

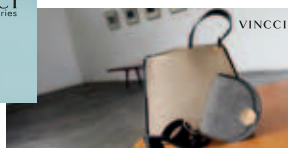
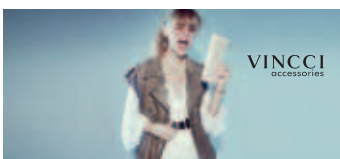


SUSTAINABILITY REPORT



SUSTAINABILITY REPORT

PADINI HOLDINGS BERHAD
YEAR ENDED JUNE 2019



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PADINI

ABOUT PADINI

Padini Holdings Berhad ("Padini" or "the Group") started from humble beginnings in the apparel industry tracing far back to 1971; our roots were started from manufacturing, trading and supplying of garments to retailers and distributors. However, driven by a vision, we ventured into distribution and retail by creating our own brands catering to specific consumer niches.

approx **5,000**
EMPLOYEES GLOBALLY

>140
STORES IN MARKET

>1,700 MILLION
MYR IN SALES

>160 MILLION
MYR IN PROFIT AFTER
TAX

Today we have grown to become one of the country's prominent fashion companies. We address fashion-conscious consumers of both genders and all ages through our two multi-brand labels carrying our own brands – Padini Concept Store with nine brands (Padini, Seed, Padini Authentics, PDI, P&Co, Miki, Vincci, Vincci Mini and Vincci Accessories) and Brands Outlet. Each of these labels represents a unique fashion philosophy and encompasses a comprehensive range of products that fit into our targeted consumer's universe.

Since Padini's foundation in 1971, we have grown into a global brand with an international presence in multiple countries. In total, we have 141 stores, franchised outlets and consignment counters stores in Malaysia and multiple markets overseas such as Cambodia, Indonesia, Bahrain, Brunei, Myanmar, Oman, Qatar, Thailand and the United Arab Emirates. As our initiative to build our online presence, we are also available online via our e-commerce site Padini.com.

While we may have grown in size we have and will always strive to give the best fashion, quality and value to our customers. We will always strive to exceed our customers' expectation by providing the best customer experience.

MISSION AND VISION



Our vision is to be the best fashion company ever. We aspire to be a global leader in the fashion and retail industry with the highest standards in design, quality, customer service, branding and innovation. As a creatively driven and design oriented group, we want to create fashion consciousness that is stylish yet affordable within our brand niches. Our underlying philosophy is to lead the change towards a circular and renewable fashion industry while being a fair and equal company. Our vision and strategy apply to all our brands while allowing each of them to maintain their own brand identity. We know that achieving our vision will not be easy, but our openness to tackling challenges keeps us alert to opportunity. Our mission is to exceed customers' expectations and our brands' promise.

About Padini
(Cont'd)

**OUR GEOGRAPHIC PRESENCE
AS OF 30 JUNE 2019**



ABOUT THIS REPORT

REPORTING STANDARDS

This is the annual standalone Sustainability Report produced by Padini which covers our responsibilities to our stakeholders and the contributions we have made to sustainable development during the financial year ended 2019. This Sustainability Report is prepared in accordance to Global Reporting Initiative ("GRI") reporting guidelines and adheres to the guidelines provided by Bursa Malaysia's revised Main Market Listing Requirements ("Listing Requirements") covering sustainability reporting.

Through this report, we aim to provide our stakeholders with economic, environmental and social ("EES") information about our Group and in doing so, strengthen trust and relationship with our stakeholders through increased transparency and disclosure. The Group hopes to use this report to share its commitment to sustainability with its valued stakeholders, including employees, investors, customers, business partners, suppliers and communities it operates in.

This Sustainability Report is consistent with the Company's Annual Report and other publications including the corporate website. Other material issues such as detailed corporate governance as well as data on internal operations and business activities are reported elsewhere in other mediums, such as the Annual Report, and are not repeated here. Padini recognises that sustainability is an iterative and continual process, continuous effort is needed to improve on various areas including performance targets and achievements.

REPORTING BOUNDARY

This Report covers the reporting period from July 2018 to June 2019. The coverage scope of this report is limited to our core businesses located in Malaysia where the Group holds management control. Detailed references for our company's financial earnings can be found in the Annual Report 2019.

ASSURANCE

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") standards: Core option. Padini Group has not obtained any independent assurance of the information being reported this year. As we continue to work to improve our data collection systems and enhancing its reporting processes, we will consider obtaining independent assurance in the future.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements characterised by the use of words and phrases such as "might", "forecast", "anticipate", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target", and other similar expressions. As the business environment is constantly changing, all forward-looking statements are subject to uncertainties that could cause actual results to differ from those reflected in them.

FEEDBACK AND COMMENTS

A softcopy of this report can be found online at <http://corporate.padini.com>. We invite our readers to share their views on our approach to sustainability and to make suggestions for the development of our sustainability efforts and programmes. Comments and suggestions can be directed to:

Sustainability Committee
Padini Holdings Berhad (50202-A)
No.19, Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

Tel: 03-5021 0600
Fax: 03-7805 1066
Email: ir@padini.com

LETTER FROM OUR MANAGING DIRECTOR

“We see it as our responsibility to work with integrity, transparency and honesty. Our journey is not finite. It will continue on as an ever-changing quest for improvement and reduced impact.”

We are proud to present the Sustainability Report of Padini Holdings Berhad and its subsidiaries for the financial year 2019. This is the second consecutive year for Padini to have presented a comprehensive account of our non-financial performance as we draw satisfaction in our achievements as well as insights on our commitment towards sustainability by developing and implementing sustainability initiatives across our business units. In the following pages, we present an overview of our activities, performance, and challenges. Regular engagement and communication with our stakeholders allow us to anticipate and respond to economic, social, environmental and regulatory changes when they arise.

ETHICAL AND RESPONSIBLE BUSINESS ETHICS

At Padini, we understand that we are directly responsible for the impact created by our commercial activities, concerning the fundamental rights of those who comprise our supply chain, as well as for the impact of our emissions and the waste we generate. Having that in mind, a robust materiality assessment was conducted to identify sustainability matters that affect our business and our stakeholders, and the outcome was 15 identified sustainability material matters.

