



SUSTAINABILITY REPORT



SUSTAINABILITY REPORT

PADINI HOLDINGS BERHAD
YEAR ENDED JUNE 2021



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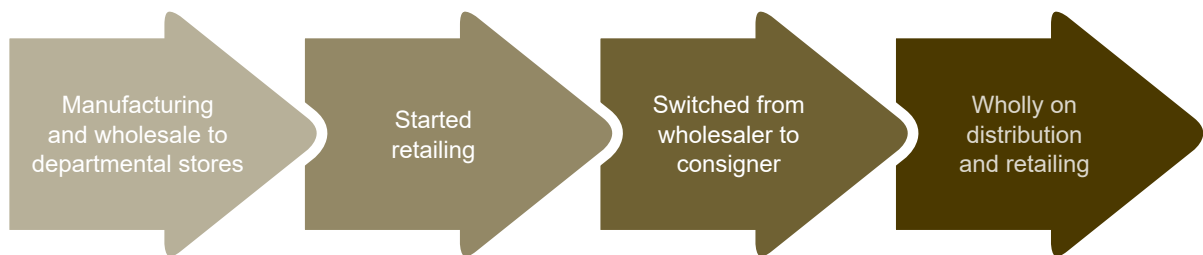
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PADINI

ABOUT PADINI

Padini Holdings Berhad (“Padini” or “the Group”) started our footprint in the apparel industry since 1971, driven by a vision, we have transformed into distribution and retailing by creating our very own brands catering to specific consumer niches.

TRANSFORMATION OF PADINI



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 as follows:

PADINI
CONCEPT STORE

Padini Concept Store

- Padini
- Seed
- Padini Authentics
- PDI
- P&Co
- MIKI
- Vincci
- Vincci Mini
- Vincci Accessories



Brands Outlet

- BO Accessories
- Blitz
- Filanto
- Gamesters
- Garage Inc.
- Hotshots
- Industrie Co.
- Move
- Oceano
- Portofino
- Ropé
- Studio

About Padini 05

(Cont'd)

Padini

Inspired by runway fashion, Padini takes your office wear to a whole new stylish level where your look is exciting and sophisticated while also professional and smart.

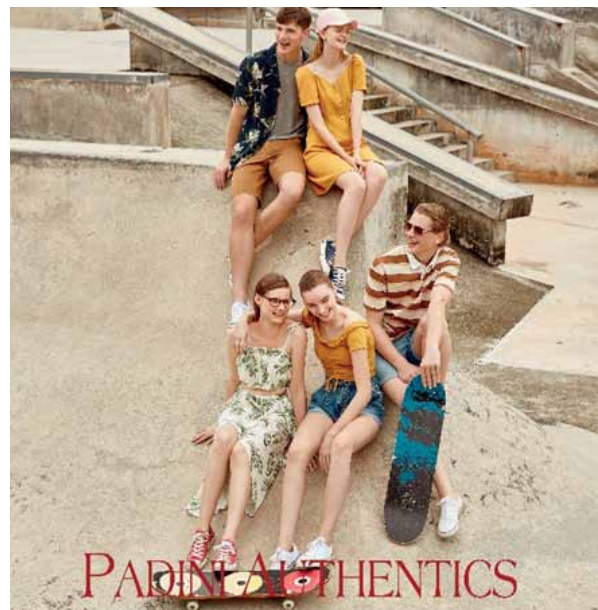


Seed

For the latest styles and trends, check out SEED – the brand that brings you fashionable, yet sophisticated looks based on trends straight off the runway as well as classic must-haves.

Padini Authentics

The ultimate expression of carefree, light-hearted and fun campus living, and of a time where fashion is supposed to be fun, creative and relaxed.



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About Padini

(Cont'd)

PDI

With versatility in mind, PDI is the perfect style companion for all walks of life.



P&Co

A label for the individualistic fashionista.

MIKI

Your newborn and little darlings will look absolutely on trend with MIKI the stylish offerings by MIKI.



About Padini 07

(Cont'd)



Vincci

At Vincci, you're pampered for a variety of choices from casual footwear to elegant pieces that offer function and comfort at prices you can't say no to.



Vincci Mini

Little kids want to have some fun with fashion too – and now they can with the new range of cute bag and shoe from Vincci Mini!



Vincci Accessories

It's all in the details when it comes to style, which is where accessories come in to make a difference to your outfit.



Brands Outlet

SYTLISH STEALS
Want to shop for the hottest fashion at the coolest prices? You can do that at 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.

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About Padini

(Cont'd)

OUR GEOGRAPHIC PRESENCE

Since Padini's foundation in 1971, we have grown into a global brand with an international presence in multiple countries. In total, we have one hundred twenty (120) stores, franchised outlets and ten (10) consignment counters stores in Malaysia and multiple markets overseas such as Cambodia, Bahrain, Brunei, Myanmar, Oman, Qatar, Thailand and the United Arab Emirates.

AS OF 30 JUNE 2021



About Padini 09

(Cont'd)



As our initiative is to build our online presence, we are also available online via our e-commerce site Padini.com. Beside our own website, we have Live Sales on social media – Facebook live, Lazada and Shopee. These online platforms are not restricted to only locals, but also expanded to Singapore. In June 2021, we have newly launched Padini mobile application to provide frictionless e-shopping experience to our customers.

While we may have grown in size we have and will always strive to give the best fashion, quality and value to our customers. Providing fashion with value, we always endeavour to exceed our customers' expectation.



LAUNCHING OF PADINI APP

QUICK FACTS ABOUT PADINI



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 THIS REPORT

Padini's fourth standalone Sustainability Report covers an overview of integration of sustainability in business operation and contribution to our stakeholders for the financial year ended 2021.

Throughout 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.

GUIDELINES AND REFERENCES

- Global Reporting Initiative ("GRI") reporting guidelines
- Bursa Malaysia's revised Main Market Listing Requirements ("Listing Requirements") covering sustainability reporting.

REPORTING PERIOD

This Report covers the reporting period from 1 July 2020 to 30 June 2021, prepared on annually basis coinciding with the Annual Report 2021.

REPORTING BOUNDARY

The coverage scope of this report is limited to our core businesses located in Malaysia where the Group holds management control. Detailed references to our company's financial earnings can be found in the Annual Report 2021. Our last sustainability report was reported in June 2020.

This Sustainability Report is consistent with the Company's Annual Report 2021 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 2021, 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.

About this Report

(Cont'd)

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. Continually, we will work to improve our data collection systems and enhancing its reporting processes to provide more insight of Padini to our stakeholders.

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 0500
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 pleased to present the fourth edition of Sustainability Report of Padini Holdings Berhad and its subsidiaries for the financial year 2021. With a continuous sustainable journey ahead, we appreciate this opportunity to have continuous communication with our stakeholders in the development of our business strategies, initiatives and performance as we adapt to the global changes and challenges.

Malaysia, like to every other part of the world, has not been spared from the unprecedented Covid-19 pandemic since the previous year. Padini in the fashion industry was adversely impacted and customers demand has currently shifted to essential items or necessities. However, we believe that as the new norm slowly seeps in and as we sustain through the long term, things will turn around the corner.

ETHICAL AND RESPONSIBLE BUSINESS ETHICS

We believe that Padini not only upholds responsibility in accomplishment in business activities, we are also mindful in focusing on communication with stakeholder in ethical and sustainable ways. With that, we have revisited the fifteen (15) identified sustainability material matters in previous year which are vital to our business and stakeholders.

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. At the same time, we are glad to share that there is no salary reductions or employee retrenchment conducted to date despite the big challenges that we faced from closure of outlets arising from the lockdown.

I am also pleased to share that we have improved the diversity on our overall company. During last year, 'Live to Contribute' was launched as our company's initiatives for an Inclusive Society. We continue this meaningful initiative 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, and 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.

Letter from our Managing Director

(Cont'd)

During past year, we have contributed RM584,000 in cash and in kind and up to one thousand six hundred (1,600) cartons of clothing to charitable organisations. 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.

There are additional costs arising from the strict standard operating procedures ("SOP") from the authorities during the fights against Covid-19. We do not hesitate to spend more and take additional steps on top of the standard SOP. Among others are frequent big scale sanitisation by professional sanitisation company and putting UV lights disinfectant lamp around office area. The goals are "keep them well, keep them employed and keep them mentally healthy". We want our employees to feel safe and have peace of mind when they come to work. We have spent more than a million Ringgit fighting with Covid-19.

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 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



“To provide products that are good in value whilst improving on our sustainability goals”



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 minimising 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, but 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.

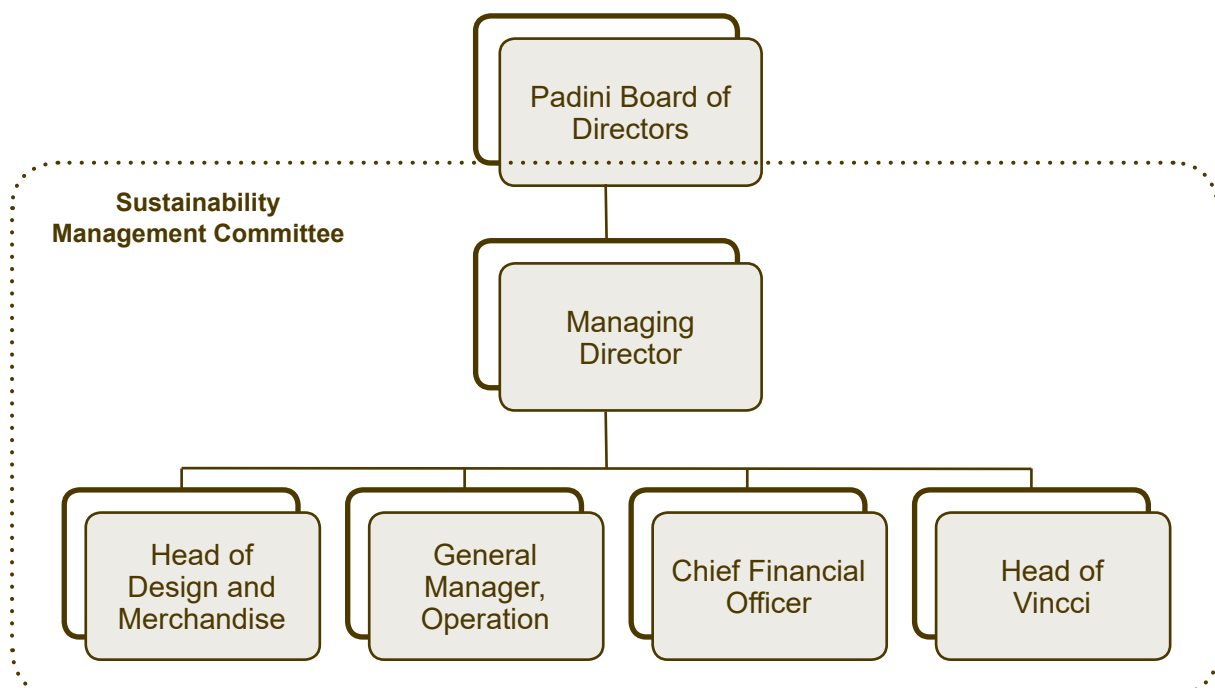
SUSTAINABILITY GOVERNANCE

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.



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 2021 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 result briefings for fund analysts and shareholders Annual general meeting Annual reports Corporate website Media release
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 person with disabilities Features, promotion and launching of our products 	<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 Sales of our products
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 Online shopping 	<ul style="list-style-type: none"> Responsible clothing design Marketing Campaigns/Promotions Customer Satisfaction Survey Customer feedback channel Social Media Online purchase and delivery services
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

18 Stakeholder Engagement

(Cont'd)

Stakeholder Group	Key Areas of Interest	Addressing Their Interests
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
Shopping Malls	<ul style="list-style-type: none"> • Speedy payment • Long term tenancy • Sales performance 	<ul style="list-style-type: none"> • Cooperation on corporate social responsibilities events or activities • Marketing Campaigns/Promotions at the shopping mall • Business meetings

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 seventeen (17) goals, accompanied by one hundred sixty-nine (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 seventeen (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/>

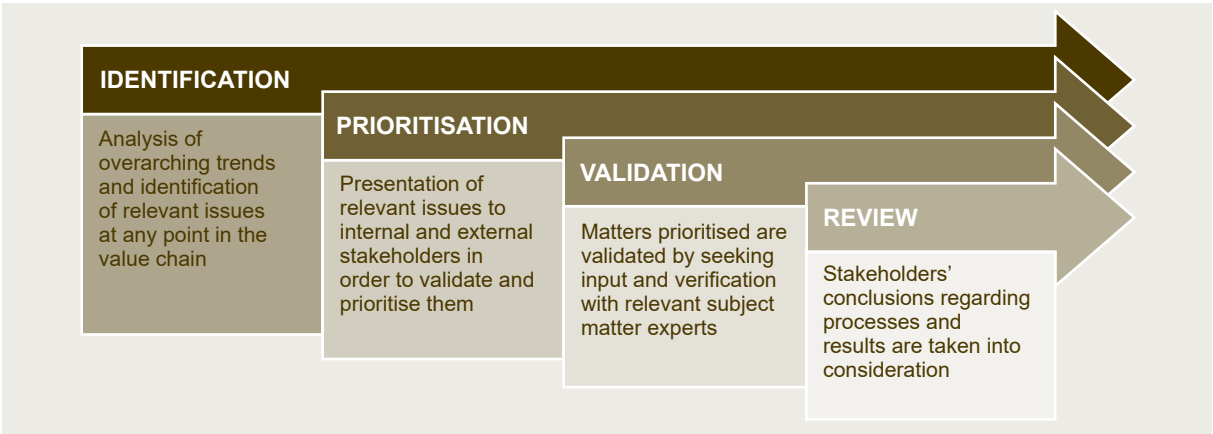
MATERIALITY ASSESSMENT

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. We have identified six (6) key stakeholder groups in the past. We have decided to have shopping malls as a separate stakeholder other than 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 fifteen (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 Assessment

(Cont'd)

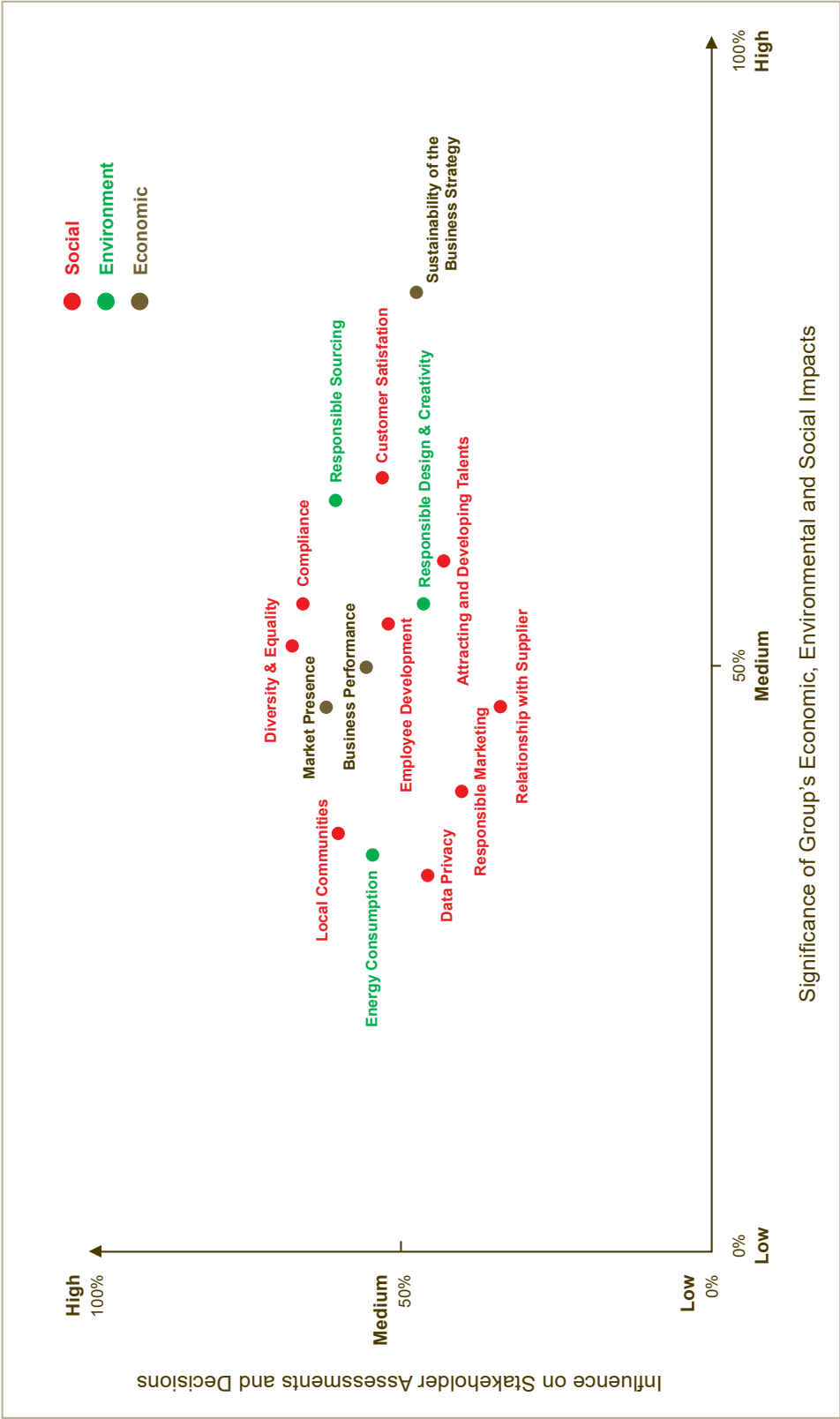
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The identification of material matters is as follows:

MATERIALITY MATTERS	DESCRIPTION
ECONOMIC	
1. Business Performance	Financial performance meets the expectation
2. Sustainability of the business strategy	Continuous value creation to the stakeholders while generating healthy returns
3. Market presence	Maintaining market share in the industry
Environmental	
4. Responsible Sourcing	Managing the Group's supply chain addressing social and environmental issues
5. Energy Consumption	To optimise energy consumption of the Group
6. Responsible Design & