.g. healthy eating information and options, health screening, on-site exercise facilities, aerobic classes, line dancing session or sports clubs.

7.2.4 Staff Engagement

7.2.4.1 Employees are one of the most important stakeholders and are ultimately important for our services. It is important to treat them with respect and keep them with what the Company is trying to achieve. Do we know how they feel about the company? Do they have a sense of pride in the company and do they feel appreciated for their contribution?

7.2.4.2 Improving staff engagement can help to improve productivity, reduce turnover and absenteeism, build better communication channels and team morale.

7.2.4.3 Employee survey can be conducted to get feedbacks. Appraisals and personal development plans can be essentials to know how employees find their work, areas of interest and to work out how they can progress in their career.

7.2.4.4 Companies can consider putting up employees' recognition awards or token of appreciation for exceptional work or for long service.

7.2.4.5 Regular meetings with staff and other efforts such as internal newsletters, intranet sites or blogs helps to ensure constant flow of communication.

7.2.4.6 Mentor programmes can be useful for employees to have someone they can consult with if they have a problem in work. Mentors can be assigned to coach them and provide support in the new role.

7.2.4.7 Counseling services should be seen as an opportunity to relieve stress and share personal difficulties in coping with their work.

7.2.4.8 Organizing speaker series or talks can also help employees' knowledge on certain topics and make them feel more engaged.

7.3 COMMUNITY

What impact is our company having on people's lives in the communities where we operate or where we source and distribute products?

7.3.1 As a responsible corporate citizen, SuriaGroup should try to minimize potential problems from operations and utilise the best of the business – technologies and expertise - to maximize benefits to communities.

7.3.2 We need to engage in projects that add value to our business and to local communities. There lies an opportunity for us to enhance our brand and reputation as well as better relationships with local communities. The knowledge and skills, networks and resources we have might be able to help alleviate poverty and community problems. To make changes, it is

important to understand the needs and priorities of the communities concerned.

7.3.3 Social impact assessment

To conduct a social impact assessment to see how our operations may impact the local communities. Should we want to expand or develop new land, we need to ensure the informed consent of affected communities.

7.3.4 Review values, vision and policies

We ensure our policies and procedures consider company impact on communities and take a rights-based approach. We will respond to requests for assistance that should cover focus area eligible for financial support and make note of factors not included such as political or religious activities. Flexibility in the policy has to take into account other urgent needs such as disaster relief.

7.3.5 Research and identify local community development issues

We also need to find out potential conflicts around the business operations or if there are prevalent issues with which the company could assist.

Certain issues and needs can be identified and prioritized for a community investment project. If a community needs assistance with education there may be a greater need to educate women or a particular excluded group.

7.3.6 Identifying needs of Community

It is crucial to be knowledgeable and responsive to the community needs such as in education for particular group. We may embark in community investment project on priority basis.

7.3.5 Involve and motivate employees

To get employees motivated, it is important to communicate with them about plans and initiatives to get the support. Employees would want to get involved in employee volunteer programme.

7.3.6 Work with Partners

To get maximum community investment, it would be wise to find a partner such as working with NGOs, charities, community groups or more established business associates. Working with partners can earn extra mileage in addressing social or environmental issues.

7.4 MARKETPLACE:

CSR at marketplace involves the good business conduct, engagement with stakeholders; marketing, product and service responsibility and conduct of the supply chains.

7.4.1 Corporate Governance

Leadership commitment is necessary to address corporate governance. It has to be supported right from the Boards downwards to drive CSR plans forward and be part of the strategic goals.

Corporate governance is critical to SuriaGroup, as a public-listed company for its accountability and managing risk. The Malaysian Code on Corporate Governance sets out the requirements and guidelines in the course of executing business so as to avoid bad practices such as dishonesty, breach of trust, corrupt practices etc.

The company should develop a code of conduct on ethical behavior as guidance on what the company can recognize as legitimate. This code of conduct needs to be communicated to all employees so they know the company has established policies and standards.

It is important to keep good records and have internal controls that can check non-compliance or irregularities. The process should be able to pick up any weaknesses and good records are essential for transparency.

Embedding an anti-corruption culture requires training and communication, so employees understand how potential risks relate to their job and are empowered on what to do when confronted by unethical practices. This should be an ongoing process.

7.4.2 Stakeholder Engagement

Stakeholders are the party who are impacted by or has an interest or impact on the business operations. Engagement with them requires participating in communication channels to facilitate feedback from representative groups or individuals.

The management should at least examine the six 'I's i.e. impact, interest, inclusivity, influence, information and incisiveness.