As we move forward, we intend to institutionalise our sustainability governance and embed into our day-to-day lives good sustainability practices within the Group. With this, the Board of Directors have endorsed the Group's sustainability agenda as a key priority and will strive to promote environmental, social and governance (“ESG”) practices in our strategies. We ensure that the Group complies to applicable laws and regulations, and we promote open and transparent discussions, as well as constructive challenge in the Board and across the Group. We continually strive to ensure best practices are being maintained and that governance is integral to our strategy and decision making processes for the benefit of our shareholders and other stakeholders.

PEOPLE IN PADINI

Padini places great emphasis on being a key part of prosperous communities in which we operate. This includes hiring locally and empowering our talent, and also sharing happiness and helping vulnerable members of our communities, wherever we can, to make a difference.

I am also pleased to share that we have improved the diversity on our overall company. This year, ‘Live to Contribute’ was launched as our company's initiatives for an Inclusive Society. By working closely with Non-Governmental Organisations and government agency, we have provided employment opportunities to the Person with Disabilities to demonstrate their full potential, a platform to better display their abilities and thereby encouraging and inspiring others in the society. This certainly would not work without the support of our internal team members, in such trainings were conducted to ensure smooth transition working with our new members. We also continue to encourage our employees to volunteer and contribute to our community through our philanthropy program.

In the past year, we have contributed RM130,000 and up to 4,100 cartons of clothing to charitable organisations; while our employees have volunteered a total of approximately 650 man-hours in making a difference in the communities we operate in. It is reassuring to witness the enthusiasm for Padini's sustainability journey from employees at all levels. Padini's success is built from our own financial performance and long-term profitability is only possible when we protect it through our actions on the environment and society.

Letter from Our Managing Director (Cont'd)

On behalf of the Board of Directors, I would like to thank all of those who form part of the Padini family for their work and effort. Your involvement and commitment are essential in keeping our challenges and dreams alive and in moving forward successfully. We will continue to pursue the sustainable development of society and our company through dialogue with and proactive information disclosure to our stakeholders.

The following report is our invitation to you to learn more about what we have done, and what we are committing to do going forward, to bring our philosophy to life. We hope that you will find this Report informative, as we aim to provide a better understanding on how we operate and share information about our long term impact on society, and how they are fundamental to the creation of our long term business.

Yong Pang Chaun
Managing Director
Padini Holdings Berhad

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY REPORT



Sustainability is embedded in our culture at Padini. We strive to ensure that the people who make our products work in safe, fair and legal conditions. We are committed to minimizing our environmental footprint and are dedicated to supporting the communities where we operate. We do this by collaborating throughout our value chain and across the supply chain, business and civil society to address systemic challenges. We also seek to engage our employees and customers across all our brands in our effort to build a more sustainable world. Our commitment to sustainable practices enables us to balance our business opportunities and risks in the economic, environmental and social realms.

This vision is not only necessary from a social and environmental perspective, it also makes good business sense. Long-term investments in sustainability provide us with long-term business opportunities that will keep Padini group relevant and successful in our rapidly changing world.

We know that achieving our vision will not be easy, but our openness to tackling challenges keeps us alert to opportunity. We are strongly positioned to make a positive impact, in part because of our continuing partnership with stakeholders who help set and shape our sustainability work.

SUPPORT FOR UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

As one of the leading apparel retailers, we recognise that we need to contribute to address systemic social and environmental challenges. That is why we have aligned our sustainability strategy with the United Nations (“UN”) Global Sustainable Development Agenda.

The United Nations Sustainable Development Goals (“SDGs”) is an internationally recognised framework that aims to address the three elements of economic growth, social inclusion, and environmental protection as part of a broader attempt to eradicate poverty and strengthen peace and freedom.

There are 17 goals, accompanied by 169 specific targets. Businesses, alongside governments, are encouraged to implement actions in support of these goals to achieve the framework’s ambitious goals by 2030. We kept all 17 SDGs in mind, whenever practicable when it comes to determining our approach and strategy so that we could align our activities with the broader global sustainability agenda:



Source: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

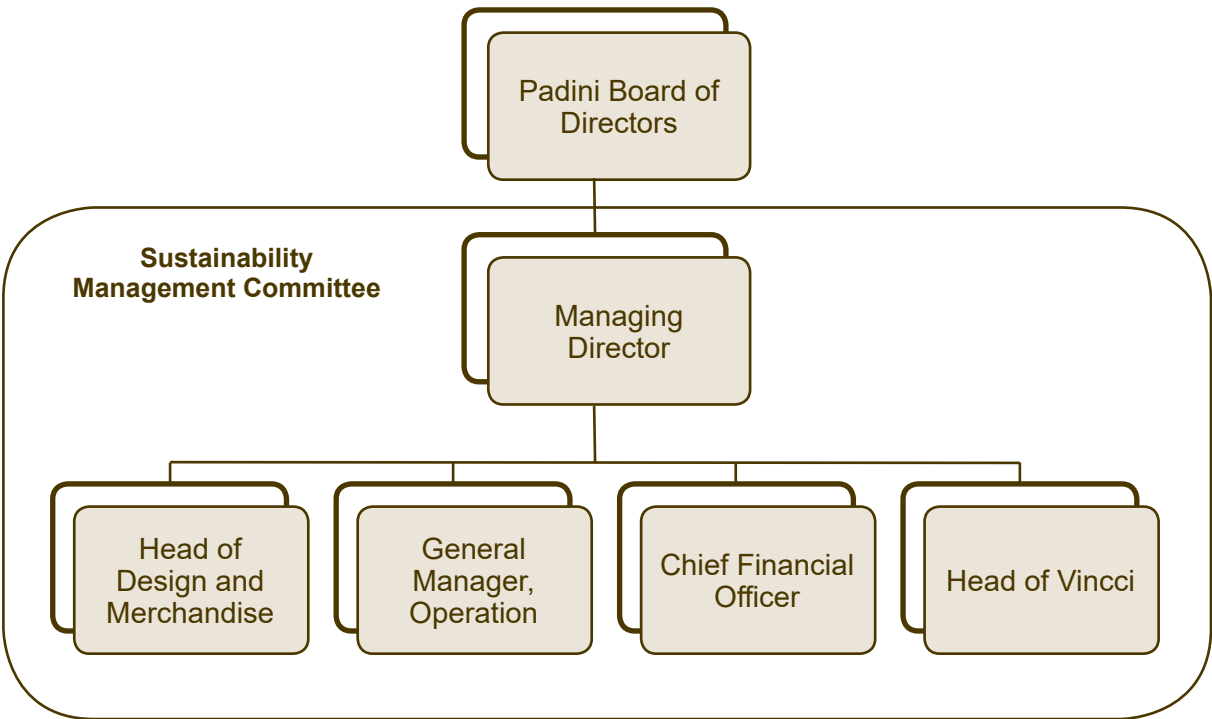
SUSTAINABILITY GOVERNANCE

We have implemented a governance structure to ensure that our Global Sustainability program both meets our company’s social and environmental goals to support our business.

