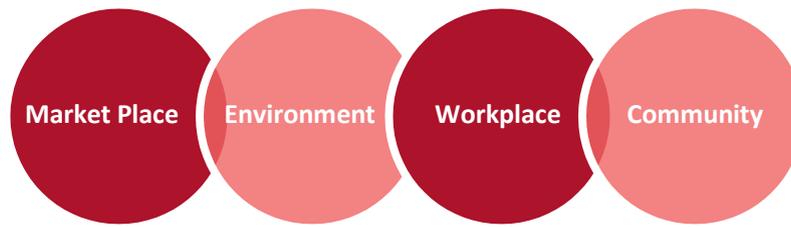


# Statement of Sustainability



## INTRODUCTION

As one of the leading educational book publishers in Malaysia, sustainability initiatives run deep in our core values, day-to-day operations and business plans. Our sustainability leadership is led by our Board of Directors, who oversee and ensure that PPG pursues its regulatory and commercial objectives, and remains as a responsible and sustainable organisation.

We focus strongly on delivering values and maximising contributions to our shareholders, and at the same time minimising our environmental footprint. PPG focuses on the initiatives of sustainability in accordance with Environmental, Economic and Social (“EES”) risks and opportunities of the business. Our Sustainability Strategy is closely aligned with the global sustainability guidelines as well as those outlined by Bursa Malaysia Sustainability Reporting Guide for companies listed on the Main Market.

## SUSTAINABLE PROCUREMENT COMMITTEE

In FY2019, PPG set up the Sustainable Procurement committee to help the Group develop and implement sustainable purchasing practices and policies. This committee is chaired by the Senior Finance Manager and membered by head of departments.

Sustainable procurement is a process where the organisation meets their needs for goods, services, works and utilities in a way that achieves value of money on a whole life basis in terms of generating benefits to the organisation and also to the society, economy and environment. The Committee aims to develop a good culture of buying among the organisation, reduce risks in the supply chain and to integrate environmental and social considerations into the procurement process.

There were several meetings held to discuss on the action plans of the sustainability initiatives from all departments. Upon establishment of this committee, a number of initiatives have been implemented such as recycle and go green campaign, save paper awareness, maintain a healthy working environment, and sourcing of energy saving products.

## MARKET PLACE

### Trends in Education

Book publishing initially starts with the author’s manuscript and ends with book printing. With the rapid technological advancement, the digital environment has increased the number and scope of delivery platforms.

At PPG, not only do we focus strategically on the long-term sustainability of the Group, but we also strive to play a vital role in the development of Malaysia and ASEAN education systems, in the interest of economic prosperity, social empowerment and care for our environment.

PPG aims to be the leading and reputable book publisher for its quality educational publications in the ASEAN region. By working with top educators, authors and editors, we develop and improve learning methodologies to help in improving the regional education standards, which in turn will help to improve the national benchmark ratings such as the Programme for International Student Assessment (PISA) and Trends in the International Mathematics and Science Study (TIMSS) rankings. We also work closely with other esteemed institutions such as Malaysian Ministry of Education and IPST Thailand (Promotion of Teaching Science and Technology) as well. Such collaborations are carried out to initiate, coordinate, evaluate, execute and promote the study and research of curricula, which includes teaching and learning techniques in the area of science, mathematics, and technology at all educational levels with focus on basic education.



With the continuous effort to address issues related to the current and future trends in education, the Group will stay relevant and prosper in the coming years, in line with goals for different educational systems and delivery forms.

Facing the challenges of Covid-19 where most of the education institutions were closed and created the largest disruption of education system in history that affected nearly 1.6 billion learners in more than 190 countries. Pelangi, as an education service provider, responded to the accelerated changes in modes of delivering quality education by supporting the continuation of teaching and learning during the pandemic. Several webinars were conducted through the Pelangi Education Training Academy to teachers and students.



### Digital Educational Content & Products

PPG creates digital educational products to keep abreast with technological changes over the years. Our investment in Xentral Method Sdn. Bhd. has facilitated the Group in creating new digital related products which blend our contents with the latest available technology. The digital educational products include the interactive revision books series (“Interactive eBooks”), the electronic library (“eLibrary”), e-books, Augmented Reality (AR), Virtual Reality (VR), mobile based learning, customised assessment tools and other multimedia learning tools.



