

SUSTAINABILITY STATEMENT

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Sustainability has been a vital part in PESTECH's business and operations throughout our journey in the industry. We continuously track and monitor the plans and processes to implement sustainability considerations in our business based on a sustainability approach, i.e. the Economic, Environment and Social ("EES").

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+67.5%
Revenue

SCOPE

PESTECH International Berhad ("PESTECH" or the "Group") is pleased to present our inaugural sustainability statement that showcases the Group's sustainability initiatives within the financial year ended 30 June 2018. The reporting covers PESTECH Group of Companies operations mainly in Malaysia and will be implementing throughout the region where we are operating. This statement is prepared in accordance to the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Sustainability Reporting Guide published by Bursa Securities.

Sustainability has been a vital part in PESTECH's business and operations throughout our journey in the industry. We continuously track and monitor the plans and processes to implement sustainability considerations in our business based on a sustainability approach, i.e. the Economic, Environment and Social ("EES"). We also establish long-term relationships with our stakeholders including shareholders, investors, vendor and suppliers, customers/clients, employees as well as the communities where we operate.

SUSTAINABILITY APPROACH

Economic



Environment



Social



STAKEHOLDER ENGAGEMENT

Whilst maintaining its presence in Malaysia, PESTECH also has an outstanding portfolio of projects in the international market across 20 countries such as Cambodia, Philippines, Papua New Guinea and Kyrgyzstan.



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STAKEHOLDER ENGAGEMENT

PESTECH remains committed in engaging with our stakeholders. We strive to build strong relationships through proactive engagement with them so that we are able to respond to their expectations, meet their changing needs and strengthen our ties with them. Our stakeholder engagement is largely led by the respective business units, with the following objectives through the engagement channels below:

| KEY STAKEHOLDERS | STAKEHOLDER OBJECTIVES | ENGAGEMENT CHANNELS |
|-------------------------------------|---|--|
| Shareholders/ Investors | <ul style="list-style-type: none"> • The Group's performance and growth • Corporate governance • Risk management • Company reputation | <ul style="list-style-type: none"> • Annual general meeting • Quarterly financial results • Bursa announcements • Corporate website • Bi-annual analyst briefings • Annual report • Press releases |
| Customers/Clients | <ul style="list-style-type: none"> • Health, safety and environment compliance • Quality of works • Quality of products • Opportunity for repeat partnership • Project progress | <ul style="list-style-type: none"> • Customer satisfaction surveys • Corporate website • Regular project meetings • Factory Acceptance Test ("FAT") • Site visits • Environmental site inspection • Project monthly reports |
| Regulators | <ul style="list-style-type: none"> • Law and regulations compliance • Permit and licence | <ul style="list-style-type: none"> • Inspections • Audit |
| Employees | <ul style="list-style-type: none"> • Company information & updates • Career progression • Increase productivity • Workplace safety and health • Employee benefits • Employee recognition/rewards • Work-life balance | <ul style="list-style-type: none"> • Internal quarterly newsletters • Intranet (Communication Module) • Training & development programmes • Annual performance appraisal • Toolbox/safety training • Panthera Club (sports & recreation) • Staff engagement initiatives |
| Vendor/Suppliers/ Subcontractors | <ul style="list-style-type: none"> • Legal compliance • Contractual terms • Time-efficient delivery | <ul style="list-style-type: none"> • Contract negotiation • Vendor registration screening • Vendor evaluation |
| Media | <ul style="list-style-type: none"> • Company branding & reputation • Corporate updates • Business operations updates | <ul style="list-style-type: none"> • Press releases • Press conferences • Advertisements • Bursa announcements • Corporate website |
| Communities | <ul style="list-style-type: none"> • Environmental impacts • Safety standards • Company contribution to the society | <ul style="list-style-type: none"> • Environmental Aspect Identification and Impact Assessment ("EAIA") • Corporate website • News releases • Sponsorship programmes • PESTECH CARE Programme (CSR) |

MATERIAL MATTERS



Economic

- Financial performance
- Market Presence
- Brand & Reputation
- Corporate Governance
- Innovation
- Quality Management



Environment

- Protecting Biodiversity
- Waste Management
- Energy Conservation



Social

- Occupational Health & Safety
- Employee Diversity
- Employee Training & Development
- Employee Benefits
- Customer Service Creed
- Corporate Social Responsibility

ECONOMIC

Financial Performance

PESTECH cross the finishing line of financial year 2018 with satisfactory financial performance.

