



MBM Resources Berhad

Registration No. 199301029757 (284496-V)

SUSTAINABILITY REPORT 2022



CONTENTS

| | |
|---|----|
| About MBMR | 1 |
| About This Report | 2 |
| Message from the Chairman | 3 |
| Sustainability Governance Framework | 4 |
| Stakeholder Engagement | 5 |
| Material Matters | 6 |
| Pillar 1: Environment | 9 |
| Pillar 2: Social | 17 |
| Pillar 3: Economic | 24 |
| Pillar 4: Governance | 25 |

ABOUT MBMR

MBM Resources Berhad (“MBMR”) is a holding company of an automotive group with diverse investments in distributorships and dealerships of major international vehicle brands and automotive parts manufacturing in Malaysia.

The motor trading segment covers the distribution and trading of motor vehicles, spare parts and provision of related services. The auto parts segment comprises the manufacturing of steel wheels, discs, airbags, seatbelts, steering wheels, noise, vibration and harshness (NVH) products and provision of tyre assembly services.

OUR MISSION

To be the Automotive Partner of Choice to our Employees, Customers and Investors

OUR VISION

To be a Complete Automotive Group

MOTOR TRADING



AUTO PARTS MANUFACTURING



ABOUT THIS REPORT

MBMR and its subsidiaries (“the Group”) recognises its roles and responsibilities to society, the environment and all stakeholders in conducting our operations. This Sustainability Report covers the Group’s sustainability targets, performance and initiatives for 2022 in relation to these four sustainability pillars:

- Environment
- Social
- Economic
- Corporate Governance

SUSTAINABILITY OBJECTIVES

The Group’s objectives with respect to sustainability are driven by our mission to be the Automotive Partner of Choice to our Employees, Customers and Investors. Our sustainability objectives are to:

1. Minimise negative effects of the Group’s businesses on the environment;
2. Promote social progress towards the wellbeing and development of our employees, customers and communities in which we operate;
3. Promote a healthy ecosystem in which the Group’s businesses are operated; and
4. Achieve consistently high standards of integrity, transparency and disclosure according to regulatory and industry best practices.

Aligning our sustainability goals with our business objectives and practices forms an integral part of our long-term strategies to deliver sustainable benefits to our stakeholders.

SCOPE

The scope of this Sustainability Report covers MBMR and its subsidiaries and jointly controlled entity listed below, all of which are located in Malaysia (collectively referred to as the “Group” in this Sustainability Report).

- Daihatsu (Malaysia) Sdn. Bhd. (“DMSB”)
- Federal Auto Holdings Berhad (“FAHB”)
- Autoliv Hirotako Sdn. Bhd. (“AHSB”)
- Hirotako Acoustics Sdn. Bhd. (“HASB”)
- Oriental Metal Industries (M) Sdn. Bhd. (“OMI”)

REPORTING STANDARDS

Disclosures within this Sustainability Report are in accordance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Bursa Malaysia’s Sustainability Reporting Guide. This Sustainability Report is also guided by the core reporting principles of the Global Reporting Initiative (“GRI”) Standards and have also been aligned to the UN Sustainability Development Goals and the sustainability issues that are most material to our businesses and our stakeholders. Out of the 17 Goals, 11 of these goals are aligned to our materiality matrix. This includes Customer Satisfaction, Policy and Governance, Waste Management, Community Engagement, Energy Consumption, Staff Welfare, Safety and Health, Labour and Working Standards, Regulators and Government and Water Consumption. Where applicable, we further strive to adhere to the FTSE4Good Bursa Malaysia Index criteria.

REPORTING PERIOD

This Sustainability Report covers the Group’s sustainability performance from 1 January 2022 to 31 December 2022. Where available, data from the previous year is also included for year-on-year progress comparisons.

ASSURANCE STATEMENT

Data disclosed in this Sustainability Report has been internally sourced from within the Group and are thereafter compiled and measured using industry standards against our sustainability targets. The results therefrom have been verified by MBMR Management in so far as reasonably practicable, followed by a review by the Risk Management and Sustainability Committee before the report is presented to the Board.

The Group is progressively enhancing its ongoing data collection efforts to close any reporting gaps and to expand our disclosures in future reports. MBMR has not sought any independent verification or assurance for the disclosures in this report.



MESSAGE FROM THE CHAIRMAN

2022 was a highly successful year for MBMR with record-breaking revenue and profits. As we celebrate the Group-wide achievements, we are also proud that the exceptional performance was achieved on the back of progress made in our sustainability strategies and objectives in the year.

Key environmental achievements in 2022 involved the increase in our Group-wide reduce, reuse and recycle initiatives from the preceding year. These initiatives included the installation of solar panels in our manufacturing plants and continued Group-wide upgrades from conventional to LED lighting. We also reduced the Group's water and electricity intensity consumption even with the resumption of normal operating hours and a substantial increase in our manufacturing numbers.

Waste management saw an improvement along with the expansion of our recycling initiatives. In our manufacturing companies, the continued maintenance of the ISO 14001 environmental management system accreditation provides the assurance to our stakeholders that our operations comply with environmental regulations while also generating cost-savings through more efficient use of resources and waste management.

On the social front, we strongly believe that our investment in people is a key driver of commercial success throughout the Group, underpinned by employee engagement and a firmly integrated culture of employee appreciation, development, diversity and inclusion. From providing a safe working environment, encouraging diversity and inclusion at all levels to remuneration and benefits benchmarking and ensuring that our employees are rewarded for their respective contributions, have access to training and career development opportunities, we will continue to attract and retain the best talent.

The talent development programmes for the upskilling of our employees were undertaken with this belief in mind. We have also expanded the talent development to the communities, most notably our pledge towards the establishment of MBMR's Scholarship Programme to support the younger generation to gain access to quality education, details of which will be announced in due course.

Additionally, our social sustainability initiatives, which included wellness programmes and our CSR activities throughout the year have helped us in being recognised as a better employer engaged in more responsible business practices. The employee and customer satisfaction surveys conducted have achieved an encouraging score, an indication that our sustainability and business strategies have had a positive effect on our stakeholders. As we expand our efforts in the respective overarching pillars, it is our hope that the satisfaction scores would increase further.

Concurrently, digitalisation initiatives have also enabled us to build closer relationships with our dealers and customers in our motor trading companies, contributing to better overall sales and service figures. In our manufacturing companies, improved monitoring and adoption of automation has improved the operational efficiencies in our manufacturing plants.

As the Group widens the adoption of digitalisation initiatives, the ongoing deployment of our Data Protection and Cyber Security programmes under the Governance pillar have improved the Group's Cyber Security infrastructure and awareness.

Our efforts to improve our Group's businesses are supported by a robust governance, risk management and internal control framework and practices. We aim to instil the highest standards of integrity, honesty, and transparency within the Group. Other significant initiatives under the Governance pillar involve the implementation of fundamental Group-wide policies with the aim of improving overall governance within the Group. This includes the adoption of a new Group Enterprise Risk Management Policy and Framework to ensure effective identification, assessment and management of the Group's risks in a holistic manner towards achieving the Group's business objectives.

We see environmental, social, economic and governance priorities as an important part of our mission to be the automotive partner of choice to our stakeholders. Through our ongoing investments in knowledge development and management, operational excellence, innovative technology adoption and digitalisation, we continue to drive our businesses to directly address these pillars to help in ensuring the sustainability of our planet. We do not see an alternative. Therefore, we believe continuous improvements in the material sustainability matters that we have identified are aligned with delivering sustainable returns to our shareholders. Having embarked on our transformation journey since 2019 and with our commitment to continue on that course, we aim to deliver additional and continuous improvements.

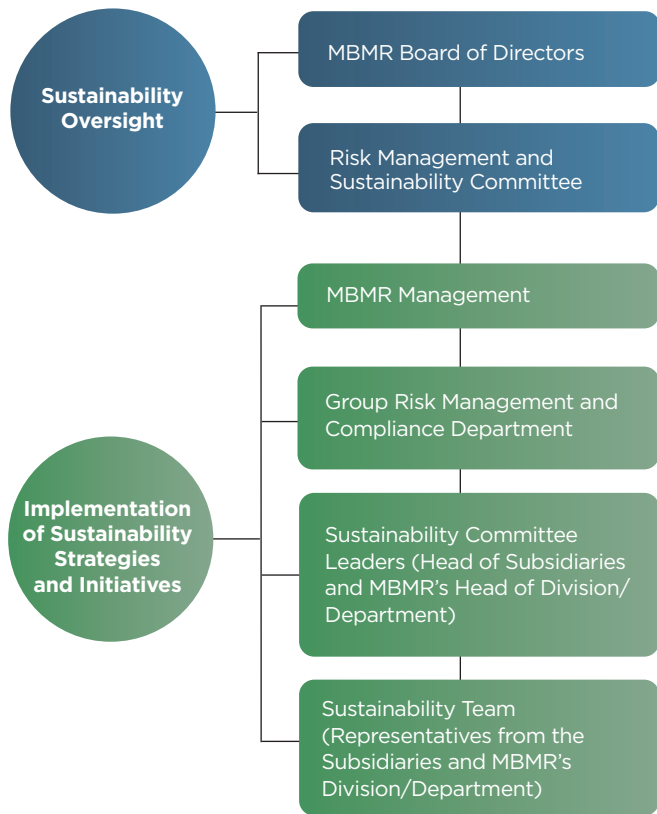
Moving forward, existing initiatives undertaken by the Group under all four pillars of sustainability will be further refined and expanded. The Group will also seek to further improve disclosures in line with recent enhanced sustainability reporting requirements.

