

LEAN GIAP GROUP OF COMPANIES

SUSTAINABILITY STATEMENT

2023



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ABOUT THIS REPORT



Lean Giap Group (“Lean Giap” or “the Group”) proudly presents its inaugural Sustainability Statement (“this Report”), showcasing our commitment and efforts to disclose the Group’s Environmental, Social, and Governance (ESG) performance for 2023. This Report details our sustainability initiatives across all business divisions and operations, highlighting our progressive journey in sustainability to continuously create lasting value for our shareholders and stakeholders.

REPORTING SCOPES & BOUNDARIES

Lean Giap, headquartered in Penang, Malaysia, presents its Sustainability Report for the period of January 1 to December 31, 2023. This report encompasses the operations of Lean Giap’s subsidiaries: Toling Corporation (M) Sdn Bhd, LGE Plastic Sdn Bhd, Giap Chew Holdings Sdn Bhd, Nuplas Solution Sdn Bhd, and Inicorn Sdn Bhd, unless otherwise noted.



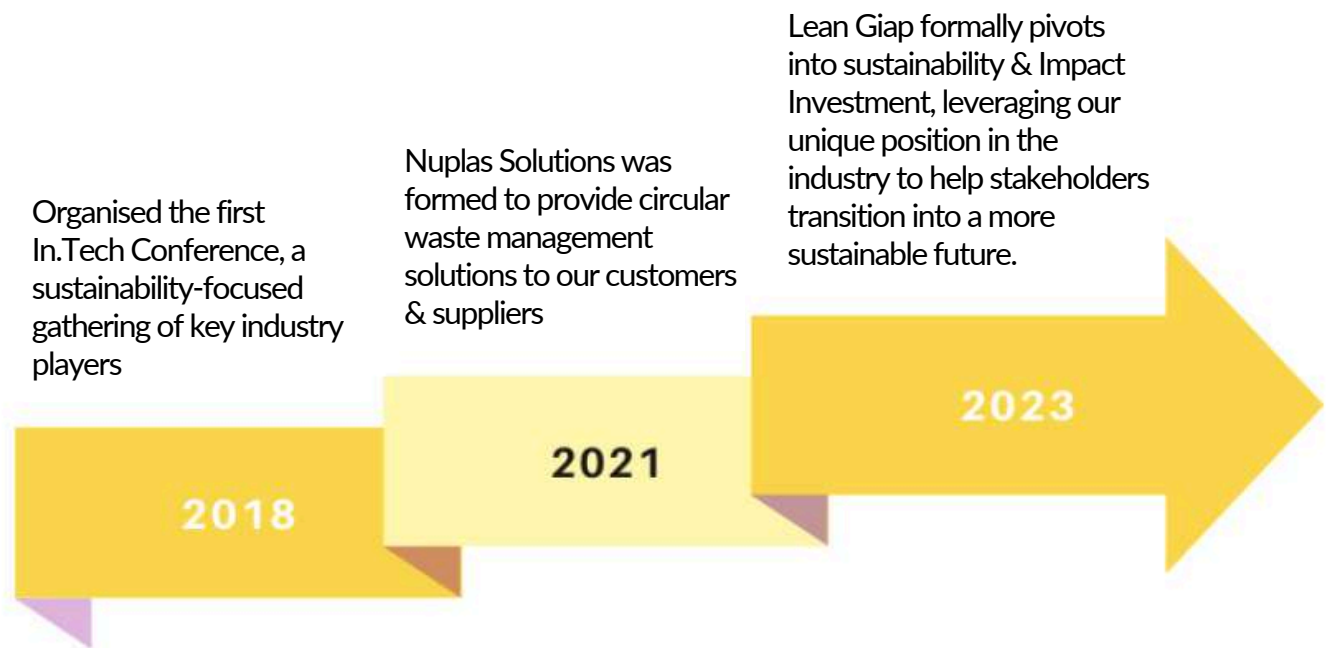


COMPANY OVERVIEW

Lean Giap Group of Companies is a sustainability investment company with more than four decades of experience in the plastic industry. The Group started with plastic trading, delivering on the promise of high-quality products and services. Today the trading operation is handled by its subsidiaries Toling Corporation (M) Sdn Bhd & LGE Plastic Sdn Bhd. The Group is rated top three (3) in Malaysia with forty (40) years of experience in the trading of commodity plastics and more than ten (10) years of experience in the trading of engineering plastics. The Group represents fifteen (15) major plastics makers worldwide as agents and distributors and is currently serving a growing list of more than 400 active customers in the South East Asia region.