We have secured a total of RM1.63 billion orders as at 30 June 2018. The Group also achieved RM834.9 million in revenue during this financial year, which is an increment of 67.5% from the previous year.

PESTECH's financial performance steadily grew within 5 years and this has brought confidence to our stakeholders on the Group's financial capability.

Market Presence

PESTECH has been involved in the power infrastructure industry since 1991. Over the span of 27 years, the Group has progressed to become one of the market leaders in this industry. The Group's operations covering four (4) business segments, namely Power Transmission Infrastructure, Power Generation & Rail Electrification, Transmission Asset and Power Products & Embedded System Software.

Whilst maintaining its strong presence in Malaysia, PESTECH also has an outstanding portfolio of projects in the international market across 20 countries such as Cambodia, Philippines, Papua New Guinea and Kyrgyzstan.

Please refer to our Global Footprint on pages 2 and 3.

Brand & Reputation

Since its establishment in 1991, PESTECH has grown rapidly and expanding to meet market demands of electrical power facilities. We have built our reputation across the globe as a power infrastructure provider that provides comprehensive power system engineering and technical solutions for construction of electricity transmission and distribution assets.

Our involvement in major power and infrastructure projects in Malaysia as well as in other countries has strengthened our reputation and position in the power infrastructure industry. Amongst the major projects in Malaysia and overseas are:

- Engineering, Procurement, Construction, Testing and Commissioning of Power Supply and Distribution System for Project Mass Rapid Transit 2 ("MRT 2") – Sungai Buloh – Serdang – Putrajaya ("SSP").
- Establishment of Pencawang Masuk Utama ("PMU") 132/33kV Jinjang for MRT 2 – SSP Line.
- Subang Skypark double track electrification project from Subang Jaya to Subang Skypark for the extension of Port Klang Line commuter service
- 230kV Kampong Cham – Kratie Transmission System Project to facilitate the transmission of 400MegaWatt ("MW") power from Lower Sesan II Hydro Power Plant to Cambodia National Electricity Grid.

With the strong commitment to PESTECH's vision to be "Consistently Dependable and Value Add", we are confident that we will continue to be the system solution provider of choice.

Corporate Governance

PESTECH recognises the importance of good corporate governance. The Group is committed towards upholding high standards of corporate governance for long-term sustainable business and corporate development, and to continuously protect and enhance shareholders' value.

We adopt and apply the principles necessary to ensure good corporate governance as expounded in the Bursa Securities MMLR, and the Malaysia Code on Corporate Governance ("Code").