Aqil bin Ahmad Azizuddin
Chairman

SUSTAINABILITY GOVERNANCE FRAMEWORK

MBMR Group’s sustainability governance structure promotes integrity, accountability and transparency across all levels of the organisation. Since our last sustainability report, there has been no significant change to the sustainability governance framework. We remain committed to ensuring that the right leadership, strategies and internal controls are in place for the successful adoption of sustainability strategies in our organisation.

The diagram below provides an overview of MBMR Group’s Sustainability Governance Framework:



The assigned roles and responsibilities of the Sustainability Governance Framework are as follows:

MBMR BOARD OF DIRECTORS

The MBMR Board of Directors (“Board”) has the overall responsibility to oversee the governance of sustainability matters for the Group. While the Board remains responsible for its oversight function as a whole, the Board has delegated to the Risk Management and Sustainability Committee (“RMSC”) the responsibility of setting the Group’s sustainability strategies and initiatives comprising of environmental, social and governance matters as well as embedding sustainability best practices to the Group in accordance with the MMLR of Bursa Malaysia and the Malaysian Code on Corporate Governance 2021 (“MCCG”).

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

The RMSC is responsible in assisting the Board to oversee the adoption of sustainability policies for the Group which also includes setting the Group’s sustainability strategies, priorities and targets. It is also the responsibility of the RMSC to monitor and review the Group’s key sustainability performance against the set strategies and targets. The RMSC is also responsible to oversee and review the processes, framework and strategies designed to manage environmental, social and governance risks, covering matters such as safety, health, employment practices, environmental practices, human rights, community relations and other relevant sustainability matters.

MBMR MANAGEMENT

The MBMR Management is primarily responsible to lead the implementation of sustainability related policies, framework and procedures throughout the Group. The Management is also responsible to manage and monitor the Group’s key sustainability performance and is supported by the Group Risk Management and Compliance Department to ensure alignment to the Group’s sustainability targets.

GROUP RISK MANAGEMENT AND COMPLIANCE DEPARTMENT

The Group Risk Management and Compliance Department monitors and coordinates the collation of the Group’s sustainability initiatives execution and the key performance data. The department then updates and reports this information to the MBMR Management and subsequently to the RMSC.

SUSTAINABILITY COMMITTEE LEADERS

The Sustainability Committee Leaders consist of the heads of subsidiaries as well as the heads of division/department. The Sustainability Committee Leaders are responsible to ensure that the implementation of sustainability initiatives and strategies are in line with the Group’s sustainability targets. They are also responsible to ensure the timely reporting of sustainability matters from the respective subsidiaries or division/department and to determine the accuracy of the information reported.

SUSTAINABILITY TEAM

The Sustainability Team consists of representatives from the subsidiaries and division/department. The Sustainability Team is responsible to assist in the coordination and implementation of the sustainability initiatives in their respective subsidiaries and divisions/department. They are also required to provide information and data on the subsidiaries or division/department’s sustainability performance.



STAKEHOLDER ENGAGEMENT

A fundamental component of our sustainability strategy is to listen and respond to our stakeholders as they play an important role in our long-term success.

The Group actively engages with internal and external stakeholders to understand their needs and expectations. The stakeholder engagement process allows us to assess stakeholders' interests and its potential impact on our

businesses, enabling us to identify any gaps and formulate strategies to further align our sustainability practices with the stakeholders' needs and expectations in driving long-term sustainability.

Below is a summarised list of our key stakeholders and the engagement activities:

| Stakeholder | Engagement Activity | Frequency | Purpose |
|--|---|----------------------|--|
|  Customers | Social Media Campaign | Regular | To offer quality products and services and to gather feedbacks to improve on the products and services. |
| | Online Services through Customer Portal | Regular | |
| | Face to face interaction from service and sales channels | Regular | |
| | Launching Events | As and when required | |
| | Showroom Open Day and Roadshows | Regular | |
| | Vendor Briefing with Customers | Monthly | |
| | Customer Annual Conference | Annually | |
| | Customer Satisfaction Survey | Annually | |
| Customer Updates | Monthly | | |
|  Communities | Community Activities | Regularly | To carry out our corporate social responsibilities and build good relationships with the local communities. |
|  Shareholders and Investors | Annual General Meeting | Annually | To disseminate and provide information on the Group's activities and financial performance to facilitate decision making by investors. |
| | Analyst Briefing | Quarterly | |
| | Media Releases | Quarterly | |
| | Websites | As and when required | |
|  Regulators | Meetings with Regulators | Regularly | To ensure compliance with all laws and regulations. |
| | Briefings, Seminars or Discussions with Regulators | As and when required | |
|  Suppliers and Contractors | Mid-Year Review and Engagement with Vendors | Bi-Annually | To ensure compliance with all laws and regulations. |
| | Supplier Performance Meetings | Monthly | |
| | Supplier Conference | Bi-Annually | |
| | Supplier Audit | Annually | |
| | Vendor Development Programme | As and when required | |
|  Employees | Employee Engagement Survey | Annually | To provide a conducive work environment and to engage and nurture employees. |
| | Employee Engagement Sessions i.e. townhall and Management Visit | Regularly | |
| | Team Building Programme | As and when required | |
| | Employee Awards Programme | Annually | |
| | Employees Meetings | Daily and Monthly | |
|  Principals | Meetings and communication with Principal | Regularly | To communicate on business activities and financial performance. |

MATERIAL MATTERS

To deliver long-term value, it is important for us to understand the industry trends, risks, opportunities and the expectations of our stakeholders. Our sustainability strategies and business plans are driven by the most material aspects of business growth and stakeholder needs.

MBMR Group has reviewed its material sustainability matters in 2022 to ensure that the material matters are still relevant to the

Group and are aligned to the Group’s sustainability strategies. The material sustainability matters were also reviewed to ensure that we are able to effectively allocate our resources in achieving our sustainability objectives.

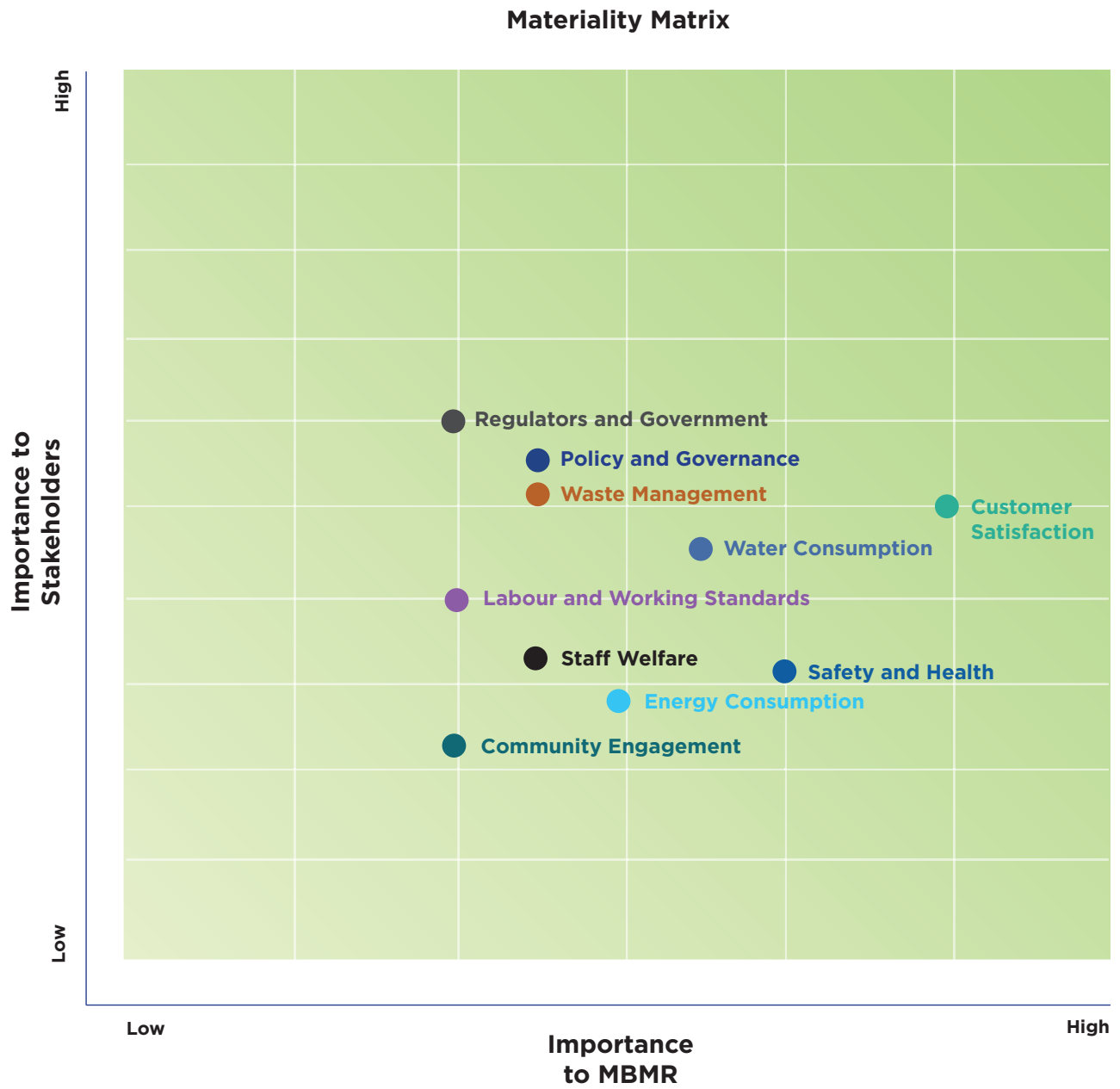
Below is the table detailing our material matters and the related United Nations Sustainable Development Goals (“UNSDGs”).