The Group's success is driven by its dedicated staff and its commitment towards responsible operation, excellent execution, deployment of innovative technologies and the emphasis on sustainability to achieve the triple bottom line of people, planet and profits. To achieve its sustainability goals, The Group established its Innovation & Sustainability division, comprising of Nuplas Solutions Sdn Bhd & Inicorn Sdn Bhd in 2021 & 2022 respectively.

LEAN GIAP'S SUSTAINABILITY JOURNEY



Lean Giap's commitment to a sustainable future is evident in its strategic actions. In 2018, the company organized the inaugural In.Tech Conference, uniting industry leaders in a focused discussion on sustainability. This was followed by the establishment of Nuplas Solutions in 2021, a dedicated entity offering circular waste management solutions to clients and suppliers. 2023 marked a pivotal moment as Lean Giap formally embraced sustainability and impact investment, leveraging its industry position to guide stakeholders toward a more eco-conscious future.

Central to this approach is the belief in a triple bottom line, where financial gains coexist with positive social and environmental impact. Lean Giap's impact investments aim to empower sustainability innovators, enabling them to prioritize value creation while being recognized for their contributions. The company is resolute in its dedication to building sustainable supply chains, fostering an environment where manufacturing operations generate positive environmental outcomes. Lean Giap places particular emphasis on solutions that align with industry stakeholders' goals and facilitate the transition to a circular economy.

SUSTAINABILITY GOVERNANCE

The Board adopts a sustainability governance approach that is fit for the Group's purpose, after considering amongst others, its culture, needs, sustainability- related risks and opportunities and level of maturity of the sustainability intellect and readiness.

The diagram below highlights the key roles and responsibilities of the Board and the management on ESG matters:





MATERIALITY ASSESSMENT

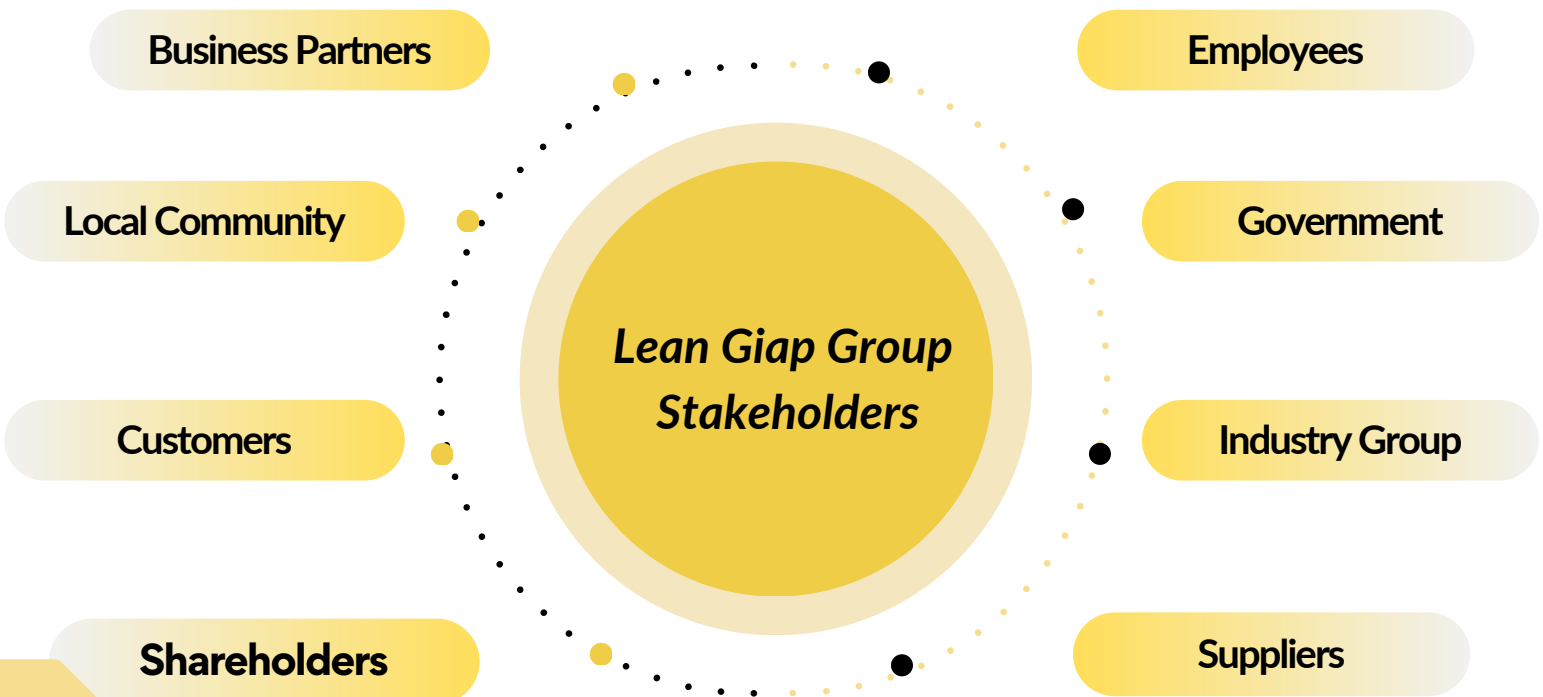
OBJECTIVE

Materiality assessments are a crucial part of our value creation journey, enabling us to identify and prioritize the Environmental, Social, and Governance (ESG) issues that matter most to our business and stakeholders.

This year, we conducted our first formal materiality assessment, gathering valuable insights from our stakeholders. This process allowed us to align ESG topics with regulatory requirements, such as those set by Bursa Malaysia, while also addressing broader industry-specific sustainability concerns. By focusing on these key areas, we ensure that our sustainability efforts are strategically directed toward the most critical challenges and opportunities, driving meaningful progress for both our company and the communities we serve.

STAKEHOLDER ENGAGEMENT

Lean Giap Group has a broad range of stakeholder groups that can influence the Group's decisions or is impacted by the Group's activities. The key stakeholder groups include Business Partners, Local Community, Customers, Employees, Government, Industry Groups, Shareholders and Suppliers. Such stakeholders are identified based on their different levels of influence over and dependence on Lean Giap Group's businesses.





Our stakeholders are important to us as they have significant interest in while impacting and influencing our business. We ensure that all our stakeholders' concerns, interests and expectations are addressed through regular communication across multiple platforms.

Stakeholder Group	Engagement Channels	Areas of Interest
Business Partner	<ul style="list-style-type: none">• Regular meetings & In-person visit	<ul style="list-style-type: none">• Business risk management• Regulatory compliance
Community	<ul style="list-style-type: none">• Company website• Corporate Social Responsibility ("CSR") events	<ul style="list-style-type: none">• Community engagement• Positive environmental, social and economic impact from business operations
Customer	<ul style="list-style-type: none">• Regular dialogue and reviews• One-to-one meetings	<ul style="list-style-type: none">• Customer experience & satisfaction• Competitive pricing• Data privacy & security• Quality assurance and delivery timeline
Employee	<ul style="list-style-type: none">• Knowledge sharing sessions• Performance appraisal• Townhall• Internal communication channel	<ul style="list-style-type: none">• Career advancement• Conducive working environment• Competitive compensation and benefits• Learning & development
Government	<ul style="list-style-type: none">• Regular dialogue & meetings	<ul style="list-style-type: none">• Corporate governance practices• Policy & regulatory compliance• Risk & crisis management• Data privacy & security• ESG Management
Industry Group	<ul style="list-style-type: none">• Regular dialogue & meetings• Conferences and industry forums	<ul style="list-style-type: none">• Industry standards and best practices• Sector-specific regulatory changes• Innovation and technology advancements• Sustainability collaborations