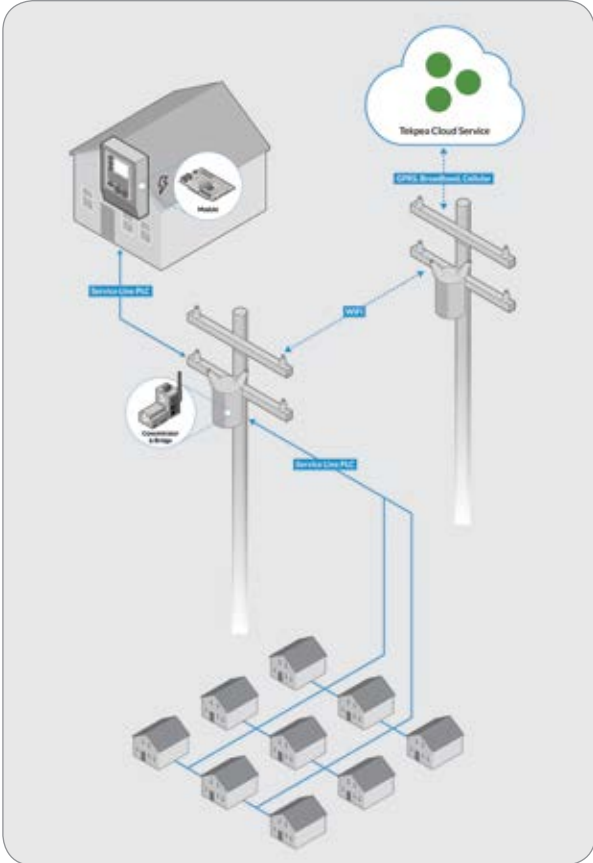
SUSTAINABILITY STATEMENT

Innovation

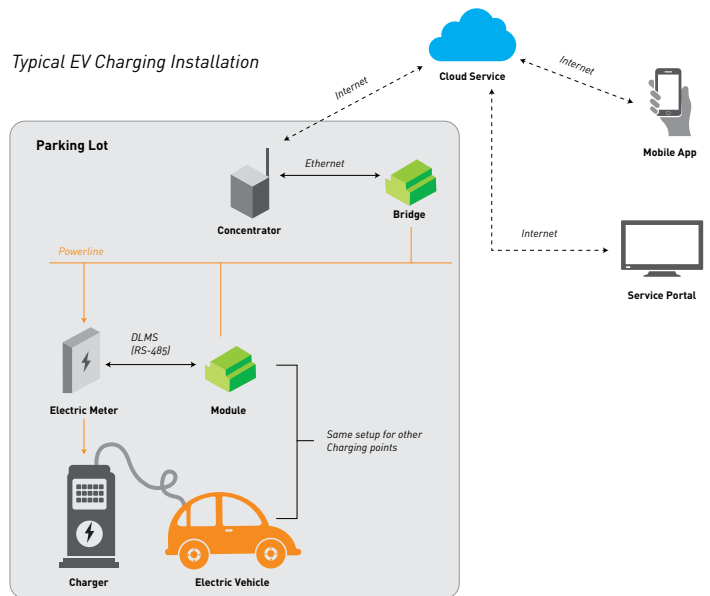
PESTECH is continuously investing in state-of-the-art machines and technology. The Group is equipped with providing technology intelligence to complex solutions in the power infrastructure industry. Through our investment in manufacturing products in Malaysia for local and international market, PESTECH has produced products that include but not limited to products such as 11kV Switchgear, 24kV Switchgear and Control Relay Panels.

PESTECH is now expanding into Industry 4.0 – the latest evolution in the digitalisation and automation where it incorporates advanced sensors, machine-to-machine communication links, big data analytics and cloud computing technology. The Group offers complete end-to-end solutions in Advance Metering Infrastructure (“AMI”), Digital Substation, Supervisory Control and Data Acquisition (“SCADA”), Automation as well as the Micro-Grid Management.

AMI Solution



PESTECH has also positioned itself in Electric Vehicles (“EV”) solutions, an immense and growing market segment for both Plug-in Hybrid Electric Vehicle (“PHEV”) and Full EV in Malaysia. Through its subsidiary, PESTECH Energy Sdn. Bhd., PESTECH aims to collaborate with Malaysia Green Technology Corporation (“MGTC”) and Tenaga Nasional Berhad (“TNB”) for the EV Charging Infrastructure by providing the end-to-end solutions from the Mobile Application, Management Portal, Communication as well as EV Chargers in the future.



Quality Management

PESTECH is committed to providing quality services and producing quality products that consistently meet total customer satisfaction. This is implemented through continuous improvement of the Quality Management System. We always implement high quality standards in our day-to-day operations, where the importance of traceability, consistency and reliability are emphasised throughout the organisation. We perceive customer satisfaction to be an important factor and thus have always remained committed towards attaining greater customer confidence in products and services.