With ASEAN in mind, we intend to expand our digital products to enter the market by sharing the concept of existing digital products developed by the Malaysian team with our regional teams in Thailand and Indonesia while they explore their markets for digital products.

Apart from that, PPG is also collaborating with different e-book store platforms to promote Pelangi’s e-books and e-magazines to a wider audience in Google Play, Ookbee (Thailand), E-sentral (Malaysia), Kaki Buku and Amazon.com’s Kindle. In response to the needs of 21st century learning and teaching, PPG has joined forces with FrogAsia Sdn. Bhd. to deliver free digital quizzes via the 1BestariNet to Malaysian students. Powered by services and technology, these online platforms help PPG to improve educational access and outcome through our capabilities to create content and assessment.

In this digital era, PPG will remain relevant by embracing technological innovation and diversifying beyond publishing, to offer e-learning and technology-driven information solutions. This statement is in line with the Malaysian Education Blueprint 2013–2025, that aims to transform the medium of teaching and learning in Malaysia from printed textbooks to digital textbooks. In 2019, MOE Malaysia will launch its first digital textbook and Pelangi is the publisher for the Form 1 Mathematics digital textbook. PPG will continue to develop and explore new, innovative digital products to benefit the young generation.

The Covid-19 pandemic accelerated the uptake of digital learning or online learning for students around the world. Having been forced to embrace digital learning, many educators have come to appreciate the many benefits and opportunities from online learning. Pelangi online resources platform on [www.epelangi.com](http://www.epelangi.com) is filled with educational contents and interactive features on various subjects covering many different topics to support the students and teachers learning from home.



### Regional Expansion

PPG's participation in the recent ASEAN Publishing Forum held in Philippines has injected PPG with confidence in developing more publications that suit the potential ASEAN market which has the largest segment of youth target audience under the age of 30.

Through our regional offices, more investment and product development will be placed in growing PPG's footprint in the ASEAN market. Furthermore, our achievements have laid a solid foundation for our future and the challenges ahead especially in Thailand and Indonesia market, from which we can continue to pivot our business to seize growth opportunities and come up with more localised educational products. The Group has seen good growth in Indonesia market last year and expects further growth in the coming financial year.



PPG will also continue to explore new forms of collaborations and develop new business models across the publishing or digital education boundaries in ASEAN countries. In addition, such collaborations not only grant us access to regional resources, expertise and reach, but more importantly provide us with insights and learnings to enable delivery of an immersive customer experience on a regional level.

### Digital Marketing & Channels

The advancement of the Internet, mobile technology and social networking is fundamentally reshaping the way we interact with our core customers. Our focus continues to be on our core customers and finding ways to provide value and convenience. We have expanded our sales channels in e-commerce in recent years, such as through our own online bookstore, Pelangibooks.com and other channels like Lazada, Shopee, PG Mall for physical books whereas Google Play Books, e-Sentral, KakiBuku for eBooks.

We undertook the task of rebranding and redesigning of our e-commerce website. We improved our Pelangi books online bookstore website design and layout to enhance and smoothen our customer's online shopping experience. From visuals to usability, every single element is crucial to the customer experience which leads to a huge impact on PPG's brand ability to retain and attract old and new customers alike.



Digital marketing and its associated channels are important like any other form of marketing. It is all about promoting products, building brands, developing leads, and engaging customers via online. PPG promotes its products or brands via one or more forms of electronic media. As part of the digital marketing strategy, the advertising mediums include promotional efforts made via the website, social media, mobile, direct mail, point of sale and many more.

The Covid-19 pandemic in 2020 changed the way we live, the way we work and the way we shop. This pandemic and its aftermath are going to continue to cause major disruptions for businesses across the country and change consumer buying behaviours indefinitely. In these moments of uncertainty and rapid change, a digital marketing strategy is vital. The Advertising and Promotion team in Pelangi elevated its digital marketing activities by exploring web and social media platforms where customers can be approached, and relationships built and fostered.



Facebook Live



Storytelling Session



Writer's Sharing Session

PPG's consolidated view of customer preferences and expectations across all channels are utilised by our marketing and publishing teams to create and anticipate consistent, coordinated customer experiences that will move customers along in the buying cycle and improvement on our products.

### Content Copyright Development and Protection

PPG's success today very much relies on the talent pool of writers we have here in Malaysia, and PPG certainly sees Malaysia as an excellent country to develop its own pool of writers. The Malaysian government has been supportive of copyright-based industry activities, through agencies like Majlis Buku Kebangsaan Malaysia (MBKM), Perbadanan Kota Buku, Institut Terjemahan & Buku Malaysia and even Perpustakaan Negara Malaysia. Copyright protection is also well managed in Malaysia through government agencies such as MyIPO.

Since 2013, PPG has been collaborating with MBKM in Program Pengkarya Guru in training teachers to write and publish original novels. PPG has published 25 novels under this programme. Besides this, PPG also collaborated with Malaysian Board on Books for Young People (MBBY), to launch Malay novels and organise National Young Adults Novels Writing Competition since 2009. One of the novels has being adopted as the official Malay literature textbook in the national schools. PPG is also continuously sourcing for good content worldwide, translate and introduce the content to our regional markets such as the Harry Potter Series and Highlight Hidden Pictures.

PPG also participates in international book fairs and publishing related conferences, not only to export PPG copyrights, but also to be exposed to new publication ideas from other countries. Such activities are important to grow the publishing portfolio over the years. With such opportunities, PPG has been able to collaborate with foreign partners in developing publications tailor-made for their markets. PPG has exported copyrights to several countries which include Vietnam, Philippines, China, Hong Kong, and Sri Lanka.

Through its regional offices in Thailand and Indonesia, PPG produces local publications for their markets and other ASEAN

markets. The regional offices have helped PPG tap into the talent pools in different countries, share creative ideas and produce suitable publications for all markets. PPG is desirous of being the leading publishing house in ASEAN. All the various publishing initiatives will only bring us closer in achieving this aim.

Copyright is important in all forms of media because it provides legal ownership over the works produced. In this digital age, copyright is equally important for online content too. In line with the protection of our copyrights, PPG initiates legal action against any copyright infringement in order to protect the copyright ownership of our products.

In 2018, PPG collaborated with a Philippines publisher, Rex Bookstore to develop Primary Science Worktext, named “The Scientist in Me” which was adapted to the Philippines local syllabus. With the launching of this series, PPG sees the publishing industry as now moving from an individualistic knowledge acquisition culture towards a collaborative knowledge creation culture.



## ENVIRONMENT

### Responsible Paper Procurement

PPG produces a high volume of print-based products every year. We understand the importance of minimising the environmental impact of paper use across its production processes – from acquisition of raw material to printing, distribution, use and disposal.

Being responsible and environmental friendly, PPG continuously strives for improvements in its paper procurement process by taking the following actions:

- Comply with all relevant environmental legislations, regulations and other relevant requirements and adopt a dedicated approach for more stringent requirements in the future;
- Promote eco-conscious products, services and solutions and minimise consumption of natural resources;
- Promote recycling through integrated recycling system of our used products;
- Minimise emissions of pollutants to air, water and land;
- Create environmental, safety and health awareness among all employees, distributors and suppliers;
- Provide a clean and conducive working environment;
- Promote individual practices towards preserving the environment;
- Promote purchase of eco-conscious green products.

PPG is also going greener this year as we introduce our Pelangi Trade-In Programme. This trade-in programme allows the community and public to turn their used Pelangi books into Pelangi cash vouchers which can be used in the Pelangi Books Gallery - a win-win for anyone looking to get old books off their hands while being able to earn some vouchers to spend on new products.



Normally books cannot be recycled directly as paper waste because of the adhesives used to bind them together. In this case books would end up in landfill, which is a complete waste. So with this programme, we will always try to either find a new home for the books or donate them to charitable

organisations on your behalf. Our aim is to further the lifeline of old books for as long as possible and minimise the environmental impact.



If the books are no longer in a readable/usable condition and no longer accepted even by charitable organisations, we will dispose of them in a responsible manner. Alternatively if the community has a large volume of Pelangi books that require recycling, they may contact us.

## Operational Excellence

PPG is committed in minimising the impact of our operations on the environment. We actively monitor our operational carbon footprint, promote recycling and the responsible use of resources within our group of employees and stakeholders.

Over the years, PPG has been making efforts to reduce the consumption of energy. We are gradually changing to energy saving light bulbs in all our office buildings and purchase machines with auto saving mode such as printers and photocopy machines. In addition, translucent roofing panels have been installed in parts of the warehouse area to improve the transmission of natural light into the interior of the building. With these approaches, we are reducing the usage of electricity and energy.