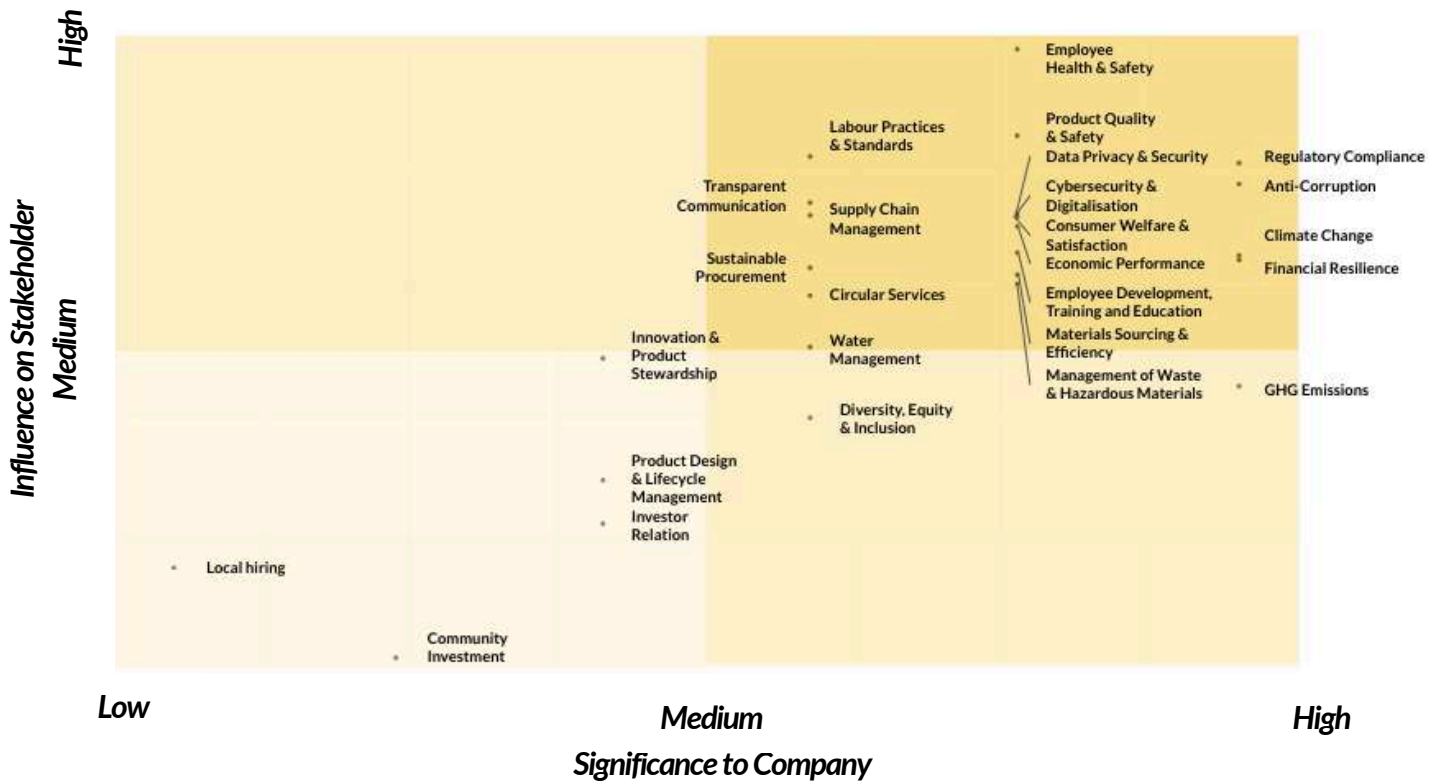




Stakeholder Group	Engagement Channels	Areas of Interest
Shareholders	<ul style="list-style-type: none">• Regular shareholders meeting & disclosures	<ul style="list-style-type: none">• Financial performance• Sound corporate governance practices• Long-term business strategy• Brand management• Operational performance• Occupational health & safety• Customer relationship management• Innovative initiatives• ESG management
Suppliers	<ul style="list-style-type: none">• Regular dialogue and reviews• One-to-one meetings	<ul style="list-style-type: none">• Business Collaboration• Agreeable terms & contracts• Service efficiency, value, delivery & cost



MATERIALITY MATRIX



Environmental

1. Climate Change
2. GHG Emissions
3. Material Sourcing & Efficiency
4. Management of Waste & Hazardous Materials
5. Sustainable Procurement
6. Circular Services
7. Water Management
8. Product Design & Lifecycle Management