PESTECH adopts Quality Management System (“QMS”) in accordance to ISO 9001:2000 since 2002 and is now upgrading its scope to ISO 9001:2015. This shows our ability and commitment in providing products and services that meet the accredited standards and legal requirements and customers’ satisfaction.

ENVIRONMENT

**Protecting Biodiversity**

In operating our businesses, PESTECH is committed to protect the environment and complying with applicable environmental laws and regulations. We have established the Environmental Policy in line with ISO 14001:2015 Environmental Management System ("EMS") and Environmental Quality Act 1974 ("EQA") to enable the Group practices the environmental control and improves our environmental performance. We continue to put in place relevant measures and monitoring to protect and preserve our biodiversity.

Environmental Aspect Identification and Impact Assessment ("EAIA")

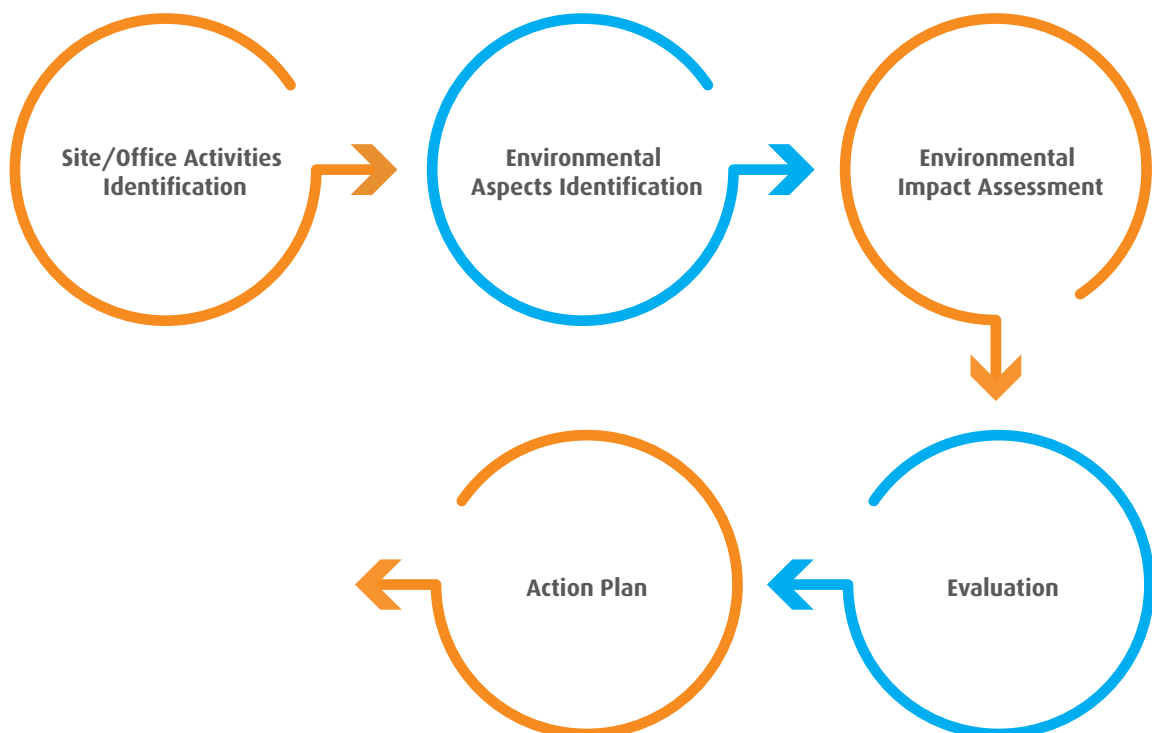
EAIA, helmed by our Quality, Health, Safety and Environment ("QHSE") team is implemented to identify and evaluating the environmental aspect and impact related to organisation activities, products and services respectively. This assessment is done before the commencement of new projects and shall be reviewed on yearly basis or when there are significant changes in the organisation activities.

The environmental aspects that most likely lead to significant impact are identified proactively from the Group activities, products and services. The associated impact from the identified environmental aspect such as air pollution, water pollution, soil pollution and erosion, resource depletion and etc. are being studied, analyzed and reviewed. PESTECH has established EAIA procedure as a reference for employees when performing the assessment.