Our sustainability programme is chaired by the Managing Director along with the support of the Sustainability Committee members, where committee members are made up of management representatives from various key functions. While the Sustainability Committee is responsible for the formulation of sustainability policies, it also develops action plans in relation to these policies. In addition, the Sustainability Committee also monitors the implementation of sustainability initiatives in Padini and recommending the approach to manage material matters for approval by the Board of Directors (“BOD”).

SUSTAINABILITY GOVERNANCE STRUCTURE

Good corporate governance means having structures and processes in place to ensure that decisions and actions are in the best interests of stakeholders. The Board of Directors, supported by the Sustainability Management Committee, is accountable for all sustainability matters in Padini Group. This committee comprises members of senior management who oversee the formulation and implementation of sustainability strategy and related matters. The Board of Directors reviews and assesses the strategic directions required to achieve the Company’s goals for long-term sustainable growth. The Managing Director with the help of the Sustainability Management Committee oversees the activities executed by the various divisions of the Company to ensure conformity to the strategies and objectives.



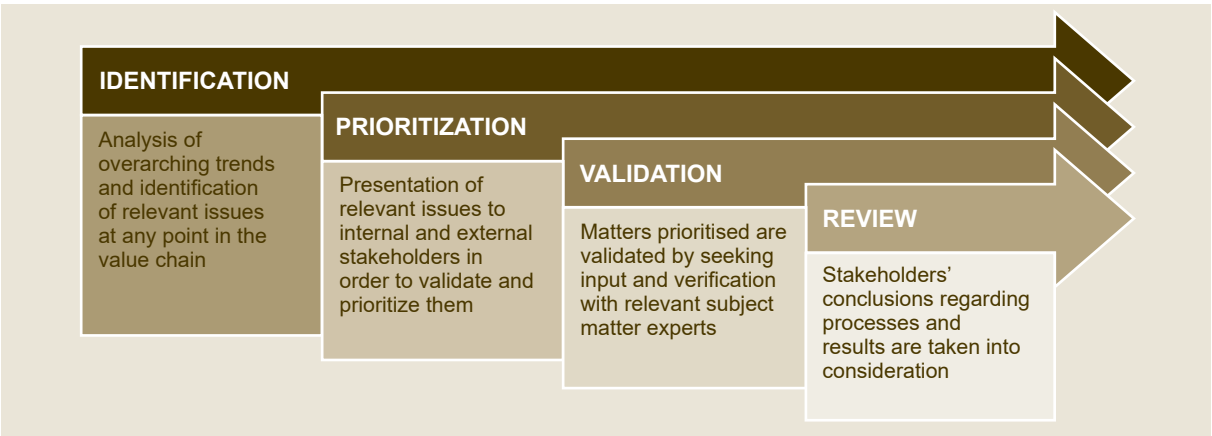
MATERIALITY ASSESSMENT

Materiality, in sustainability terms, is not limited to matters that may have a significant financial impact on our organisation but also includes matters that may impinge on our ability to meet present and future needs. Our definition of materiality is drawn from the guidelines provided by Bursa Malaysia where material issues are defined as such if they:

- 1. reflect an organisation’s significant economic, environment, and social (“EES”) impacts; or
- 2. substantively influence the assessment and decisions of stakeholders.

We aim to acknowledge the needs and interests of our communities. The six key stakeholder groups that have been identified include our employees, shareholders, business partners, external interest groups and customers. Our goal is to understand and address the different needs of each group to build a sustainable and successful business. One way which we have done is by including our stakeholders while conducting our materiality analysis. Through the materiality assessment process, we have identified 15 issues material to us. Each of these initiatives has been grouped under the relevant sustainability prongs that manage our EES impact.

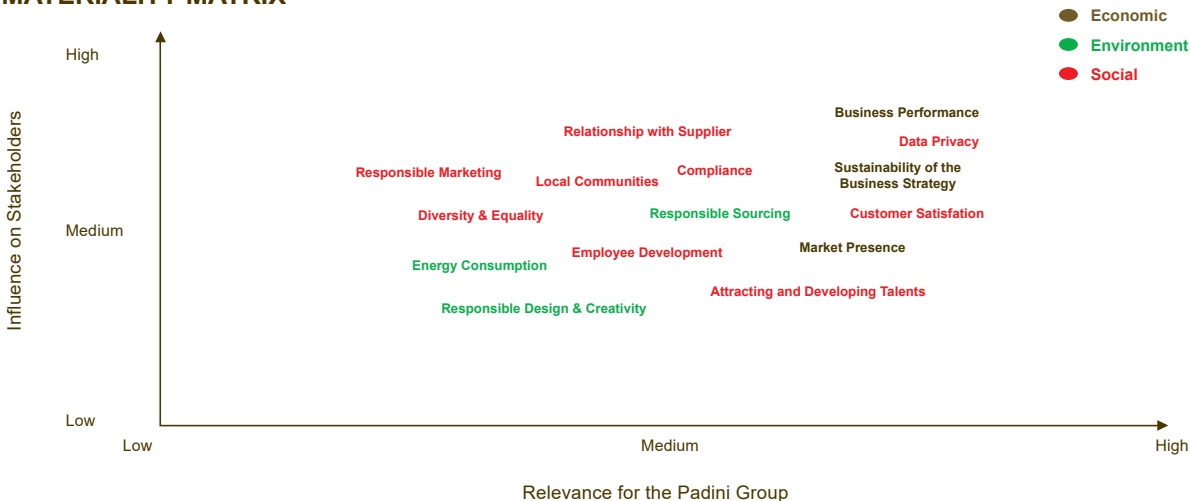
PROCESS OF PREPARING THE PADINI MATERIALITY MATRIX



The materiality assessment will be used in the following ways:

- 1. To identify the most material sustainability issues for Padini in terms of business value, risks and opportunities for long-term planning
- 2. To understand how sustainability and key business issues intersect
- 3. To inform future sustainability commitments and resource allocation
- 4. To support Padini’s engagement with external stakeholders

MATERIALITY MATRIX



STAKEHOLDER ENGAGEMENT

We have a long history of stakeholder engagement and are committed to engaging in constructive and meaningful dialogue with stakeholders. Effective communication helps us build trust, leverage on their expertise and gain insights into the most pressing issues. Stakeholder engagement helps us reaffirm the most material issues and devise ways to address them within the Group.