While aiming for greater cost efficiency in our operations, PPG also pays close attention to the waste management and paper usage practices in our offices and branches. Usage of paper is one of the most concrete ways to limit the amount of waste originating from our office operations. PPG implemented paperless initiatives by upgrading its manual process to computerised system in its warehouse, publishing and operation departments. In terms of packing, PPG is also minimising the usage of cartons by palletising the books.

With the initiatives to save the environment, the management tracks monthly energy usage, water consumption, waste generated and recycling initiatives.

## WORKPLACE

### Career Development

Performance appraisals encourage improvement of performance and offer valuable opportunities to focus on quality of work and common objectives to identify and correct issues with the job force. In year 2020, 100% of our permanent employees went through performance appraisals. We responded to the outcomes of the appraisals, by providing training in areas such as sales, technical skills, compliance with ISO criteria and hazardous waste management.

In addition, we are focused on continuing to attract top talent from universities and encouraging candidates to bring their unique skills and experiences to our Company. Hiring fresh young talent is an important strategic way to secure innovative thinkers who will contribute greatly to the Company. Thus, we are continuously committed to hiring interns and offer full time positions thereafter.

Pelangi recognises that it is our people who drives the business forward and acknowledges that having good employee relations and a motivated workforce are crucial to our success. We support life-long learning and development of our employees, hence, we promote opportunities for professional and personal growth. Yearly training and career development programmes are part of our strategy in managing our talents.

Since Covid-19 pandemic, internal webinar trainings with regards to the “New Normal” were organised by Pelangi Education Training Academy to all Pelangi staff. This series of trainings called for all our colleagues to accept and adapt to the changes brought during and after the pandemic. The topics covered The New Normal, The New Normal Me, The New Normal Marketing and The New Normal Publishing.



## Conducive Workplace

As PPG recognises the great importance of employees as a company's valuable assets, it has provided a safe and healthy working environment to its employees with comprehensive occupational health and safety resources.

PPG is committed to provide an interactive and conducive working environment. Thus, PPG plans to conduct Health and Safety Awareness training to equip the employees with today's working needs and latest industrial technologies.

Covid-19 measures were implemented to ensure the SOP in working areas are in compliance to the guidelines issued by the Ministry of Health (MOH). As such, efforts to control the spread of virus, including social distancing, daily temperature checks, wearing face mask, hand sanitising, regular disinfection are carried out in the premises. With these measures in place and a preparedness contingency plan, the impact to operation and business can be mitigated.



Embracing New Normal Campaign Posters

In response to the unprecedented pandemic, the Group Managing Director and Deputy Managing Director sent their heartfelt messages via video recording to all the employees in the Group.



## Message from Datuk Sum Kown Cheek, Group Managing Director of Pelangi Publishing Group Bhd.

“ Dear All,

*Since the World Health Organisation (WHO) declared the Covid-19 outbreak a global pandemic in March 2020, our lives have never been the same. There is a great sense of unease everywhere.*

*In Pelangi, we have strived to weather this crisis during the Movement Control Order period. I am grateful towards all staff who have given their commitment during this critical situation.*

*Today, we have to face the reality that The World Will Not Stop. We have to learn how to adapt to the NEW NORMAL. Let us work together to keep going, and turn the darkest hours into the finest hours of our lives. We can make that difference.*

Thank you. ”



**Message from Mr. Sum Lih Kang, Deputy Managing Director of Pelangi Publishing Group Bhd.**

*“ Hi everyone,*

*With this global pandemic, things have changed. The business environment, the working environment, our living conditions; in fact everything has changed. Change is constant and inevitable.*

*For the past 3 months, our organisation had taken measures to be innovative in conducting our businesses to weather this tough period in all our regional offices. We continue to work with experienced educators to produce good quality education contents.*

*During this extraordinary period, we deliver our contents in innovative ways, for instance, e-Learning platform. We also make our products available for purchase via digital sales channels. We stay connected and engaged with our customers through virtual classrooms, online worksheets, online storytelling and so on.*

*Now that the Covid-19 outbreak has subsided and all offices have reopened, I hope to see our Pelangi family get through this difficult time and come back even stronger.*

*This is also the time we hope to see leaders emerge from within the Pelangi family. Leaders to step up, regardless of your position in the organisation, Seize the opportunity to shine!*

*Our mission remains unchanged – Quality Books for Quality Education. Definitely more than books now.*

*Thank you. ”*

## Ethical and Responsible Business

PPG is committed to the highest standards of ethical business conduct. Compliance in the workplace starts with the respect for basic human rights and dignity. PPG's Code of Conduct gives a clear guidance on ethic to directors, all employees, vendors, customers, contractors and business partners.