During the impact assessment, PESTECH has taken into consideration the prevailing environment laws and regulations, consequences and severity of the issue and possibility of occurrence. The assessment on the significance of the impact is then evaluated based on the established criteria, i.e. scale of severity/risk, duration of the impact, probability of occurrence and etc. From the outcome of the assessment, PESTECH will establish effective action plans and control to mitigate the significant impacts.

Environmental Site Inspection

Environmental site inspection is being carried out on monthly basis by the Health & Safety ("HSE") personnel to ensure the project sites are adhered to the standard and requirement of EMS and EQA. For the inspection, PESTECH has established a checklist where all environment aspects and impacts will be assessed and evaluated.



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Waste Management

General Waste and Reduce, Reuse, Recycle (3R)

PESTECH maintains a comprehensive waste management procedure aimed at decreasing the amount of waste production and is applicable to all aspects of our business operating activities, products and services. In the context of 3R, PESTECH is making every effort to reduce, reuse and recycle, particularly in the context of production and consumption. It calls for an increase in the ratio of recyclable materials, further reusing of raw materials and manufacturing wastes, and overall reduction in resources and energy used.

We always ensure that the Group adheres to all rules and regulations, and follows the guidelines pertaining the waste management diligently. Amongst the initiatives undertaken by the Group are:

- reduce the usage of paper unless necessary.
- reuse the stationeries such as papers, envelopes for draft printing and circulation of internal mails.
- training and waste awareness programme for employees who are handling the general waste.
- promote and develop the use of Electronic forms to reduce the use of papers, files and the ancillary stationery.
- use of different bins for segregation of recycled items.
- training on the correct waste segregation.

Scheduled Waste

PESTECH has also developed a scheduled waste procedure in line with the Environment Quality (Scheduled Wastes) Regulations 2005 to define a method for handling scheduled waste generated in the head office or project sites. It is applicable to all aspects of our business operating activities, products and services.

Below are the processes in identifying and managing the scheduled wastes:

- PESTECH identifies the type of scheduled wastes generated from the business operating activities, products and services, and estimates the quantity generated per month.
- The Department of Environment (“DOE”) will be notified on the amount of scheduled wastes generated.
- Information on the scheduled waste will be prepared based on 7th Schedule format as stated in Environment Quality (Scheduled Wastes) Regulations 2005.
- The established 7th Schedule will be provided to the waste contractors as reference.
- The incompatible scheduled wastes will be segregated and separated into different containers according to the types of scheduled waste.
- Durable containers are used in collecting the scheduled wastes to prevent spillage or leakage of the scheduled waste to the environment.
- All scheduled wastes are to be kept in a designated storage area safely and properly.
- Scheduled wastes are to be treated or disposed by the contractors approved by DOE.
- An accurate and up-to-date inventory of scheduled wastes will be maintained in accordance with the 5th Schedule of the Environment Quality (Scheduled Wastes) Regulations 2005.



**REUSE
REDUCE
RECYCLE**

Energy Conservation

Energy conservation plays a significant role in lessening the impact of climate change. Therefore, managing energy consumption is a priority in PESTECH to promote a sustainable operations and efficient use of energy resources. We have taken an approach where the negative impacts of uninhibited energy usage could be mitigated.

Below are some green initiatives by PESTECH in managing energy consumption:

- Installation of energy saving Light-Emitting Diodes ("LEDs") bulbs instead of incandescent bulbs for internal office lighting.
- Installation of motion sensors in common areas, i.e. corridor, pantry, staircase etc. in the office to automatically turn off the lights when not in use to reduce energy use and costs.
- Installation of solar lights for building perimeter lighting as well as at the project sites, and thereby reduce our maintenance and electricity costs.
- Maximize the entry of natural light or daylight in the office building for effective internal lighting, thus minimizing the need for artificial lighting.
- Plan the usage and movement of heavy machineries to generate savings on energy consumption.
- Encourage our employees to save energy by:
 - o Switch off the lights and other office equipment such as photocopier, printer and etc. during lunch hour and before leaving the office.
 - o Unplug equipment that drains energy when not in use, for example cell phone chargers, fans and etc.
 - o Photocopy only if necessary to save paper. Always print two-sided or use recycled papers for drafts documents.



SOCIAL

Occupational Health & Safety

PESTECH is responsible and committed in ensuring a healthy and safe working environment for our employees. The Occupational Health and Safety policy and procedures have been established in accordance to OSHAS 18001:2007 in order to control occupational health and safety risks at the workplace. The policy is communicated to all employees for implementation through various channels comprising orientation, posters, awareness training, Safety and Health Committee meetings and etc.

Below are some enforcements that have been established by the Group:

- Strict access and security where only authorised personnel or workers with CIDB Green Card are allowed to enter into project sites.
- Mandatory occupational health & safety induction for new staff at headquarters as well as workers at the production and project sites.
- Mandatory use of Personal Protective Equipment ("PPE") when entering into production and project sites.
- Fully-trained Emergency Response Preparedness ("ERP") Team is formed for fire emergency and chemical spillage.
- As a part of ERP program, the team has conducted the following activities:
 - o Fire drill – to ensure that all employees know how to exit safely as quickly as possible if a fire, smoke or other emergency occurs.
 - o Chemical spillage drill – to train the workers who are handling the chemical on the correct safety precautions
- Fully-trained First Aid Team is formed to provide initial first aid cares in the event of illness and injuries.
- Regular toolbox meeting to update and remind the employees on the safety and health at the workplace.
- Guidelines on handling of chemical and machinery are established for employees to adhere and thereby reduce hazards and incidents at the work place.

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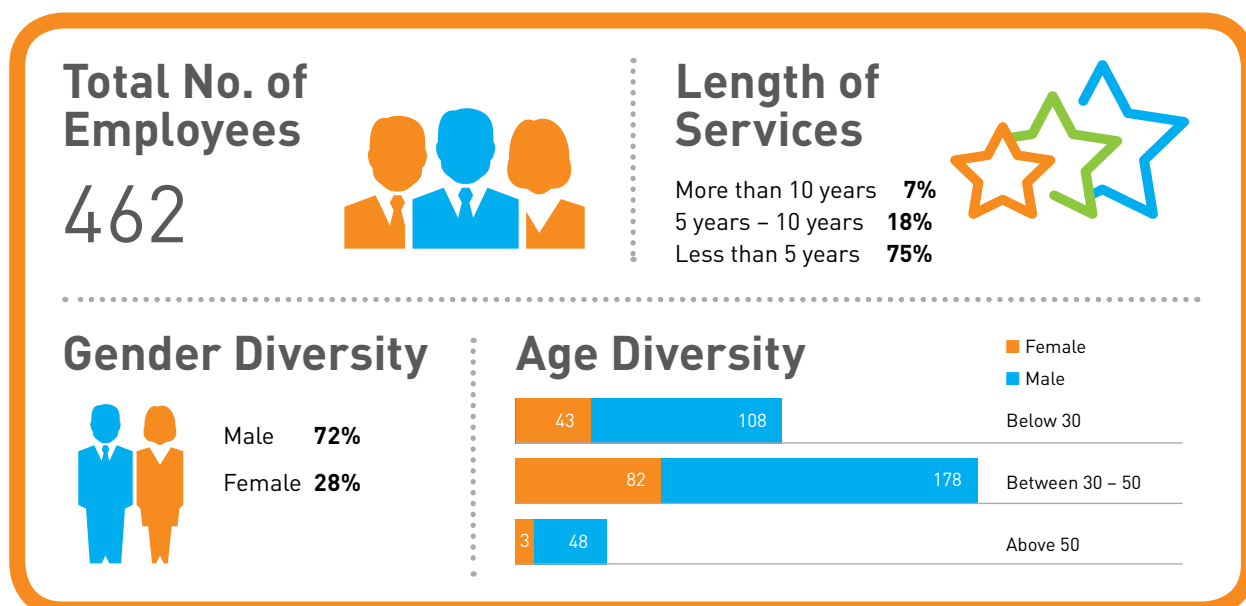
Employee Diversity

PESTECH respects the employees as individuals and always welcome diversity in proficiency and background. The Group creates a healthy competitive workplace that embraces diversity and mutual respect in order to attract and build loyalty in the employees.