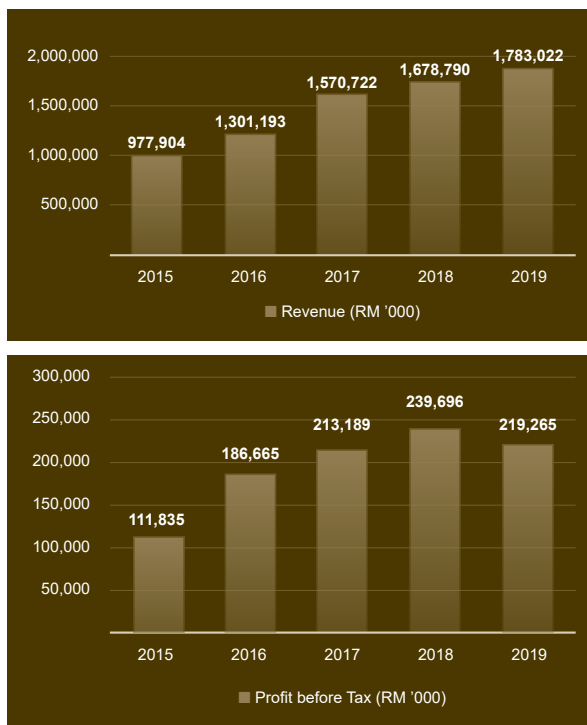
We engage with a diverse group of stakeholders comprising employees, customers, shareholders, NGOs, suppliers, industry groups and local communities. Positive, bilateral dialogue builds informed relationships that promote transparency and accountability. Stakeholders' views on a wide range of topics are useful and have influenced our sustainability strategy in several key areas. Stakeholders also help us test new ideas while solving industry-wide challenges. We also share our perspective on key issues, highlight areas of importance and help them understand the Group's journey more clearly. The salient issues for each stakeholder group and our engagement with each during 2019 are presented below:

Stakeholder Group	Key Areas of Interest	Addressing Their Interests
Shareholders and Investors	<ul style="list-style-type: none"> Padini's business direction Key corporate developments Corporate governance Company performance 	<ul style="list-style-type: none"> Announcements on Bursa Malaysia Investor updates and briefings for fund analysts and shareholders Annual general meeting Annual reports Corporate website
Local Communities and Public	<ul style="list-style-type: none"> Transparent and quality products and services Community development and enrichment Reaching out to the community Employment opportunities to the disabilities 	<ul style="list-style-type: none"> Community programmes Donations and other philanthropic contributions Employee volunteerism Local sourcing Engagement with sources for interested OKU to work with Padini
Government and regulatory authorities	<ul style="list-style-type: none"> Regulatory compliance Public-private interaction Annual reporting Sustainability reporting 	<ul style="list-style-type: none"> Attended dialogue / seminar organised by Bursa Malaysia Participated in Survey conducted by authorities
Customers	<ul style="list-style-type: none"> Service Satisfaction Quality management Customer Appreciation 	<ul style="list-style-type: none"> Responsible clothing design Marketing Campaigns/ Promotions Customer Satisfaction Survey Customer feedback channel
Employees	<ul style="list-style-type: none"> Career development Competitive remuneration Work-life balance Value diversity and equal opportunity Ensure occupational health and safety 	<ul style="list-style-type: none"> Employees Appreciation Awards Open communication Teamwork Events and functions Provide skills development and training opportunities
Suppliers	<ul style="list-style-type: none"> Fair procurement Transparency Suppliers' development Speedy payment 	<ul style="list-style-type: none"> Group procurement policy and procurement system Yearly supplier evaluation Inspection to Suppliers Factories/ Plants Financial supply chain management

OUR PERFORMANCE

At Padini, our economic performance is defined as the generation of sustainable financial and economic returns, while creating value for stakeholders to ensure sustainability of our business. Our economic performance is a testament to the effectiveness of our assets and capital management. It is how we translate our fiduciary accountability to our investors and moral responsibility to our stakeholders into tangible value. We strive towards long-term profitability, combining a visionary strategy with prudent asset and capital management.

2019 AT A GLANCE



Group Performance Overview

The Group has performed relatively well in the financial year despite the volatile overall market outlook. Compared to the previous financial year, top-line revenue increased to **RM1.78b** from **RM1.68b** whilst profit after tax decreased to RM160m from RM178m previously.

In addition to the healthy financial growth, Padini has declared 10 sen, 11.5 sen, 11.5 sen and 11.5 sen dividend per share for the financial years 2015 to 2018 respectively, to our shareholders. In the financial year 2019, Padini continues to maintain the dividend declaration at 11.5 sen per share. Based on this trend, it is clear that Padini is committed to enhancing the profitability and returns to our shareholders. The Group's unrelenting effort has been recognised with the award by The Edge on "Billion Ringgit Club Awards 2018" under the category of "Highest returns to shareholders over three years" for consumer products & services sector. Padini has also been awarded by several shopping malls for contributing the highest sales.



Billion Ringgit Club Awards 2018 by The Edge

A strong financial position and net cash position allow the Group to embrace opportunities and address unforeseen market challenges, maintaining a good balance between growth and stability. Padini Group will continue strengthening its business fundamentals, operationally and financially, and deliver a steady and sustainable performance over the long term. For more information about our financial performance please refer to Padini Annual Reports at <http://corporate.padini.com>

Our Performance (Cont'd)

REGULATORY COMPLIANCE

Our business practices are governed by integrity, honesty and full compliance with applicable laws. Our group stands for lawful and ethical business practices and zero tolerance for unethical or illegal conduct. To ensure our behaviour and communications are aligned with our values, we have developed clear compliance policies that are captured in our Code of Conduct which must be signed by all our employees before they start work at Padini.