Social

1. Employee Health & Safety
2. Product Quality & Safety
3. Consumer Welfare & Satisfaction
4. Employee Development & Training
5. Labour Practices & Standards
6. Supply Chain Management
7. Diversity, Equity & Inclusion
8. Community Investment
9. Local Hiring



Governance

1. Regulatory compliance
2. Anti-corruption
3. financial resilience
4. Data Privacy & Security
5. Cybersecurity & Digitalisation
6. Economic Performance
7. Investor Relation



OUR ENVIRONMENT



LEAN GIAP GROUP ENVIRONMENTAL MANAGEMENT

At Lean Giap Group, we understand that efficient management of electricity, water consumption, and waste production is essential for environmental protection and resource conservation. As a leader in plastics trading and manufacturing, sustainable resource management and advancing plastics circularity are key strategies in our efforts to combat climate change and minimize our carbon footprint.

We are committed to reducing our environmental impact through innovative practices and continuously seeking ways to optimize resource efficiency across our operations.

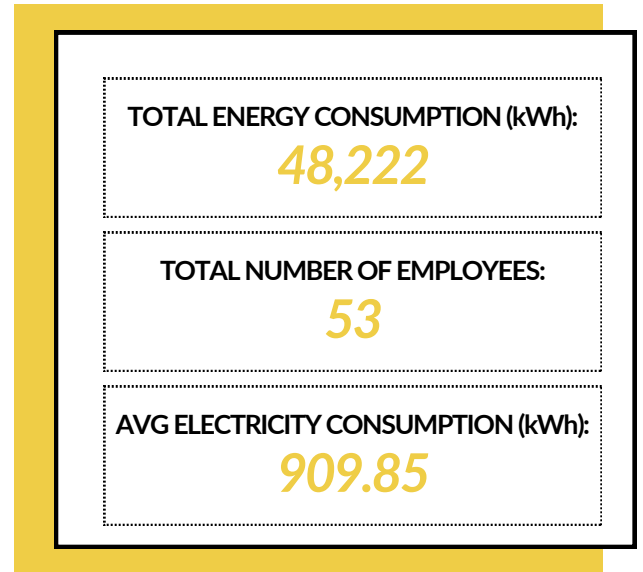
Additionally, our office has been certified as a Penang Green Office for four consecutive years, underscoring our ongoing commitment to sustainability and environmental stewardship.



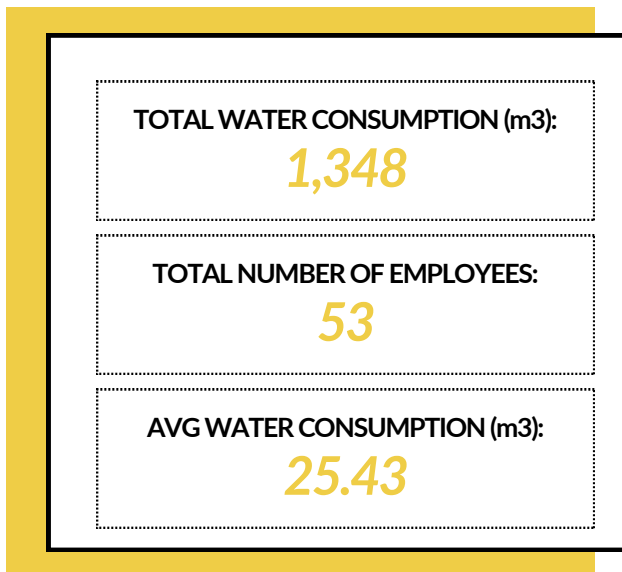
ENERGY CONSUMPTION

During FY 2023, the total energy consumption recorded was 48,222 kWh including electricity consumption at Giap Chew Holdings Sdn Bhd with the address Lot 9, Lbh Sultan Hish 2, Selat Kelang Utara, 42000 Pelabuhan Klang, Selangor, 28-02 and 28-01, Lebuh Gereja, 10200 Georgetown, Pulau Pinang and N-28, 593-595, Lebuh Gereja, 10200 Georgetown, Pulau Pinang.

The average electricity consumption per employee is 909.85 kWh in FY 2023



WATER MANAGEMENT



Lean Giap Group is committed to conserving natural resources through efficient water use while ensuring we meet our operational needs. In FY 2023, our total water consumption was 1,348 m³, with an average electricity consumption of 25.43 kWh per employee across a workforce of 53. We are actively exploring initiatives to improve water efficiency throughout our operations, contributing to our broader sustainability goals.