7.4.3 Marketing, Product and Service Responsibility

From time to time, we have to conduct stakeholder engagement on what is expected of them and identify potential risks from our rendered services or products such as substandard quality, dangers through use and potential waste problems. They can pose risks of damage to company's reputation and consumer base.

Adopt our own code of conduct on our business operations.

7.4.4 Supply Chain

7.4.4.1　We should identify who are our suppliers and their associated environmental, social and governance risks;

7.4.4.2　The social and environmental conduct of suppliers should also be taken into account. Where applicable we can choose environmentally friendly products from suppliers such as recycled materials, items with less chemicals or reduced packaging.

7.4.4.3　A supplier code of conduct should be included in contractual requirements based on international standards.

7.4.4.4　A comprehensive code of conduct would include policies and statements on each of the following areas:

- Legal compliance

- Fair employment practices including fair wage, overtime compensation, days off etc.

- Good health and safety practices

- Prohibition of child and forced labour

- Non-discrimination based on race, gender, sexuality, national origin or religious beliefs

- Prohibition of harassment and abuse

- The right of association and the right to organize and bargain collectively

> ▪ Environment performance requirements

    7.4.4.5   Internal control and auditing are required to keep good records for the purpose of transparency and to steer clear of non-compliance.

    7.4.4.6   As buyers, we should increase buyer awareness among staff in the relevant departments when making purchasing but so long discounts or saving can be obtained without jeopardizing the quality.

7.4.5 Customers:

    7.4.5.1   We shall develop strong and ethical business relationships with our customers, suppliers and others. We aim at providing services which improve customer's productivity, profitability and are environment-friendly.

    7.4.5.2   We shall deliver high quality services which meet their needs and also promote the safe and responsible handling of the services.

    7.4.5.3   Customer complaints shall be resolved in the shortest time to their satisfaction.

    7.4.5.4   We shall treat all customers fairly and with respect.

    7.4.5.5   We will work with our suppliers and other business partners on the basis of mutual respect and trust and so far as practicable, require that they act in accordance with our values.

8.0 OUR CSR CHARTER

- We strive to be a responsible corporate member of each and every community where we operate and support efforts of our employees to that end.

- We are committed to being an industry leader by conducting our activities responsibly to minimize any adverse impact of our operations on employees, the public at large and the environment.

- Through effective partnerships, we shall continue our initiatives on water and energy efficiency, education and environmental improvement within the community.

- We aim to create employment opportunities to the communities in which we operate and shall support and encourage our employees to help local community organizations and activities in our region

- We will not be part of a political party or take part in any political activity nor encourage any associate to do so.

- We will not support policies which are detrimental to the public at large.

- No employee shall directly or indirectly offer, promise to pay or authorize the payment of money or kind to Government officials, political parties or candidates or to an employee of a company with whom the company does business or is seeking to do business, for the purpose of influencing the acts or decisions of such persons or parties.

- Employees shall devote their full attention to the business interest of the company and should not engage in activities that are conflicting or interfere with their responsibilities towards the company or is advantageous to the company's competitors.

- Employees under no circumstances shall accept any money, gift, privilege or any other service or thing of value from the company's customers, vendors, consultants or any other transacting party.

- Employees must ensure that they do not conduct the company's business with a relative or with an entity in which a relative is associated or with an organization where they are directly or indirectly interested or where they shall derive a benefit from the transaction.

- Opportunities that are discovered through company's position and sources shall not be exploited or made use of, by employees for their personal gain or advantage, unless such opportunity is fully disclosed to the Board of Directors of the company.

- We shall take our environmental responsibilities seriously and be aware of the impacts of our operations on the local communities.

9.0   BUDGETING AND CHANNELING OF FUND

Budgeting and channeling of fund for CSR activities will be centralised at Suria Capital as the holding company to reflect the overall SuriaGroup's commitment. Ways of funding will be on discretion and upon approval by Group Managing Director.

10.0   IMPLEMENTING CSR ACTIVITIES

- CSR activities would be coordinated by Corporate Affairs and Communication Department (CACD) of Suria Capital.

- Any part of SuriaGroup is encouraged to initiate their CSR activities.

- Any Heads of Subsidiaries or members of the senior management can head and form a working committee for any CSR projects.

- Subsidiaries may collaborate with CACD for any CSR initiatives.

- CACD can act as the Secretariat for Group's CSR projects for better coordination.

11.0   REPORTING OF CSR ACTIVITIES

- Regulations in Malaysia make it mandatory for listed companies including Suria Capital to report their CSR activities in the Annual Report.

- Reporting of CSR activities will be centralized at CACD.

- Reporting of CSR activities at the subsidiary level will be forwarded to CACD.