We encourage employees, suppliers and stakeholders to report any illegal or unacceptable behaviour or non-compliance. Whistleblowing practice is encouraged and is open to any employee, supplier or third-party, with the assurance that any report will be properly investigated and treated with confidentiality.

In financial year 2019, Padini was not subject to any occurrence of:

- i. Non-compliance with laws and regulations in the social and economic area
- ii. Non-compliance with regulations and voluntary codes on health and safety impacts of products and services
- iii. Non-compliance concerning product and service information and labelling
- iv. Non-compliance with environmental laws and regulations
- v. Non-compliance with any reporting requirements

Some non-exhaustive examples of key regulations that were applicable include Listing Requirements, Capital Markets and Services Act, Companies Act 2016, Malaysian Anti-Corruption Commission (Amendment) Act 2018, Employment Act 1955, Personal Data Protection Act 2010, and Occupational Safety and Health Act 1994.

Except for the following which consists of penalties or fine of more than RM10,000 or equivalent in each incidence (nearest thousand):

Penalty arising from under provision of tax arising from one off transaction	RM25,000
Penalty incurred for the early termination of a lease contract	RM40,000
Penalty to Padini Thailand due to wrong code used in custom clearance	RM75,000
Penalty to Padini Thailand due to delay in opening of an outlet	RM246,000

The above situations have been carefully assessed and analysed to avoid repetitive issues in the future.

In every country, the lowest paid employee categories earn at least the minimum wage. In Padini, our salary package is set with the consideration of the basic living standard in each city apart from meeting the statutorily required minimum wage. This is so that our employees are able to afford the basics (food, water, healthcare, clothing, electricity, and education) for themselves and their dependents.

OUR ENVIRONMENT

SUSTAINABLE PROCUREMENT

At Padini, we focus on long-lasting relationships with our external suppliers and working with them collaboratively and transparently, while setting clear objectives for addressing social and environmental issues. In each partnership, we take a long-term view, evaluate technological and manufacturing expertise while committing to a shared vision of making the world a better place through our business. We expect our partners and their factories to apply best practices in quality control, labour management, worker safety and environmental impact reduction.

We are gradually improving our supply chain management. Our supplier code of conduct continues to provide a solid foundation for our work and is an integral part of our company risk and human rights due diligence framework. The guidelines ensure our requirements are met, drives continuous improvement and informs our core social sustainability strategy. We believe that by having long-term cooperation with our business partners, it will also lead to better efficiency when it comes to streamlining our operational processes and hence shortened production lead time.

PERIODIC VISITS TO SUPPLIERS' FACTORIES

Padini Group respects human rights at every stage of its supply chain and works to procure materials responsibly with regard to communities and the environment. Accordingly, the Group is teaming up with our partner factories to create guidelines for promoting responsible procurement. Our sourcing team vets and monitors suppliers to ensure that suppliers do not employ child labour or operate under sweatshop conditions. While we do not conduct official audits to verify these, our team conducts regular visits to our supply chain periodically to verify quality control systems, manufacturing conditions, environmental initiatives and other activities.

During the visits, the teams hold meetings to discuss solutions to various issues and work with factory management to review the volume and schedules of production orders in consideration of available production capacity to help ensure that certain ethical requirements are maintained. We conveyed our messages to our suppliers on certain matters, for instant, we do not accept child or forced labour; we would like to see safe and hygienic condition in the manufacturing floors; we would like our suppliers to have fair pay and work hours; no discrimination in the employment and some other ethical requirements. We constantly encourage automation and other innovation to improve workplace conditions and elevate the productivity of our suppliers.

Each one of our suppliers is at a different stage of their sustainability journey, with some just beginning the process and a handful at the other end showing real innovation and leadership. We have a set of code of conduct which most of our core suppliers have acknowledged and signed. For any areas of non-compliance or areas for improvement, our approach is to work with our suppliers on improving their processes, and to provide the best outcome for workers and the environment.

We understand that production methods that are more sustainable may cost slightly more, but they can also spark innovation and protect businesses from supply-chain shocks and reputation risks, resulting in greater resilience and profitability in the long term. A balance need to be struck between the cost of compliances and sustainability practice versus the financial performance of the Group. We believe that as the new generation gains purchasing power, their high expectations that businesses will operate in a sustainable manner could have an influence on the future shopping trends.

SUSTAINABLE PRODUCT

At Padini, we are aware of the environmental problems caused by the fashion industry. We aim to work towards sustainable production processes and to reduce negative environmental impact, through continuous improvement of the supply chain.

Our Environment (Cont'd)

SUSTAINABLE OPERATION

A dedication to reducing the impacts of our owned and operated stores, distribution centres and offices means reducing our operational greenhouse gas emissions and waste production, and working with our logistics and procurement partners to identify practices that are more efficient and have lower environmental impact.

LOGISTICS

Our logistic is fully outsourced to third party to achieve maximum efficiency and effectiveness in terms of company resources. Noting that logistics is a significant source of environmental stress, especially in the form of carbon emissions, we aim to better plan out the routes of our distribution trucks to improve our transportation efficiency while reducing our carbon emissions in the long run.

IN-STORES

Packaging plays an important role in protecting our product during transport and reducing product waste through damage. We recognise it has a major impact on our environment. We are working hard to minimise this impact by reducing and reusing packaging where possible, and increasing and investing in using materials that are renewable, recycled, recyclable, compostable and sustainably certified. With 99% of in-store waste coming from product packaging, reusing or recycling pose challenges given that our stores are located in shopping malls and large buildings. "No plastic bag" campaign for in-store purchases is implemented in-store to raise awareness among our customers while minimising the use of plastic bags.

To further provide a sustainable solution to reduce plastic waste pollution, all plastic bags used in-stores are Oxo-Biodegradable as certified by SIRIM ECO 001. When discarded in the natural environment, the presence of heat and oxygen will trigger a chemical reaction causing molecular breakdown into lower molecular mass, drastically shortening the degradation period from centuries to months. In addition, reduction of Carbon Dioxide emissions and energy consumption are also carried out through our transition to use energy efficient lighting in stores.