WASTE MANAGEMENT

In FY 2023, we diverted 338 kg of recycled waste from disposal, reflecting our commitment to circularity and sustainability. Partnering with Nuplas Solutions, we are working to reduce waste across our value chain, from sourcing to end-of-life management. Together, we aim to influence waste reduction practices throughout our operations.

In the coming year, we will improve our data tracking to monitor both total waste generated and diverted, enabling us to set more comprehensive targets and strengthen our circularity efforts.



OUR PEOPLE



LEAN GIAP GROUP SOCIAL SUSTAINABILITY MANAGEMENT

At Lean Giap Group, social responsibility is integral to our success. We prioritize employee development through continuous training, in partnership with Fuller Academy, equipping our workforce with skills that support both business and sustainability goals.

Health and safety are at the core of our operations, with proactive measures ensuring a safe work environment. In FY 2023, we achieved a zero-incident record, reflecting our commitment to well-being.

We also champion diversity and inclusion, with 47.2% of our workforce and 65% of our Board of Directors being female. By fostering an inclusive, safe, and growth-oriented environment, we advance our social sustainability objectives.





LEARNING & DEVELOPMENT

At Lean Giap Group, we believe that continuous learning is key to both individual and organizational success. Through our partnership with Fuller Academy, we provide employees with targeted training programs that not only enhance their professional skills but also emphasize sustainability practices.

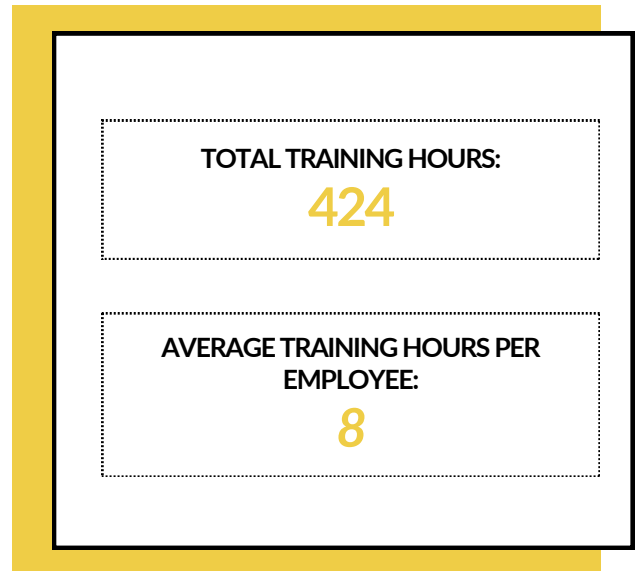
By focusing on sustainability learning, we equip our workforce with the knowledge and tools to contribute to our environmental goals, including resource management and plastics circularity. This ensures that our team is well-prepared to meet evolving industry challenges while advancing both their careers and the Group's sustainability objectives.

We actively encourage our employees to take advantage of these development opportunities, fostering a culture of growth that drives innovation and long-term success.

HEALTH & SAFETY TRAINING

In FY 2023, Lean Giap Group strengthened its commitment to health and safety by providing targeted training to employees, particularly those in roles with elevated risk exposure. The Group emphasizes the importance of safety protocols, equipping employees to recognize and mitigate hazards, ensuring the well-being of both themselves and their colleagues.

A total of 18 employees received specialized occupational health and safety training, including CPR certification. This proactive approach is a vital preventative measure aimed at reducing workplace incidents and maintaining the highest safety standards across our operations.



WORK-RELATED INJURIES

Lean Giap Group takes health and safety seriously. In FY 2023, there were no reported workplace injuries or fatalities. Any reported incidents are thoroughly investigated to identify potential weaknesses in our operations and procedures. Remedial actions are promptly developed and implemented to prevent future occurrences and improve safety across the Group.