| Material Matters | Aspects Included | Related UNSDGs |
|---|--|---|
|  Customer Satisfaction | <ul style="list-style-type: none"> Product and Service quality Customer relationship management |  |
|  Policy and Governance | <ul style="list-style-type: none"> Corporate governance Business ethics and compliance |  |
|  Waste Management | <ul style="list-style-type: none"> Reduce, Reuse or Recycle Disposal of waste in compliance with regulatory requirement |    |
|  Community Engagement | <ul style="list-style-type: none"> Recognition of local communities’ needs |   |
|  Energy Consumption | <ul style="list-style-type: none"> Energy Management |    |
|  Staff Welfare | <ul style="list-style-type: none"> Employee management Training and development Diversity and Equal Opportunity |    |
|  Safety and Health | <ul style="list-style-type: none"> Safe and healthy workplace |  |
|  Labour and Working Standard | <ul style="list-style-type: none"> Human Rights Compliance with labour laws |   |
|  Regulators and Government | <ul style="list-style-type: none"> Regulators requirements |  |
|  Water Consumption | <ul style="list-style-type: none"> Water management |   |

MATERIALITY MATRIX

The materiality matrix plots the Group's material matters in two dimensions:

1. The degree of importance of the material matters to the Group.
2. The degree of importance of the material matters to our Stakeholders.



MBMR GROUP'S FOUR SUSTAINABILITY PILLARS

The MBMR Group's sustainability framework is focused on four sustainability pillars:



These sustainability pillars are aligned with the Group's material matters and addresses 11 of the 17 UNSDGs. The 11 UNSDGs are:





PILLAR 1: ENVIRONMENT

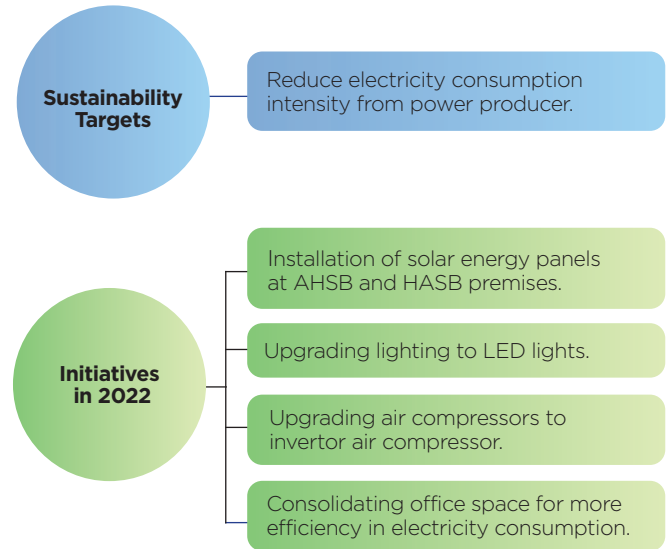


The Group shall continuously explore methods to improve the efficient usage of natural resources such as water, land and other related natural resources as required in its operations. Due to the nature of our operations, we are a significant user of water and energy. As a result, the Group’s environmental sustainability efforts focus on material matters related to energy consumption, water consumption and waste management.

A summary of the targets and initiatives by the subsidiaries are listed below:

ENERGY CONSUMPTION

Energy supports all sectors of our business operations, therefore it is important for us to be energy efficient not only to reduce running costs but also to lower our carbon emissions and conserve natural resources. The Group is committed to improve its energy efficiency in its operations and if feasible, enhance its renewable energy usage. Reducing energy usage is pivotal to our resource efficiency strategy and crucial to maintaining our cost competitiveness. The initiatives we implemented towards achieving this target involves switching to energy-efficient lighting and investing in renewable energy resources through the installation of solar panels at our premises. In 2021, solar panels were installed at OMI’s tyre assembly plant, while AHSB and HASB completed the installation of solar panels at their respective buildings in 2022.



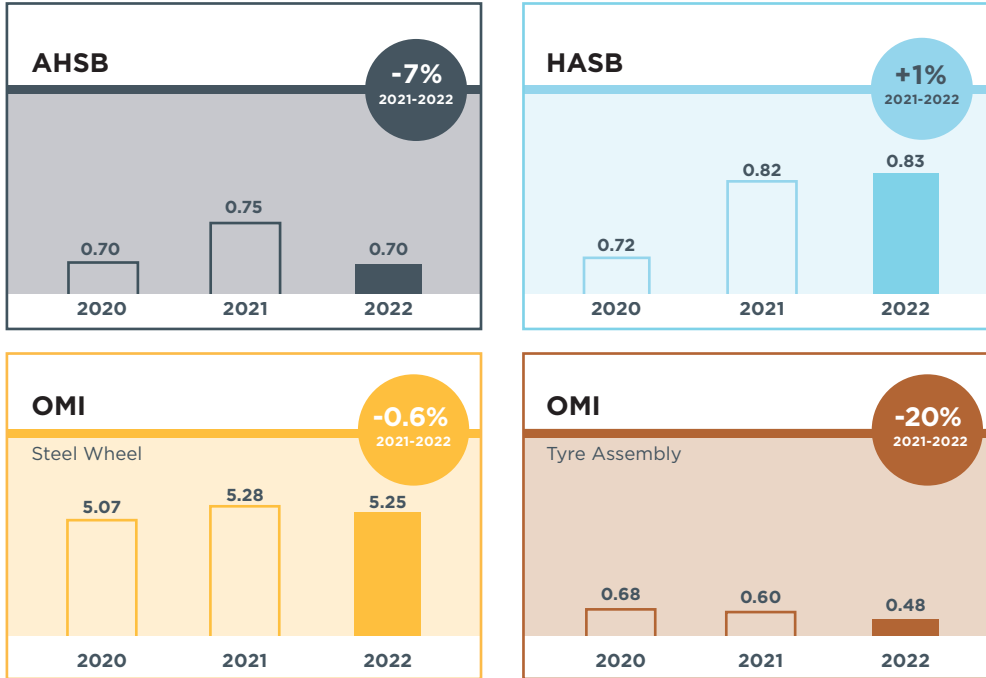
Indicators

The Group uses electricity intensity to measure our energy consumption efficiency. Electricity intensity is measured by the kilowatt hour (“kWh”) of electricity required by our manufacturing companies to produce one unit of product and the kWh of electricity used by our motor trading companies to sell or service one vehicle. Our aim for energy efficiency is to have lower electricity intensity which means to use less electricity to produce one unit of product or to sell or service one vehicle.

Electricity Intensity Comparison 2020 - 2022

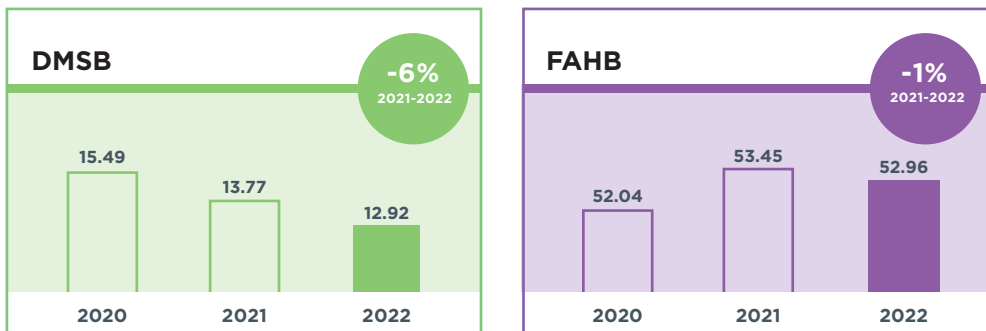
Manufacturing

Measured by kWh Electricity Intensity Per Unit Produced



Motor Trading

Measured by kWh Electricity Intensity Per Unit Produced



The implementation of our energy sustainability initiatives showed results in 2022 with all except one company under the Group reporting a decrease in electricity intensity compared to 2021.

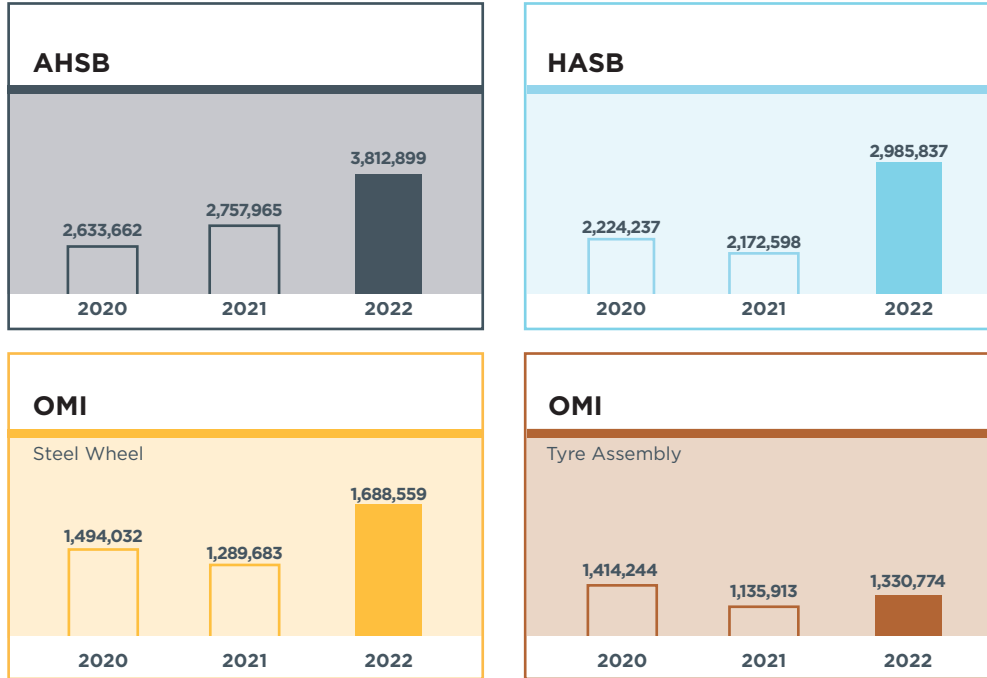
AHSB's electricity intensity per unit produced in the reporting year showed a 7% reduction from 2021. OMI's steel wheel plant had a slight decrease of 0.6% while the tyre assembly plant had a more significant 20% decrease in electricity intensity. HASB, however, had a slight intensity increase of 1% this year.