OFFICE & WAREHOUSE

The Group has implemented various good practices to reduce energy consumption across our business operation. Recycling programs of the 3R practice of Reduce, Reuse & Recycle has been embedded and remains strong in the culture of Padini Group. Office waste recycling program is implemented at our office whereby bins for the segregation of wastes (Glass, Plastic and Paper) are provided on every floor for easy access. The collected recyclables are then sold to recycling centres, all generated funds used to support our company's CSR activities.

For our office buildings, a 'Turn off before you take off' campaign has been implemented to encourage our employees to turn off their computers, laptops and monitors if they are going to be away from their desk for a break or a long period of time. Majority of the office lightings that are not in used will also be switched off during lunch hours and past business hours. On top of that, regular maintenance is also conducted on all office equipment to keep them running efficiently.

To reward our staff who choose eco-friendly cars such as hybrid or electric vehicles, parking spots that are near the office lift lobbies were set aside to provide greater convenience. The electric car parking spaces are also equipped with 8 units of charging stations which incurred a total cost of approximately RM 60,000.00 for installation.

As mentioned in our inaugural sustainability report last year, the installation of solar systems for both our office and warehouses were fully completed in this financial year. We have spent about RM3 million on this solar system. To date, we have seen a major 65% reduction of average electricity cost in the third quarter of 2019 as compared to the second quarter of 2019, which proves that the installation of the solar system is a good implementation for long term cost savings. Other than cost saving on electrical bills, we are also enjoying tax incentive on the installation of solar system at our premises.

OUR PEOPLE

“GOOD PEOPLE MAKE GOOD BUSINESS.”

People are at the heart of everything we do. From our employees, customers, our suppliers and manufacturers, we endeavour to have a positive impact on every person who has contact with Padini.

We have cultivated a work environment in which our employees are constantly challenged to do their best. We have a strong brand identity that we've built through a creative approach.

In return, we provide our employees with a unique work culture that is open and friendly, and promotes a happy workplace.

Operating openly, respectfully and honestly ensures everyone can be instrumental in helping steer the business towards future opportunities and growth. We live, create and work in a world surrounded by like-minded people and by peers that inspire us.

We could not succeed as a company without the support of our most prized asset – our employees. In line with the overarching goals set out by the United Nations as part of its Sustainable Development Goals, Padini has created stable and quality jobs in line with its sustained financial growth in recent years. By having close to 5,000 full time and part time employees under our umbrella, Padini has focused its energy on giving its employee stable and quality jobs that keep the business running smoothly.

VALUING DIVERSITY AND EQUAL OPPORTUNITY

At Padini, people are the key to our success. We believe that our people play a vital role in our customers' experience. This year, to make our Core Value – 'Live to Contribute' alive, we encourage equal participation by including a diverse Group of people to be part of our team. Employment opportunities are provided to the Person with Disabilities to demonstrate their full potential, a platform to better display their abilities and thereby encouraging and inspiring others in the society.

To ensure smooth transition, an internal training program called Mesra OKU Training has been organised to better prepare our internal team members when it comes to working with our new members. We have also engaged with Malaysia Federation Of The Deaf ("MFD") in providing Sign Language training with a total of 4 classes, 2 hours per classes for our HQ & Stores' as a medium of communication with the disabled community.

Apart from that, our Kelab Kebajikan Syarikat Padini Holdings ("KKSPH") and our Human Resources & Training Team are collaborating in recruiting the disabled to be part of our team. With the support from the Ministry of Women, Family & Community Development, we have managed to engage with the Department for the Development of Persons with Disabilities (DDPWDs) to work on the hiring program. An assessment has also been done to our office compound to ensure that it is disabled-friendly.

We strongly believe both employees, with and without disabilities benefit equally from a diverse work setting. As a result, employees are more likely to feel comfortable and happy in an environment where inclusivity is a priority.

	<i>Female</i>	<i>Male</i>
Gender Composition %	57%	43%
Salary Breakdown by Gender %	60%	40%

Gender Composition of Padini Employees in Malaysia

Our People (Cont'd)

Age Group	Age Composition (%)
16-18	10.2%
21-30	70.7%
31-40	15.0%
41-50	3.0%
>51	1.1%

Age Composition of Padini Employees in Malaysia

EMPOWERING LOCAL TALENTS

It is also one of Padini's priorities to hire and train competent local employees to work in the offices and facilities that we operate. As a homegrown Malaysian company, recruiting and developing local talent with local knowledge first has always been our strategy. We seek to develop local resources and content to benefit the community by increasing the availability of talent, competence and capability of the local workforce going forward, with 100% of our total employees being local hires.

EMPLOYEES DEVELOPMENT AND GROWTH

As a responsible organization, we believe in caring and training our people to be the best that they can be. We recognise that a comfortable workplace which provides all the necessary opportunities and incentives is critical for our people to grow professionally and personally so that they can contribute both to the company and to the society as a whole.

To achieve that, we carry out training and internal promotions as a means of developing and maximizing our human capital, strengthening teamwork and building loyalty among our employees. Regular and structured training is provided to all levels of employees, from incoming recruits to frontline service employees, supervisors, right up to top management levels.

Annually, we allocate a portion of our budget to employee training and development. In financial year 2019, Padini has invested a total of more than RM500,000 for all trainings, including in-house education, training programmes and external trainings for its employees. Training mostly covered job-specific topics such as effective communication, coaching skills, leadership, etc.

In addition to in-house training programmes, we provide support to our employees to seek external courses and certifications to upgrade their skills. For those wishing to upgrade their skills and competencies, grants, loans, paid study leaves, time off for examinations as well as numerous in-house training programmes are provided. In financial year 2019, more than RM160,000 was spent on external training and certification. Over the year and across the Group, a total of 120 internal and external trainings have been organised.

Our People (Cont'd)

Employee Internal Training Programs - throughout financial year 2019:

Target Group: All Employees

1. New Employees Orientation
2. Customer Focused Mindset
3. Retail Service in Action
4. Positive Working Attitude
5. Communication Skills
6. Working as a team I
7. Working as a team III
8. Customer Service Essential

Target Group: Managerial Roles

1. Hiring & Interviewing
2. Employment Manual
3. Coaching for Performance
4. Leadership Skills
5. Effective Performance Management
6. Working as a team II
7. Effective Time Management

Employee Internal Training Programs - throughout financial year 2019:

1. Alipay Acceptance
2. Bo Management Certification Program
3. Digital Customer Engagement Strategy
4. Ethical Hacking & Penetration Testing
5. Fire Safety Training
6. Boss Net EA & Bik Seminar 2019
7. One For All, All For One Team Building
8. Power BI Training
9. TNA: Certificate In Supervisory Development
10. MEF: Formation Of An Effective Safety & Health Committee
11. Good Practices In Installing And Servicing Of Air Cond
12. Directors Training: Industrial 4.0
13. MEF: Termination Of Employment
14. CFTH Team Building

Our People (Cont'd)



Team building activities



Our People (Cont'd)

REWARDING AND RECOGNISING OUR EMPLOYEES

To sustain a high-performance culture, we recognise high-achieving employees who contribute to our business successes through our Padini Award event. Our policies relating to recruitment, career prospects and rewards are merit-based.