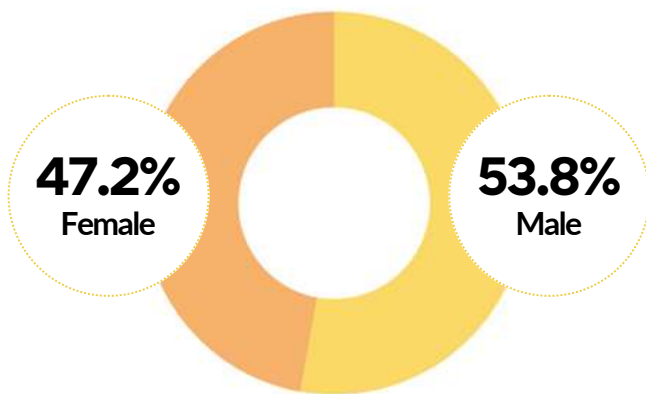
DIVERSITY, EQUITY & INCLUSION

At Lean Giap Group, we recognize the value of workforce diversity and are committed to promoting equal opportunity, fair treatment, and inclusivity across gender and cultural backgrounds. Our systematic appraisal process ensures that employees are assessed based on their skills, capabilities, and contributions to the Group.

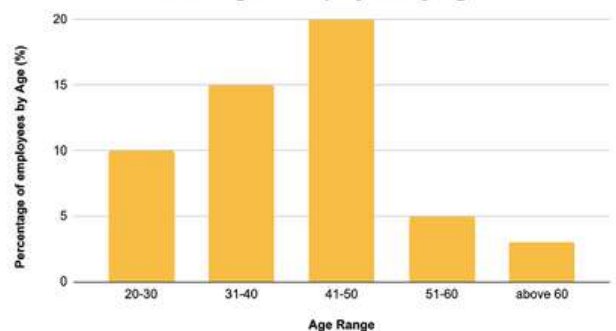
Our workforce reflects this commitment to diversity, with 53.8% male and 47.2% female employees. In addition, our Board of Directors is composed of 65% women and 35% men, further demonstrating our dedication to gender diversity at all levels of the organization.

The majority of the Group's workforce falls within the 41-50 age group, representing 37.4%. This is followed by employees aged 31-40 at 28.3%, 20-30 at 18.87%, 51-60 at 9.43%, and those over 60 years old making up 5.66%.

Employee by Gender



Percentage of Employees by Age





ETHICS & INTEGRITY

One of the most important principles in sustaining the Group business in the long term is upholding ethics and integrity in business dealings. Lean Giap Group's commitment to this core principle has eventually built trust with stakeholders in its journey towards becoming a responsible and trustworthy corporation.

Various policies and communication documents have been established to set out the Group's stance, commitments, or expectations for the stakeholders.

ANTI-BRIBERY & ANTI CORRUPTION POLICY

Lean Giap Group is committed to upholding the highest standards of integrity through its Anti-Bribery and Anti-Corruption Policy ("ABC Policy"). This policy reflects our zero-tolerance approach to bribery and applies not only to our Directors and employees but also to our suppliers and business partners. By enforcing these standards, we ensure that all business activities—whether conducted directly or through third parties—are carried out ethically and transparently.


WHISTLEBLOWING POLICY

The ABC Policy is reinforced by our Whistleblowing Policy, which offers a safe and confidential avenue for employees and stakeholders to report, in good faith, any illegal, unethical, or questionable practices, as well as wrongdoings or improper conduct within the Group. Individuals can raise concerns without fear of reprisal, retaliation, or other adverse actions.

INCIDENTS OF CORRUPTION

Employees are required to act with professionalism and integrity, avoiding any involvement in corrupt or illegal activities. Allegations or suspicions of corruption are treated with the utmost seriousness, and all employees are expected to uphold the Group's ethical standards in the performance of their duties.

In FY 2023, no cases of bribery or corruption were reported, and the Group remains committed to maintaining this record by fostering a culture of compliance. Additionally, no employees were penalized or dismissed for non-compliance with the ABC Policy.