For our motor trading companies, DMSB and FAHB reported a 6% and 1% decrease respectively in electricity intensity from energy producer.

Electricity Consumption From Energy Producer Comparison 2020 - 2022

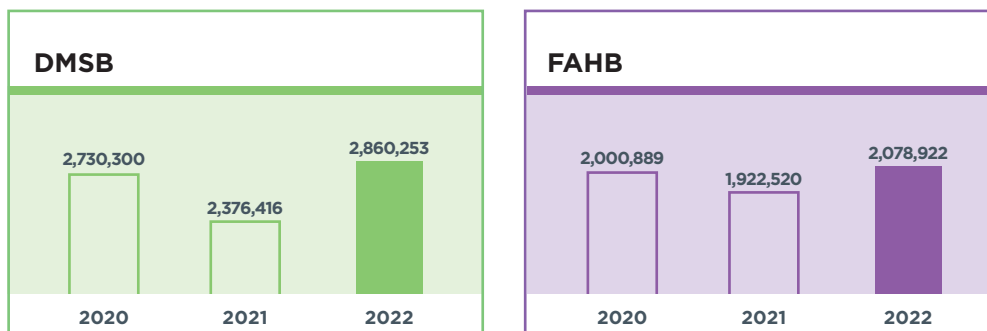
Manufacturing

Measured by kWh Electricity Consumption from Energy Producer



Motor Trading

Measured by kWh Electricity Consumption from Energy Producer



Electricity consumption increased for all our companies during the year. The Group's total electricity usage from energy producer was 14,757,244 kWh in 2022, which was an increase of 27% over the previous year. This increase was due, in part, to the energy consumption in 2021 being lower when COVID-19 lockdowns forced temporary closure of our manufacturing plants, showrooms and service centres.

Meanwhile, the high demands for vehicles in 2022 led to an increase in production at our manufacturing plants, resulting in higher levels of electricity being used. However, as we previously highlighted, the overall electricity intensity has reduced as a result of the high production volume and the implementation of our sustainability initiatives.

We will continuously monitor and review our initiatives for the upcoming year to further improve our energy usage.

WATER CONSUMPTION

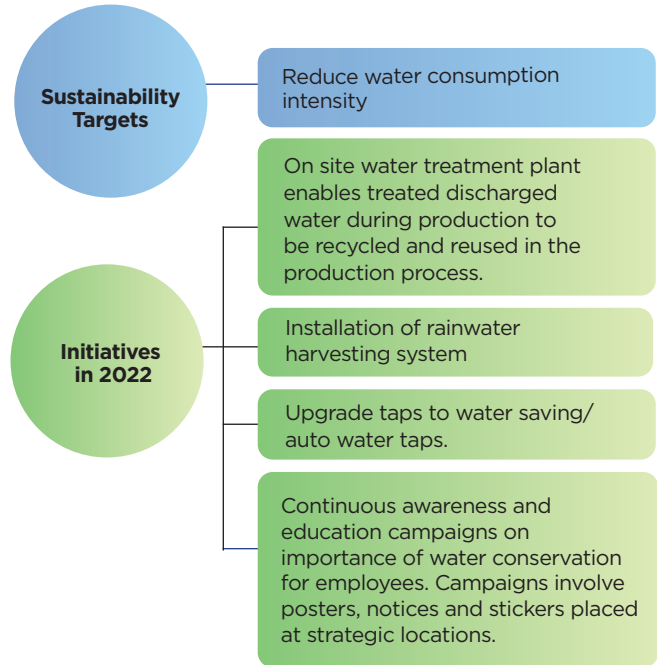
Managing water consumption is crucial for the Group as a few of our subsidiaries use a considerable volume of water in their operations. By managing water sustainability, we will not only reduce our cost but also help with the preservation of water ecosystems.

One of the initiatives implemented by the Group is to tap into an alternative source of water through the installation of rainwater harvesting systems. In 2022, a rainwater harvesting system was installed at the OMI plant in Shah Alam with another one planned for installation at the new OMI plant

In addition, our manufacturing plants are also equipped with water recycling systems that enable water from the production process to be treated and recycled back for use in the production line.

We also continuously educate and remind our employees on the importance and methods of water conservation. In 2022, DMSB started upgrading the water taps at its premises to water saving and auto water taps to improve on its water conservation.

A summary of the target and initiatives in 2022 are listed below:



Indicators

We monitor our water efficiency by measuring the intensity of water use based on volumes of water used for per unit of product produced by our manufacturing companies and by volumes of water used for per vehicle sold or serviced by our motor trading companies.



Rainwater harvesting system at OMI

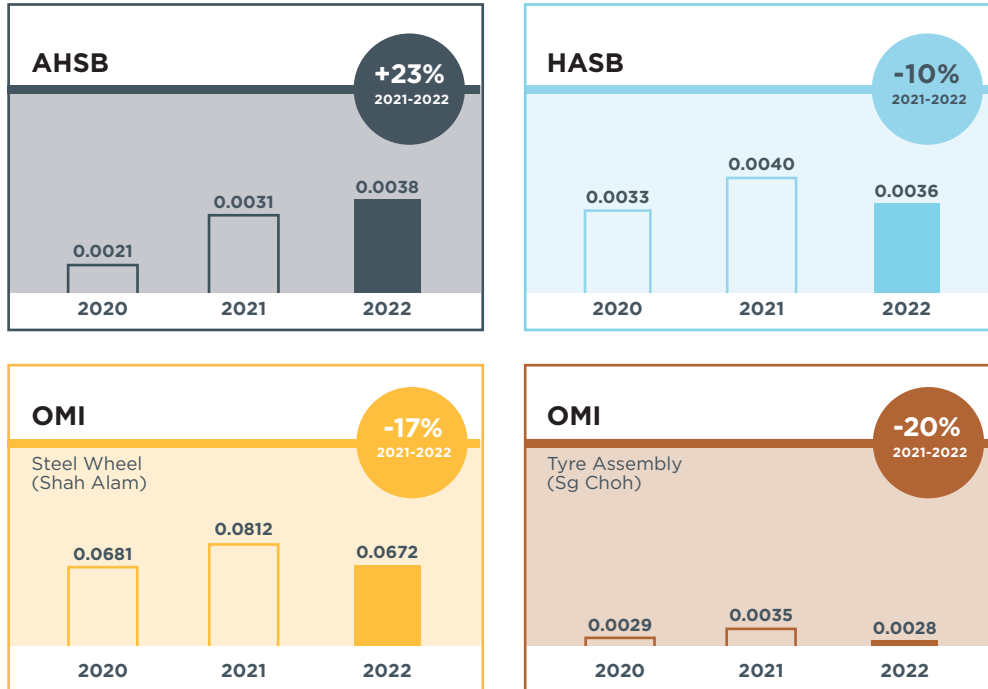


OMI's effluent water recycling system

Water Intensity Comparison 2020 - 2022

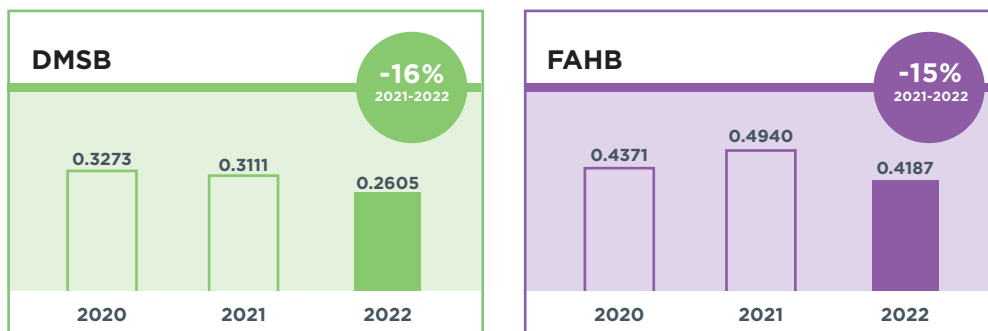
Manufacturing

Measured by Water Intensity Per Unit Produced (m³)



Motor Trading

Measured by Water Intensity Per Unit Produced (m³)



The successful execution of our water sustainability initiatives in 2022 resulted in a decrease of between 10% to 20% in water intensity over the previous year for all our companies except for AHSB. OMI recorded the highest reduction in water intensity (17% for steel wheel plant, and 20% for tyre assembly plant) partly due to their water recycling initiatives.