In PESTECH, we do not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability.

From the charts below, PESTECH's employees consist 72% male and 28% female, a work place which is dominated by male. This is mainly due to the Group's nature of business which involved in engineering, procurement, construction and commissioning where it is still mainly dominated by male.

As the Group expands its business into new business segments and to other markets within these five (5) years, the increase in the number of new recruits had increased the percentage of staff with the length of services of less than five (5) years.



Note: The above information is as at 30 September 2018.

Employee Training & Development

In PESTECH, we always emphasise in enhancing our employee's proficiency by developing their soft skills and technical skills. We also encourage our employees to continuously attend learning and development courses as it is fundamental in creating an efficient and excellent workforce.





Employee Benefits

Our people are the crucial system in underpinning our organisation's ability to grow and thrive. By providing a solid employee benefits and performance driven compensation, we are able to attract and retain talent. We believe that by showing our appreciation to our people, it will increase loyalty amongst them and boost up their motivation to contribute effectively to the Group performance.

Annual Dinner

Annual Dinner is organised by the Group annually as one of the staff engagement activities. It provides a platform for PESTIONS to gather and foster team spirit. The recent annual dinner was held in 31 January 2018 where employees from different divisions and locations in Malaysia attended this event.

Panthera Club

PESTECH established Panthera Club as part of the Group's initiatives to promote healthy lifestyle and work-life balance. The Club helps PESTECH to support the employees' emotional and physical wellbeing by organising activities such as badminton, basketball, paintball and Virtual Reality ("VR") Adventure. It is important to have such activities as a form of stress release and also for employees to have access to creativity and ways of unwinding.



SUSTAINABILITY STATEMENT



Customer Service Creed

PESTECH recognizes the need for exemplary customer service, for if we fail to perform, someone else would. We believe that customers expect the best out of what we do though not perfect and “Add Value” to their investment.

PESTECH is committed to build a culture of service excellence, create magic moments for our customers to get us noticed, remembered and referred. At PESTECH, we advocate that what is really worth doing is what we for others.

Corporate Social Responsibility

The Group believes that engaging in corporate social responsibility (“CSR”) programmes will help to fuel the social and economic growth for the country. It is always PESTECH’s goal to bring value through our existence by creating a positive impact on our employees, the community and the environment.

PESTECH has initiated the CARE Program as a guidance of our initiatives. PESTECH CSR programme revolves around four (4) elements, i.e. Community, Advancement, Recuperation and Environment. For the Group, its CSR programmes start in the form of caring and extending helping hand to the community at the places where we are operating. We encourage and financially support our employees in volunteering to help the underprivileged and deserving in our community.

It is always PESTECH’s goal to bring value through our existence by creating a positive impact on our employees, the community and the environment.



Community

A small act of kindness can bring smile on million faces. PESTECH's CARE approach aimed to spread kindness, happiness and love was realised through donations, volunteers' works by our PESTIONS and participation in the following activities:

1. Sponsorship of the IEM Engineering Week 2017

PESTECH supported Institute of Engineers Malaysia ("IEM") in actively promoting the engineering industry and creating awareness on the versatility of the engineering profession in upholding the standard of living.

2. Sponsorship of the Bursa Bull Charge 2017

As an Ongole Sponsor, PESTECH had supported Bursa Malaysia's efforts in raising funds for distribution to charity organisations identified by Bursa Malaysia. Their support includes various types of causes that are related to women, children, arts and culture.