Events such as festive dinners, employees recognition and appreciation ceremonies were conducted to recognise the efforts and hard work of our people, as well as foster family spirit and a sense of belonging to the company. Each and every contribution from our employees are recognised and rewarded with career progression opportunities. Awards presented to our employees includes Best Employee Award, Outstanding Team Award, Medical Reward, Perfect Attendance Award and Long Service Award. Apart from certifications, cash, gift vouchers and holiday trip were also rewarded as a token of appreciation to our employees' contribution to the company.

Apart from that, all of our confirmed employees are also entitled to generous employee discounts, ranging from 20% to 40% for the purchase of Padini's products, or up to RM2,000 per quarter.



Best employee awards



Outstanding team award

Our People (Cont'd)

EMPLOYEES WELLNESS AND ENGAGEMENT

We firmly believe that a healthy workforce is a motivated and productive one. We always prioritise our employees' health and continuously implement a range of projects and actions to support and protect their well-being. This includes addressing health-related issues, promoting manageable workloads and providing comfortable working environments designed to maximize productivity, creativity and collaboration.

All our full-time employees are provided at the Group's costs, with Personal Accident, Hospitalisation & Surgery, and Term Life insurance coverage. The purpose of these insurance coverage is to ensure that in the event of illnesses, injury, disablement, or even death, a reasonably-sized financial cushion is made available to the affected employee or their families to help reduce the trauma of the unforeseen situations.

In March 2019, our annual Caring Week was organized and the following programmes were conducted for the benefit of the employees:

1. Blood and urine screening by National Kidney Foundation
2. Blood donation campaign by Pusat Darah Negara
3. Blood screening and female check-up
4. Eye screening
5. Heart related screening & supplement sale
6. Snacks & healthy juice offering

On top of this, several booths have also been set up offering health related products such as, supplements, organic products, health foods and drinks from various organisations as part of our Caring Week campaign.

SUPPORTING NEW MUMS AT WORK

We are proud to have a strong representation of female employees through every level of our company. To ensure smooth transitions back to work for our new mums, we have furnished a dedicated nursery room in the financial year 2019. Flexible lactation breaks are also allocated to allow our new mums to schedule lactations around their work duties. We believe that by having a supportive work environment, where new mums feel comfortable and encouraged to breastfeed and express during the workday, can reduce some of the stress inherent to juggling work and motherhood, and therefore increase productivity at work.

OPEN WORKFORCE COMMUNICATIONS

At Padini, we value transparency and take our employees' feedback into consideration to make Padini a better place to work. We therefore promote and practice open communication across all levels of employees and departments through various regular interactive sessions between employees and senior management. All employees are encouraged to bring up their work-related concern directly to the attention of the senior management. Padini's Human Resource and Training Department is tasked with ensuring that our labour practices are in compliance with the latest statutes and legislations. By identifying and understanding our employees' needs, we are able to improve their well-being.

Our People (Cont'd)

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

In 2019, we have recorded 21 minor injuries in Malaysia and 1 case in Cambodia. Most of the accidents were not work related road accident, except for 1 case which happened in Cambodia. This happened when employees used a stepladder to organise stocks in the stores. In an effort to decrease the number of accidents, we have provided more efficient equipment such as trolleys and instructions training and internal memo has been issued to keep staff alert on safety issues.

WELFARE PROVISIONS FOR EMPLOYEES IN TIMES OF EMERGENCY AND CRISIS

We also believe in the adage, "charity begins at home". The care that we demonstrate to employees extends to their families in times of crisis. The management is always sympathetic to employees in their time of need and we provide financial aid in the event of passing of staff or a staff's family member, and those who require funding for medical treatment. We have provided the above through our Employees Assistance Programme.

RAISING TOMORROW'S LEADERS

As a company, we represent a significant fraction of the local apparel industry. Knowing that we can make a difference in creating positive impact, we aim to utilise our platform to create opportunities for our employees, for young adults seeking to begin their career, and to nurture our local talents in reaching their goals and fulfil their greatest potential. Believing that 'Today's youth will lead us tomorrow', education and practical training become one of our priorities in Padini. Besides internal training programmes, we also encourage our employees to improve their personal skills through sponsorships for study and training programs.

Sponsorships for work related study/ training

Management Level	Up to RM10,000 per annum without bond
Executive Level	Up to RM5,000.00 per annum without bond
Non-Executive Level	Up to RM 2,500.00 per annum without bond

Since financial year 2009, Padini had, on an annual basis conducted 2 training programmes. The programmes had initially targeted graduates interested in pursuing management career opportunities in the retail apparel industry as well as graduates who are keen to obtain some practical working experience by serving as interns. The programmes were modified later to focus more exclusively on preparing participants for careers in the apparel retail trade, with details as follows:

1. Brands Outlet Retail Trainee Programme:

Introduced in June of 2014, this programme was developed to impart skills needed to manage the frontline operations of a large-sized retail outlet. Conducted over a 3-month period, this programme comprised both classroom and on-the-job training at our Brands Outlet stores and learning included managing staff, stocks, cashiering, customers, etc. Upon completion of the programme, all trainees will be awarded a certificate of participation and an opportunity to join the Group. Alternatively, trainees who have completed the programme may also utilise the certificates earned to boost their employment chances at other retailers. During the year under review, one programme was conducted, incurring a total expenditure of approximately RM37,000. Of the 6 who participated, 1 was accepted into the Group's employment.