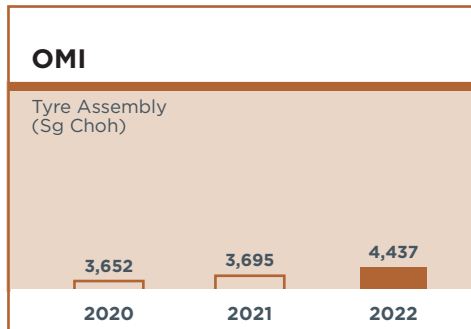
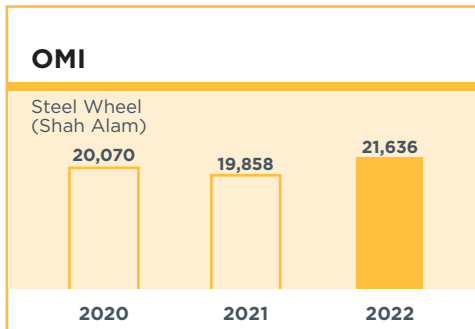
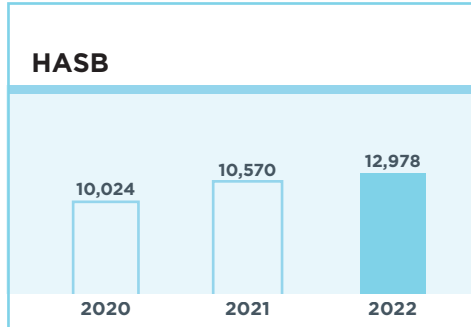
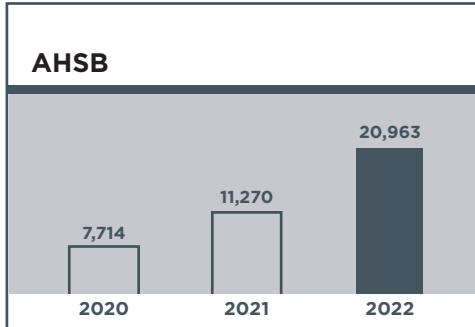
OMI recycled a total of 1,542 cubic metres of water in 2022. From that total, 1,384 cubic metres was treated effluent reused in the production line and 158 cubic metres was from the rainwater harvesting system that was used for the toilets within the building.

HASB effluent water treatment system also recycles the water discharged from its production to its manufacturing line. In 2022, 55 cubic metres of water was recycled back to HASB's production line as compared to 38 cubic metres of water recycled in 2021.

Water Consumption 2020 - 2022

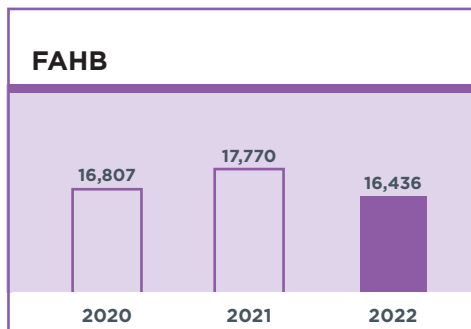
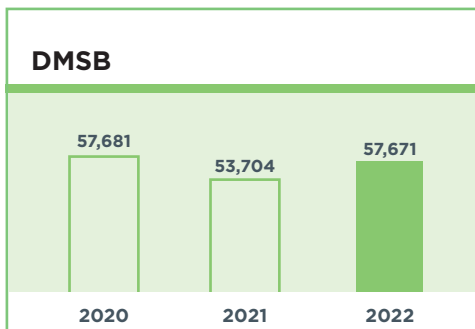
Manufacturing

Measured by Water Consumption (m³)



Motor Trading

Measured by Water Consumption (m³)



The total water consumption for the Group in 2022 was 134,121 cubic metres, a 15% increase from 2021. Similar to energy consumption, the increase in water usage for the year was mainly attributed to the increase in productivity at our manufacturing plants to meet the increased demands of automotive parts. The water usage data for 2021 was also lower due to the COVID-19 lockdown which led to the temporary closure of our manufacturing activities, showrooms and service centres.

Despite the higher water consumption in 2022, the water intensity data for the year shows that our strategies and initiatives are on the right track as the trend reflected an overall decrease in amount of water used for per unit produced and for per unit vehicle sold and serviced.

WASTE MANAGEMENT

Our businesses generate different types of wastes. The Group are committed to minimise the waste materials from our operations as well as to manage our scheduled waste in accordance with the regulatory requirements. As part of our initiatives, the Group implements practical measures to reduce, reuse, recycle or dispose our waste in an environmentally responsible manner.

In addition, the Group's manufacturing companies are certified with ISO 14001:2015 Environmental Management System ("EMS") which enable us to adequately identify and manage the environmental aspects and impacts from our operations in line with the regulatory requirements.

Companies under MBMR Group strictly comply to the relevant regulations under the Malaysian Environmental Quality Act 1974. Our manufacturing premises are equipped with industrial effluent treatment systems and air pollution control systems that meets regulatory requirements. We also ensure all relevant staff operating the systems are properly trained and updated according to the Department of Environment's requirements.

We also monitor the quantity and quality of effluent discharged and air emissions to ensure all are within the acceptable parameters based on the regulations. Regular effluent and air emission analysis are conducted by authorised third parties and reported to the Department of Environment.

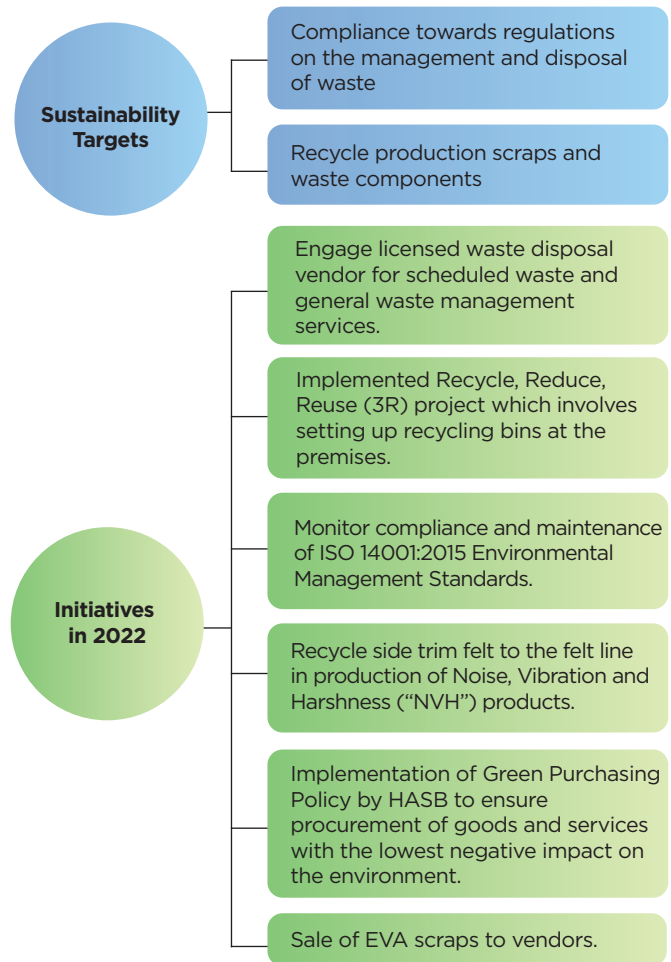
Waste management involves the regular collection, transportation, processing, recycling and disposal of different types of wastes. In 2022, as in all previous years, all our subsidiaries engaged with licensed waste disposal companies to manage scheduled and general wastes.

We also advocate to all our employees on the importance of reducing, reusing and recycling to reduce the amount of waste. We set up recycling bins in our premises and actively find ways to recycle and reuse materials in our manufacturing process.

Our manufacturing companies also adopts a green purchasing policy where emphasis is placed on procuring products that are recycled, environmentally friendly or come from companies with responsible environmental practices whenever the products meet our cost, performance and quality requirements.

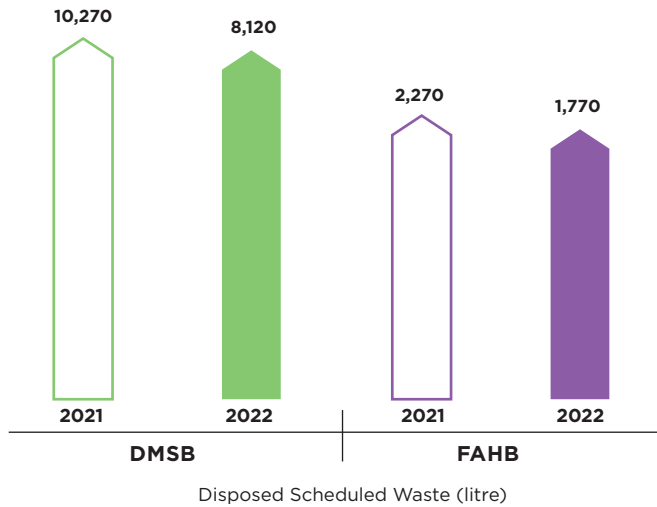
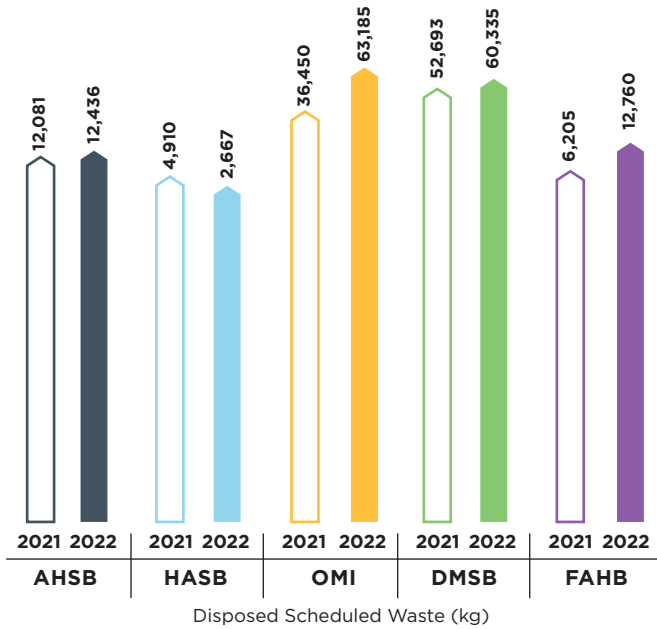