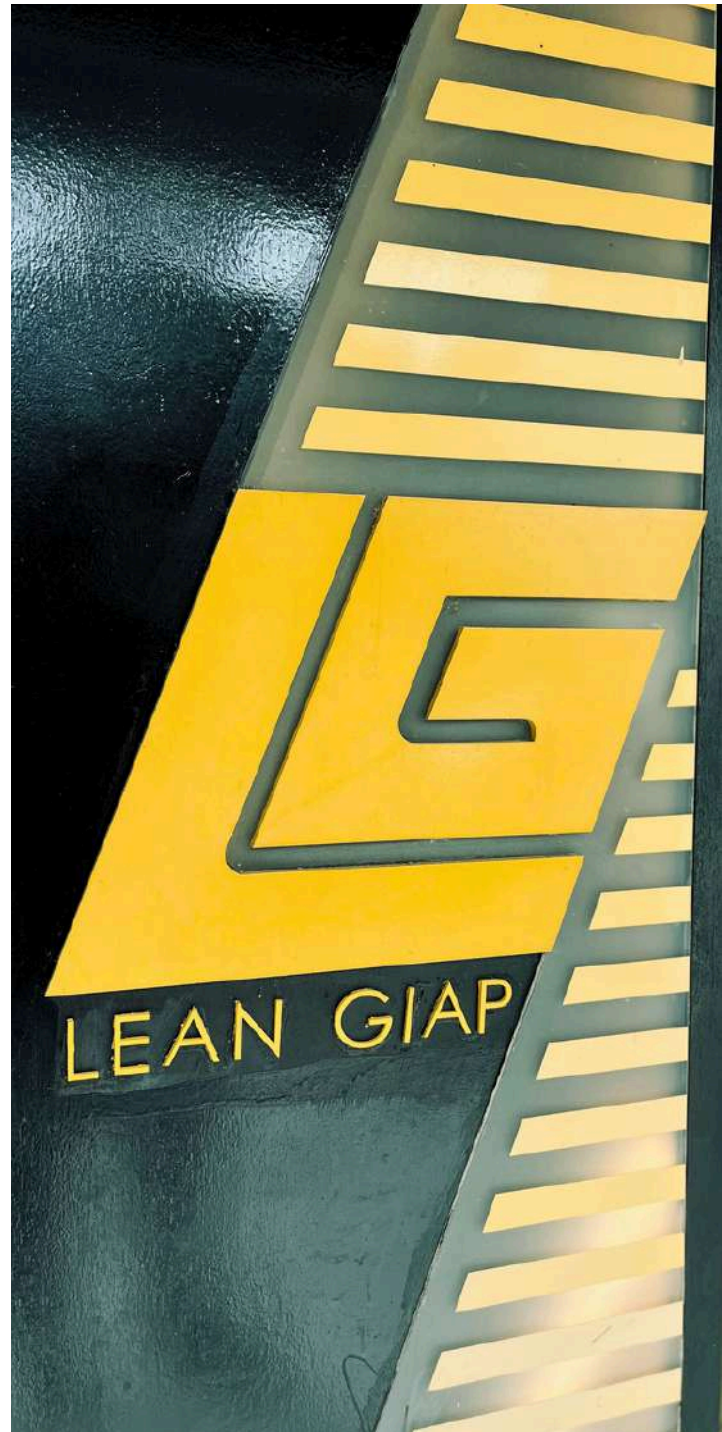
FUTURE OUTLOOK

FUTURE PLAN

Looking ahead, Lean Giap Group is focused on reinforcing its foundation in ESG management, striving for greater transparency and improved reporting standards. By integrating more robust ESG practices, the Group aims to align with global best practices and enhance communication with stakeholders, ensuring that sustainability is embedded in every facet of its operations.

The Group's subsidiaries, Inicorn and Nuplas Solutions, will play a critical role in driving these efforts. Plixstar, a digital marketplace for sustainable materials developed by Inicorn, is key to promoting circularity across the plastics industry by optimizing sourcing, trading, and matchmaking of sustainable products. This platform supports SMEs and mid-tier businesses in adopting more sustainable practices, helping to reduce waste and improve resource efficiency across the value chain. Nuplas Solutions, on the other hand, will focus on innovative recycling solutions, contributing to the Group's goal of greening the entire value chain, from production to end-of-life product management.

In the next financial year, Lean Giap will develop a comprehensive Sustainability Roadmap to guide its long-term sustainability goals. This roadmap will outline clear targets for resource efficiency, carbon reduction, and sustainable investments, ensuring that Lean Giap's efforts are measurable and aligned with the global push towards a more sustainable future. Through strategic investments and partnerships, the Group aims to influence not only its operations but also the broader industry towards sustainable growth.



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