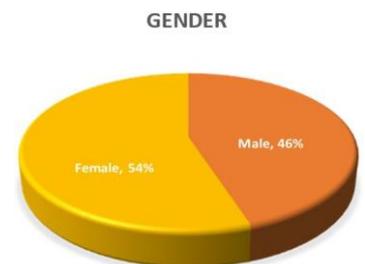
PPG upholds the integrity and professionalism in the conduct of our business activities, and inculcate its employees to embrace these values in their day to day business dealings. The Employee Handbook has incorporated the Code of Conduct and Ethics to ensure all employees are aware of the Group's principles, always act in the best interest of the Group and avoid situations that may create a conflict of interest.

The Anti-Bribery and Corruption Policy, Whistleblowing Policy and Personal Data Protection Policy have been adopted and are available on the Group's corporate website [www.PelangiPublishing.com](http://www.PelangiPublishing.com). Trainings have been conducted to brief all employees on the guidelines and required practices and procedures.

## Diversity and Equal Opportunities

PPG is committed to provide equality of opportunities to all existing and prospective employees without discrimination on the basis of religion, gender, race, marital status, nationality, colour, ethnic or national origin, age or disability.

Over 50% of the workforce in our organisation comprises of women. All employees, regardless of gender, are given the opportunity to reach their full potential. From the pie chart, you can view the gender distribution of our employees, excluding foreign workers and part-time workers.



## COMMUNITY

### Community Investment

PPG invests in communities to instil the reading habit and to develop future best-seller writers. PPG directs its community support towards local education, by organising knowledge sharing sessions through the collaboration of different local organisations. Such initiatives enable us to reach out to communities and help us obtain valuable product feedback at the same time.

Recent community reach out programmes include:

- Science and Mathematics teachers' training seminars, in collaboration with Malaysian Ministry of Education departments;
- Seminar on Teaching Science, in collaboration with Ministry of Education Thailand;
- Kindergarten projects seminars, in collaboration with Suan Dusit University, Thailand;
- Training of undergraduates from local universities/colleges under our training and internship programmes;
- Talent development through a variety of A&P activities;
- Organising annual competitions eg. Children Poetry Writing Competition and Fable Writing Competition

### Corporate Social Responsibility ("CSR") Activities

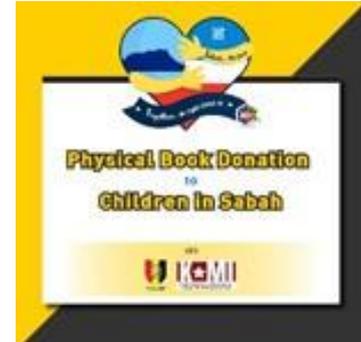
PPG is committed in giving back to communities and being a responsible corporate citizen.

PPG has been active in the community and supports a range of activities including donations to orphanage and old folks' home. Employees' participation is the key to success of these initiatives. Such initiatives help to increase employees' interaction outside working hours, build camaraderie and support inter-departmental bonds. While the communities benefit, our employees benefit too.

The Group seeks to make positive impact by promoting education and literacy, supporting our authors, and helping our local communities through innumerable local activities. Each year, PPG donates thousands of books to various school libraries, community libraries and charitable organisations. Books are given to low-income families to promote reading among children who have less or no access to books.



In year 2020, PPG initiated a CSR programme – Sabah, We Care to support students, whose education is affected due to the 2nd wave of Covid-19 cases in Sabah. This initiative is implemented in 3 phases, namely eBooks Donation in collaboration with Sabah State Library and Xentral Methods Sdn. Bhd., Physical Books Donation and Fund Donation from Online Sales Proceeds.



Throughout the financial year 2020, PPG has donated books to schools, libraries, children homes, orang asli, organisations and so on. The sponsorship activities are available on the Company's corporate website [www.Pelangipublishing.com](http://www.Pelangipublishing.com).

## CONCLUSION

PPG strives to create long-term value for our shareholders. It is imperative that the Group continues to create value not only for the communities that it serves, but also for the future growth of the Group. The Group stands by its promise of being transparent, upholding integrity and embracing the best governance practices.