Below is a summary of the Group's waste management target and initiatives:



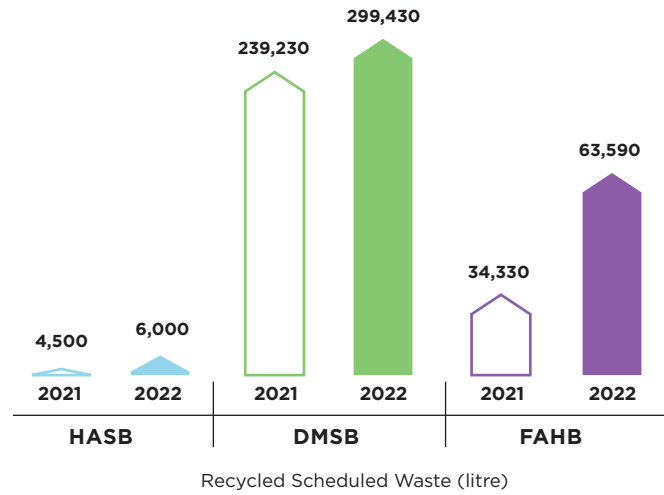
Indicators

Scheduled Waste Disposed 2021 - 2022



Due to the increase in production across all our manufacturing companies to meet the market demand on automotive parts in 2022, the amount of scheduled waste disposed has generally increased compared to 2021.

Scheduled Waste Recycled 2021 - 2022



The used engine oils during servicing of vehicles at our motor trading companies are recycled to licensed vendors. Compared to the previous year, DMSB recycled 25% more used oils in 2022 while FAHB recycled 85% more.

Effluent Discharged

| OMI | 2020 | 2021 | 2022 |
|--|--------------|--------------|--------------|
| Effluent Discharged (m ³) | 8,397 | 7,148 | 9,480 |
| Recycled Treated Water (m ³) | 0 | 0 | 1,384 |
| Net Effluent (m³) | 8,397 | 7,148 | 8,096 |

This year OMI discharged a total 9,480 cubic metres of effluents. With the new initiative in 2022 of treating and recycling water to be reused in the production line, OMI was able to treat and reuse 1,384 cubic metres of discharged water for their manufacturing process, thus resulting in a net effluent of 8,096 cubic metres from its industrial effluent treatment system. In the case of HASB, all the water treated from its industrial effluent treatment system were recycled back to its production line.

CLIMATE CHANGE

The Group is also committed to reducing its Greenhouse Gas emissions through implementation of proven and feasible technology solutions. The Group will assess its climate related risks and apply suitable mitigation measures to ensure minimal disruption to its operations. We will be monitoring matters related to climate change and reporting details of our performance and initiatives in future disclosures.

PILLAR 2: SOCIAL



The quality of our relationships and engagement with our stakeholders is of utmost importance to our sustainability and growth. We recognise the way we operate our business can directly or indirectly affect employees, customers and the local communities. In managing these impacts, we have identified six matters that determine the quality of these relationships:

1. Diversity and Equal Opportunity
2. Health and Safety
3. Staff Welfare
4. Labour and Working Standards
5. Customer Satisfaction and Loyalty
6. Community Engagement

Under the Social Sustainability pillar, we are committed to making a positive contribution to the UNSDGs 3, 4, 5, 8, 10, 11 and 16.

DIVERSITY AND EQUAL OPPORTUNITY

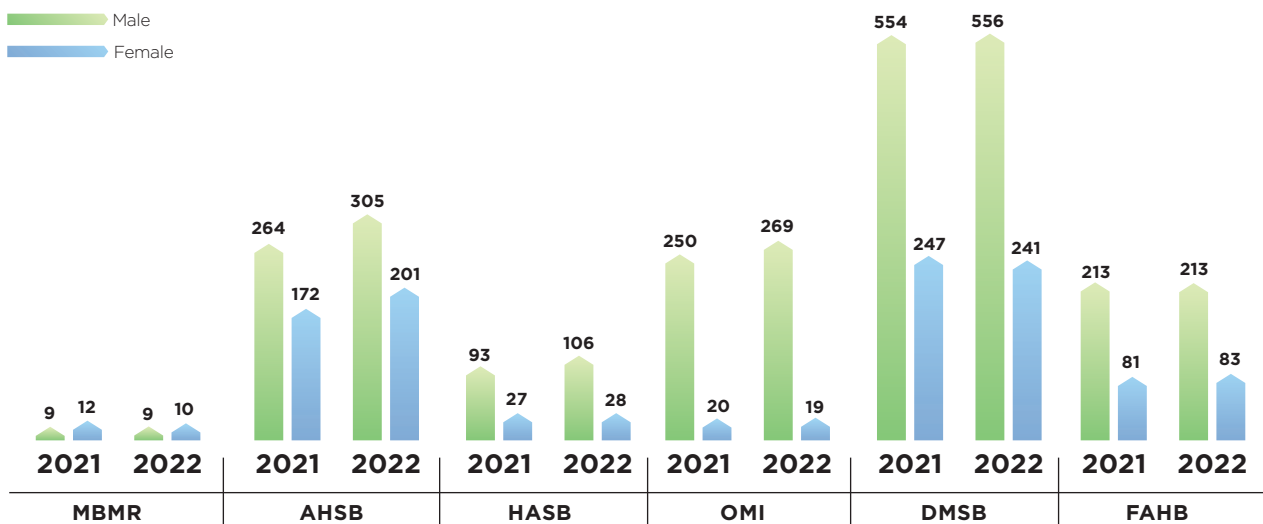
Diversity and inclusion are vital to strengthening our culture and we are determined to be a company where employees from all backgrounds feel engaged, empowered, recognised and valued. This reflects the diversity of the customers we serve and the uniqueness of the multi-racial society in Malaysia. We endeavour to create an environment where we can be ourselves, regardless of our background and to thrive both as individuals and as a company.

In achieving our goal of diversity and inclusivity, the Group has implemented a Code of Business Conduct and Ethics (“COBCE”). The COBCE sets the standards of behaviour expected of all employees of the Group and where applicable, to third parties such as our business partners.

In 2022, the Group conducted its annual refresher training and attestation on the COBCE. A robust performance management system was also implemented throughout the Group to ensure a fair and transparent assessment of all employees.

The employee demography of the Group is presented in the graph and table below.

Employees by Gender 2021 - 2022



Employees by Age 2021 - 2022

| | 2021 | | | 2022 | | |
|-------------|---------------|-------------------|----------------|----------------|-------------------|----------------|
| | <30 years old | 30 - 50 years old | > 50 years old | < 30 years old | 30 - 50 years old | > 50 years old |
| MBMR | 4 | 13 | 4 | 3 | 14 | 2 |
| AHSB | 273 | 136 | 27 | 355 | 125 | 26 |
| HASB | 35 | 70 | 15 | 44 | 74 | 16 |
| OMI | 116 | 122 | 32 | 122 | 129 | 37 |
| DMSB | 168 | 495 | 138 | 164 | 490 | 143 |
| FAHB | 106 | 142 | 46 | 90 | 159 | 47 |

Overall, the Group has a workforce of more male employees than female. As of 31 December 2022, a total of 71% of the Group's employees are male and 29% are female.

The Group does not tolerate any form of discrimination based on gender, race, disability, nationality, age or sexual orientation. Employment related decisions are based on relevant qualifications, merit, performance and other job-related factors and in compliance with applicable laws and regulations.

HEALTH AND SAFETY

Our people are central in driving the Group's growth. Good health and safety measures allow our employees to work more efficiently, safely and productively. Therefore, protecting our valued employees from injuries and harm is paramount to our business. This was significantly more important with the unprecedented disruption and uncertainty caused by the COVID-19 pandemic.

In our commitment towards health and safety, the manufacturing companies under the Group are accredited with ISO 45001:2018, the international occupational health and safety management system to ensure we continuously provide safe and healthy workplaces to our employees by preventing work-related injuries, as well as by proactively improving its occupation health and safety performance.

Included in our health and safety initiatives are regular safety trainings provided to ensure that our employees are up-to-date and prepared in an event of a safety emergency. Chemical handling, basic firefighting, first aid and ergonomics are some examples of training conducted in 2022. We also conducted health checks and audiometric tests for the wellbeing of our employees.



BOMBA safety inspection at HASB

A summary of the Group's safety and health initiatives in 2022 are listed below:





Blood donation drive at DMSB



Basic firefighting training at OMI



Fire drill at AHSB

Indicators Incident Management 2020 - 2022

| | 2020 | | 2021 | | 2022 | |
|-------------|---------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | Workplace Incidents | Work Related Fatalities | Workplace Incidents | Work related Fatalities | Workplace Incidents | Work Related Fatalities |
| MBMR | 0 | 0 | 0 | 0 | 0 | 0 |
| AHSB | 2 | 0 | 0 | 0 | 4 | 0 |
| HASB | 1 | 0 | 0 | 0 | 1 | 0 |
| OMI | 1 | 0 | 2 | 0 | 0 | 0 |
| DMSB | 0 | 0 | 1 | 0 | 1 | 0 |
| FAHB | 2 | 0 | 2 | 0 | 3 | 0 |

We are pleased to report that, as with the previous two years, there were no fatalities at the workplace in 2022. AHSB and FAHB each had four and three workplace incidents in the year. Meanwhile, HASB and DMSB all had one reported incident at the workplace.