3. Charity Giveaways in Cambodia

This 3-day programme was a joint partnership initiative with a voluntary team from Malaysia with the objective to help the poor families, the homeless and the less fortunate children in the Kingdom of Cambodia. Donation in kinds such as food and daily necessities, i.e. rice, oil, towels, clothes, diaries products are provided to the villagers in Kampong Praka Village (floating village), Krang Veng Village and Pteas Ko Village. Around 475 families and 500 homeless people were benefitted from the programme.



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Advancement

PESTECH supports activities that contribute towards nation building, by providing education sponsorship, training and opportunities to new talents. Amongst PESTECH's CSR initiatives during the financial year were:

1. Contribution to Kriyalakshmi Mandir Shree Sai Gurukul Charitable Society Kuala Lumpur

Monetary contribution is made on monthly basis for Gurukul to provide healthy meals for their students who are from the poor urban families. These families cannot afford extra learning classes for their children such as after school tuition class or any other classes or interests.

2. Contribution to Huaren Education Foundation

PESTECH supports Huaren Education Foundation in its efforts to improve educational facilities in rural and semi-urban schools.

3. Sponsorship of the Perspectives Cambodia Program

PESTECH was delighted to be an Exclusive Sponsor of The Perspectives Cambodia, where it is a platform for students from different educational institutions across Cambodia to participate and voice their views and opinions on various social and issues related to Cambodia.



Recuperation

PESTECH believes that everyone should live life with dignity and be health conscious all the times. PESTECH supported and contributed to the following healthcare activities:

1. Donation to Cambodia Red Cross

Contribution was made to the Cambodian Red Cross to support them in aiding emergency assistance, disaster relief, and disaster preparedness education.

2. Contribution to Persatuan Penjagaan Kanak-Kanak Terencat Akal Johor

Our contribution to the association has helped to improve the living environment of the center and provide these underprivileged children with better supporting equipment.

3. Sponsorship of the Hospis Malaysia Annual Treasure Hunt 2018

PESTECH is supportive of the palliative care and has contributed to the Hospis Malaysia through their yearly fund-raising event, i.e. Hospis Malaysia Annual Treasure Hunt.



4. Cambodia Medical Camp

During this financial year, PESTECH organised two (2) medical camps in the Kingdom of Cambodia.

The first event was held in August 2017 while the second event was held in June 2018. The medical camp was a joint collaboration between PESTECH and "His Excellency Hun Many's Voluntary Medical Teamwork" as well as healthcare professionals from Malaysia.

Through this collaboration, PESTECH complemented the efforts of the Cambodia's Government to reach out to all community living in rural areas, provide them with the necessary medical aids and educate them with health awareness. PESTECH was delighted to be a significant part in these initiatives and indeed, it is imperative for PESTECH contribute to society of the Kingdom of Cambodia where our subsidiary, PESTECH (Cambodia) PLC. is operating. Apart from this, the medical camp also served as a platform for the medical practitioners from Malaysia and Cambodia to share their experience and exchange their knowledge with each other.

More than 10,000 people were served by about 300 medical professionals and volunteers from Malaysia and Cambodia during the medical camp. Among the medical services provided were general medical services including basic health screening, Physician, Obstetrics and Gynaecology (O&G), Dentistry, Paediatric, Psychiatry as well as Ultrasound scan for kidney, bladder, ureter, pelvic and antenatal scan. Patients were provided with free medicine and prescriptions of their illnesses so that they may follow up with their medical treatments.



Environment

PESTECH supports environmental protection initiatives, and encourages our employees to carry out their own environmental duties. Our policy under our environmental care is based on the tagline "Taking Care of Our Home". Therefore, through our Environmental Club, PESTECH collaborated with Malaysia Nature Society (MNS) in organizing the Mangrove Cleaning Activity in Kuala Selangor. The activities include rubbish cleaning in the swampy area, that consist of plastic bottles, plastic bags, polystyrene boxes and other discarded items.



The Group is committed towards upholding high standards of corporate governance for long-term sustainable business and corporate development, and to continuously protect and enhance shareholders' value.