Our People (Cont'd)

2. Concept Store Operations Trainee Programme:

This programme was first introduced in May 2015 following the successful implementation of the Brands Outlet programme as mentioned above. While the two programmes are similar in nature, the exposure that trainees were given differed for this programme, trainees do their on-the-job training in the Group's Padini Concept Stores. During the year under review, one programme was conducted, involving 4 participants and incurring an expenditure of approximately RM30,000. Of the 4 who participated, 2 were accepted into the Group's employment.

An industry-academic partnership with INTI Universal Holdings Berhad has also been made with the vision to improve the quality and hence employability of our local graduates. Apart from developing business school graduates that are more business-savvy and whose thinking processes are expanded by real-life examples, we also hope that by directly engaging with an institute of higher learning, we will be able to provide different perspectives and insights to educators and academicians when it came to interpreting and teaching the disciplines of business, marketing and management.

FACILITATING CAREER ADVANCEMENT

As part of our efforts to help employees advance their careers, we allow employees to directly inform human resources about their career ambitions, as well as an internal recruitment system that lets employees apply for a transfer to another store or head office department. We made it our priority to first look internally for staffing before opting out for external recruitment as we strongly believe that this results in lifting the morale, induce motivation and better retention among our employees.

OUR COMMUNITY

COMMUNITY INVESTMENT SNAPSHOT



Approximately
4100 cartons
of clothing
donated



Approximately
RM130,000
has been donated



TOTAL OF
12 NGOs
BENEFITED



Nearly
650 hours
spent by
employees on
volunteering

As part of our philosophy to ensure our business has a positive social impact, we have partnered with some inspirational local and international organisations. The charities we work with support women, children, families, communities and the environment.

We embrace causes that most affect people’s lives every day, such as the environment, community development, healthcare, culture, sports and education. These programs deliver both social and business benefits: our communities benefit from the long-term impact of our employee volunteer efforts, and our business is rewarded with more engaged employees who are passionate about making a difference in the world.

STRENGTHENING VULNERABLE GROUPS

As part of our social and humanitarian programme, visits to orphanages, handicapped homes and other marginalised communities were also conducted with active participations among our employees. Besides engaging and interacting with the residents of the four Homes, the employees involved in the visits also performed for the residents. Donations of both monetary and in kind were made from proceeds derived from a variety of fund-raising activities conducted by the Kelab Kebajikan Syarikat Padini Holdings Berhad (formerly Caring From The Heart), a group consisting of employee volunteers from Padini. A total of approximately RM130,000 in cash and kind, and approximately 650 hours were derived to the homes mentioned.



Our Community (Cont'd)



SUPPORTING THE HUMANITARIAN CAUSES

In financial year 2019, Padini has been active in making positive impacts to the community through a variety of philanthropic initiatives. Approximately 4,100 cartons of assorted Padini merchandises were donated to 7 NGOs in financial year 2019. A total of 12 NGOs have benefited from the donation of assorted Padini Merchandises and donation in cash. Among the 12 NGOs are Life Line Clothing Malaysia ("LLCM"), The Glads Shop, Society of the Disable Persons Penang, Pertubuhan Kebajikan Anak-anak Yatim dan OKU Mesra, Sabah Humanitarian Aid Association, SK Sungai Dua Bentong Pahang, Pusat Jagaan Cahaya Kasih Bestari, Bao En Shi, Pertubuhan Kebajikan & Pendidikan Nur Murni (Kuching), Pusat Jagaan Kanak-Kanak Istimewa Lagenda, The Rehab Centre, MyKasih Foundation and others.

MyKasih Education Fund raising event for Sarawak Rural Kids



Our Community (Cont'd)

COMMUNITY ENVIRONMENTAL PROJECT

During financial year 2019, we had spent nearly RM10,000 on waste separation bins. We collected and sold for recycling, a total of approximately 6,600kg of used paper and paper products with the proceeds amounting to nearly RM2,000. While negligible, the sum was utilised in part to fund Padini's philanthropic activities.

OUR COMMITMENT

CONSUMER PRIVACY

We aim to respond to evolving consumer expectations, security threats and regulation concerning data privacy. Padini treats personal data of our consumers, employees and other stakeholders with utmost respect and transparency. We respect consumers' right to privacy when they use our websites, sign up for our Loyalty Program (Padini Membership Card) and communicate electronically with us. We have put in place all necessary measures to keep any personal information provided securely.

CONSTANT IMPROVEMENT ON CUSTOMER SERVICE

To stay on top of consumer needs as they change with the times, Padini has set up various customer service platforms - namely via our official website, customer service hotline, email and our social media pages to make it easier for our customers to reach out and make inquiries. The feedback from customers is relayed to relevant stores and departments to ensure a timely response, ensuring that customer feedback is reflected to improve products and services. Recognizing that complaints are especially valuable feedback, all personnel involved promptly share details with relevant stores and departments so that their root causes and solutions can be determined in order to prevent any recurrence.

Reports on product defects and measures for improvements are compiled every month based on customers' opinions and requests collected by customer service centres and customers' complaints handled. These reports are made known to all personnel of the company's production offices around the world, where they are useful for improving quality.

In addition, to improve customer service, we have chosen twelve (12) outlets to have mystery shopping visits in this financial year. We have engaged mystery shoppers in the twelve (12) outlets as part of our commitment to improving our customer experience. After conducting the mystery shopping visits, the mystery shoppers will then write a detailed report on the pre-defined and agreed-upon form, with the result being further analysed and used as a benchmark in employees training and planning our future business policy.

GRI CONTENT INDEX

This report has been prepared accordingly to the “In Accordance” – Core option as provided by the GRI guidelines. This index shows each disclosure and relevant references within the report.

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G4-2	Description of key impacts, risks, and opportunities.	Page 06 -07
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G4-3	The name of the organisation.	Page 03
G4-4	The primary brands, products, and services	Page 03
G4-5	The location of the organisation's headquarters	Page 03-04
G4-6	The number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Page 03-04
G4-7	The nature of ownership and legal form	Page 03-04
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Page 03-04
G4-9	The scale of the organisation.	Page 03-04
G4-10	Workforce statistics.	Page 17-18
G4-14	The precautionary approach or principle is addressed by the organisation.	Page 08
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents.	Annual Report
G4-18	The process for defining the report content and the Aspect Boundaries.	Page 05
G4-19	The material Aspects identified in the process for defining report content	Page 11
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G4-27	Report key topics and concerns that have been raised through stakeholder engagement.	Page 12

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G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour	Page 05
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