Moving forward, the Group will continue to strive to reduce incidents at the workplace.

STAFF WELFARE

The positive welfare of our employees boosts workforce morale and productivity, ultimately improving retention rates and business efficiency. The wide-ranging reach of staff welfare are addressed throughout the year, with a focus on wellbeing, engagement, training and development.

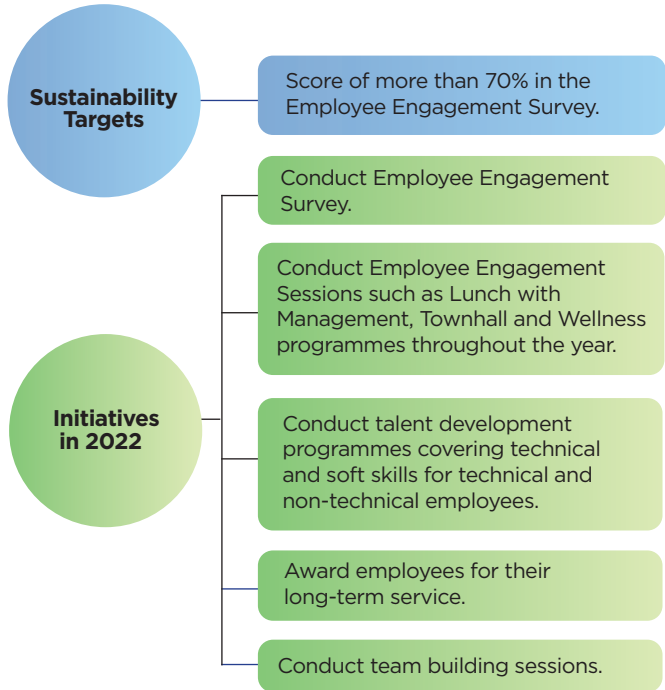
In continuing our initiatives from the previous year, our wellbeing initiatives in MBMR for 2022 included the MBMR Fitness Challenges, a friendly competition where employees compete with each other to achieve targets of varying distances throughout the year by doing activities such as walking, running, swimming or hiking. To complement the fitness challenges, physical challenge events at Taman Tugu, Perdana Botanical Gardens and SuperPark, Avenue K were also organised. The objectives of such programmes have helped improve employee engagement and morale whilst also providing a springboard for our employees in encouraging a switch towards a healthier, more active lifestyle.

Another facet of our focus towards staff welfare is the recognition of long-serving employees for their commitment, contribution, trust, and loyalty. At our subsidiary OMI in particular, long-serving employees are presented with awards at intervals of every five years. Awards for long-service employees are also presented throughout the Group.

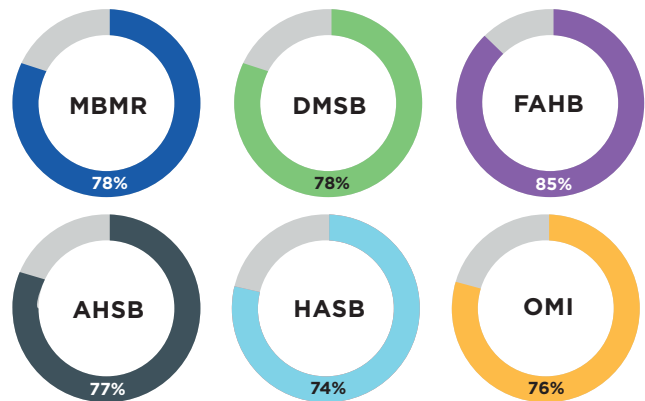
HASB also awards for Top 5 Best Attendance Employees and Best Hostel Award through a monthly safety and 5S (Sort, Set in Order, Shine, Standardise and Sustain) audit of the hostel. These engagement activities have been beneficial in promoting an improved sense of community spirit within the company.

The focus on staff welfare is rooted on the wellbeing of the employees. We complement our activities with other initiatives such as group-wide surveys and employee engagement sessions. The Group is constantly reviewing its welfare initiatives and will continue to invest in the wellbeing and development of our employees.

The Group's target and initiatives on staff welfare for 2022 are listed below.



In 2022, we conducted an Employee Engagement Survey (“EES”) for all employees within the Group. This survey was conducted to gain a better understanding of our employees’ expectations and inputs on the work environment and business operations. The score of the survey was as follows:





Participants at DMSB's Transformational Leadership Program



HASB Best Hostel Award

LABOUR AND WORKING STANDARDS

The Group adheres to and monitors all relevant Malaysian statutory requirements that protect employees' rights, including implementation of the recently amended Employment Act 2022 with new regulatory requirements such as minimum wage, maximum working hours and extended maternity and paternity leave, among others.

Compliance to Act 446 on Employees' Minimum Standards of Housing, Accommodations and Amenities Regulations 2021 are also constantly monitored. HASB conducts monthly safety and 5S audits of worker hostels.

The Group has established employment policies to ensure the right working conditions and experience for all our employees. We have a responsibility to respect, support and uphold fundamental human rights and this is applied to all employees

under the Group. As laid out in the Group's COBCE, we are committed to the following:

- Providing equal opportunities regardless of gender, ethnicity or religion.
- Respecting freedom of association.
- Eradicating any form of exploitation such as child or forced labour.
- Ensuring favourable working conditions.
- Respecting community rights.
- Eliminating violence and sexual harassment.

The Group has also set in place an Employee Grievances procedure for employees to address any work-related problems or concerns they may have.

As of 31 December 2022, there has not been any complaint concerning human rights violation.

CUSTOMER SATISFACTION AND LOYALTY

In our pursuit towards customer satisfaction and loyalty, we have focused our investments on initiatives that will support our goal of building high levels of customer satisfaction and strong brand loyalty.

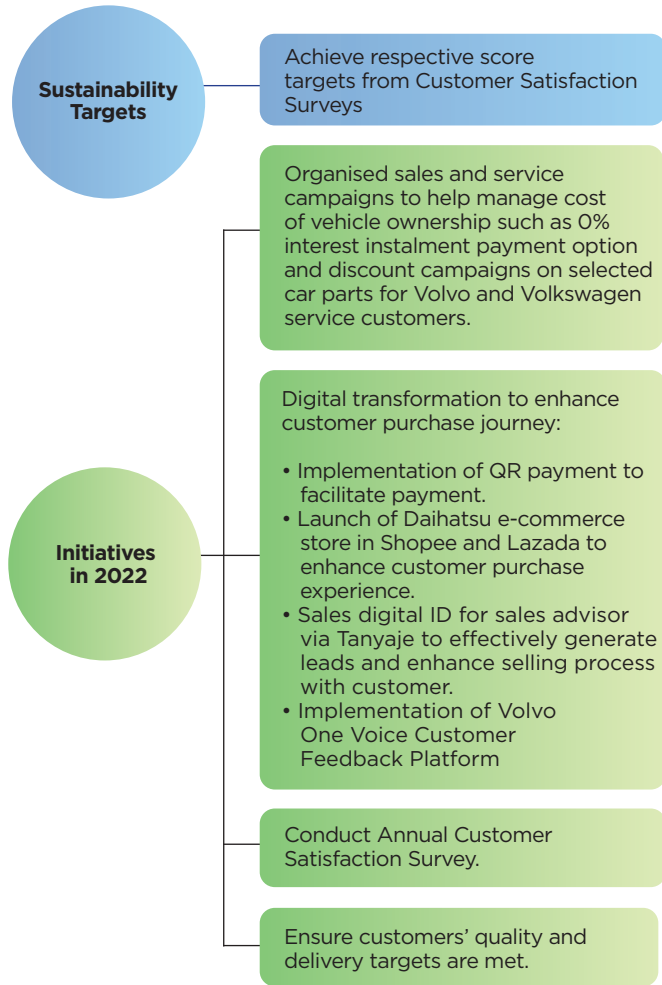
To deepen our customer insight, it is crucial for the Group to measure how well our products, services and overall customer experience meet our customers' expectations. High customer satisfaction levels lead to long-term and loyal clients that will improve our competitive advantage. For that reason, the Group has conducted annual customer satisfaction surveys to obtain feedback and insights from our customers.

We also continuously find ways to provide our customers with effective and efficient customer service. Digitalisation of our customers' purchasing experience is one of our continued focus areas in 2022. DMSB launched its official one stop digital stores on Lazada and Shopee where customers can place bookings on vehicles, purchase genuine parts and even buy official merchandise.

Meanwhile, Federal Auto Cars Sdn. Bhd (a subsidiary of FAHB) through its principal Volvo Car Malaysia, implemented the Volvo One Voice Customer Feedback Platform which allows customers to give direct feedback and enables us to assess any issues raised by customers in order for us to respond in an efficient and timely manner.

On the manufacturing side, we strive to meet our customers' quality and delivery targets. To achieve this, our manufacturing companies are certified with IATF 16949:2016 - the International Standard for Automotive Quality Management Systems. We are also certified with ISO/IEC 17025:2017 for standards in carrying out tests and calibrations and ISO 9001 for quality management system.

Below is a summary of our initiatives towards customer satisfaction and loyalty for 2022:



Overall, in 2022 the Group achieved its score targets on the Annual Customer Satisfaction Survey and high response rate for our Customer Relationship Management (“CRM”) programmes. We will continue to take the time to understand what great customer service means to our customers and aim for higher targets and standards.

COMMUNITY ENGAGEMENT

The Group promotes the social wellbeing of employees and its local communities through CSR initiatives to actively contribute to local charitable and community projects. Although the economy has reopened, we recognise that communities are still navigating the aftermath of the pandemic. In 2022, MBMR pledged to establish our first MBMR Scholarship Programme.

In the coming years, we will identify other areas in which we can contribute to our community and plan more community engagement programmes.

The following are some of our CSR activities in 2022:

- 1 In March 2022, FAHB collaborated with SURI Lifestyle, a Malaysian social enterprise that creates job opportunities for underprivileged mothers.
- 2 HASB's road safety talk and campaign in collaboration with Polis DiRaja Malaysia on in April 2022.
- 3 HASB staff visited the Rumah Bakti Nur Ain orphanage in Bangi in September to have lunch with the children and to give donation.
- 4 HASB staff visited and had lunch with the senior citizens of Pusat Jagaan & Pendidikan Warga Emas Darul Isyirah, Bangi in September 2022.
- 5 Tree planting by OMI staff, school children and local volunteers at Taman Rekreasi Paya Bakau, Telok Panglima Garang in September 2022. Fifty trees were planted and a total of 150 adults and children participated in this event.
- 6 FAHB organised Pinktober - a breast cancer awareness programme in October 2022.
- 7 AHSB organised a trip to Aquaria KLCC for the children of Persatuan Kanak-kanak Istimewa Kajang Selangor in November 2022.





PILLAR 3: ECONOMIC



LOCAL SUPPLIERS AND COMMUNITY INVESTMENT

We will continuously strive to support the growth of local suppliers within the Group’s supply chain ecosystem. In this, the Group procures, where practically possible, from local suppliers in order to enhance the socio-economy of local companies within the industry.

In addition, we are also committed to support the socio-economic enhancement initiatives at the local community. We have begun our monitoring of this aspect and will report our performance and initiatives in future disclosures.

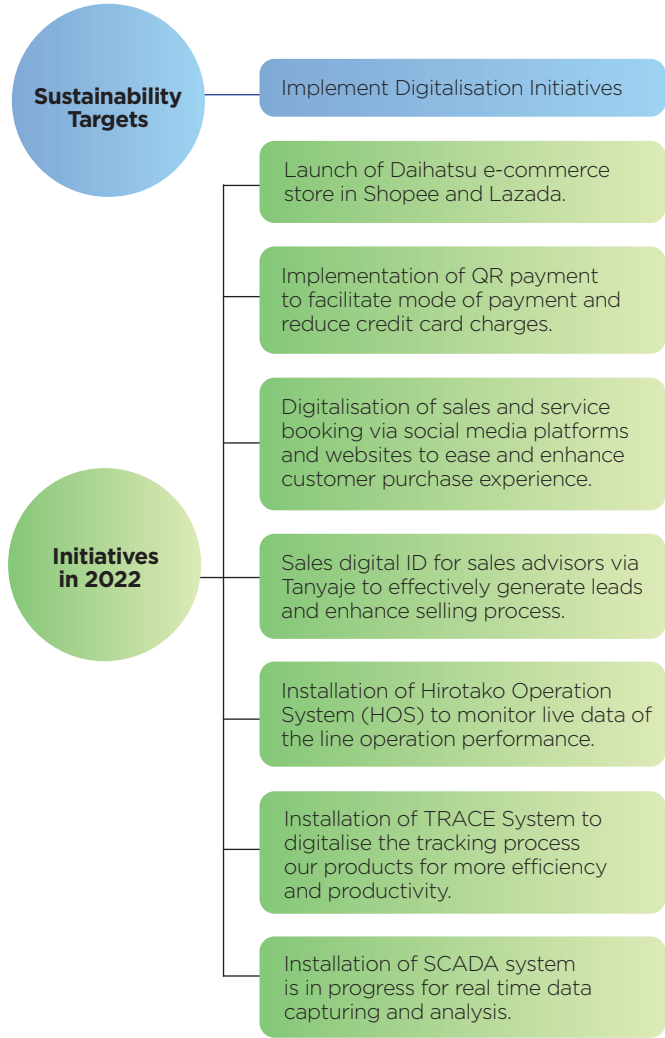
INNOVATION AND DIGITALISATION

We are also committed to embark on innovation and digitalisation initiatives to ensure continuous improvement in our operations, products and services. Prior to the unfortunate arrival of COVID-19, we have begun our digitalisation agenda in 2019 as part of our Transformation Journey. To date, we have completed the creation of our digital platforms and social media presence. Initiatives have been ongoing at our motor trading companies to leverage the digital space through the initiation of a fully integrated marketing campaign. The campaigns have successfully engaged customers in booking test drives and service appointments via digital and social media platforms.

This year witnesses the introduction of DMSB’s e-commerce store in Shopee and Lazada. We have also invested in an integrated digital tool for our sales advisors via Tanyaje.my. to assist our sales advisors to widen their lead generation and reach.

At our manufacturing companies, we invest in innovations, automation and interconnectivity for our production line in order to improve our operational efficiency. These initiatives will be executed in stages and will be monitored by the Group.

Our innovation and digitalisation initiatives in 2022 are summarized below:





PILLAR 4: GOVERNANCE



CORPORATE GOVERNANCE

The Board believes that corporate governance is the foundation of continuous and sustainable business growth, a key factor in ensuring the long-term success and sustainability of the Group. Good corporate governance practices promote trust and confidence among our stakeholders as they reflect the Group's integrity, accountability, fairness and transparency in its business dealings and operations.

To this end, the Board is committed to achieving the highest standards of corporate governance throughout the Group in line with the principles in the Malaysian Code on Corporate Governance 2021 ("MCCG"). The Board via its Board Committees and the Management oversees and reviews the implementation of the corporate governance measures within the Group as guided by the MCCG.

Throughout the year 2022, MBMR had instituted the implementation of fundamental Group-wide policies with the objective of cultivating good corporate governance practices within the Group's organisational culture and business processes towards establishing a more robust governance system.

For more details on MBMR's application of the principles and recommendations of the MCCG 2021 for the financial year ended 31 December 2022, please refer to MBMR's Corporate Governance Overview Statement on pages 45 to 56 of the Annual Report 2022 and the MBMR Corporate Governance Report 2022 which is available on the Company's website at www.mbmr.com.my.

RISK MANAGEMENT

The Board is responsible in overseeing the establishment and implementation of the risk management and internal control system for the Group. While the Board remains responsible for the risk management and internal control oversight as a whole, it has delegated to the Risk Management and Sustainability Committee ("RMSC"), the responsibility to review the Group's risk management and internal control system and to oversee the development, implementation and execution of the Group's risk management processes.

The Board has established the Enterprise Risk Management ("ERM") Policy and Framework to ensure that risks are effectively managed to achieve the Group's business objectives. The ERM Framework is aligned with ISO 31000:2018 Risk Management Guidelines which provides a comprehensive guidance and consistent approach in the implementation of risk management across the Group. The ERM Framework incorporates the processes of identifying, analysing, evaluating and treating risks to safeguard the Group from potential losses and to support the Group in achieving its business objectives.

The Group, through the Group Risk Management and Compliance Department, maintains detailed risk registers

which are reviewed and updated on quarterly basis. The significant risks and the corresponding mitigation plans are reported, reviewed and deliberated at the RMSC meetings. For more details on risk management, please refer to Statement on Risk Management and Internal Control on pages 60 - 65 of the Annual Report 2022.

ANTI-CORRUPTION

The Group enforces a zero-tolerance approach towards bribery, corruption and other unethical or illegal practices, and are committed to acting professionally, fairly and with integrity in all business dealings and relationships.

In line with section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA"), the Group implemented the Anti-Bribery and Anti-Corruption Policy ("ABC Policy"). The ABC Policy outlines the Group's position on avoiding bribery and corruption practices in all that we do.

Along with the COBCE, we communicate and embed these values within our operations and activities to ensure that business is conducted with integrity and in a responsible, ethical, and sustainable manner.

We also apply the same anti-bribery and anti-corruption values to our suppliers and business associates by requiring them to acknowledge their understanding and agreement of our ABC Policy.

All employees within the Group have attended an annual refresher training on the ABC Policy in 2022 and have attested and acknowledged their acceptance of the policy.

There has not been any confirmed incident of corruption within the Group in 2022.

DATA PRIVACY

Information security and cyber threats are an increasing priority across all industries globally, and like many businesses, MBMR recognises that the Group must be protected from potential exposures in this area. In response, we seek to establish and maintain at regular intervals, robust cyber security systems to ensure that adequate security measures, confidentiality obligations and compliance procedures are in place to protect personal and sensitive data from inappropriate access, alteration or deletion.

As part of MBMR's overall information security strategy, "Cyber Security Awareness" and "Cyber Security Assessment and Training" programmes are being implemented across the Group. The Group will also continuously upgrade and monitor its network security systems to ensure protection against any potential threat to its Information Technology infrastructure and system.



MBM Resources Berhad

Registration No. 199301029757 (284496-V)

23-01, Level 23, Menara MBMR,
1, Jalan Syed Putra, 58000 Kuala Lumpur.
T: +603 2273 8803 F: +603 2273 6803

www.mbmr.com.my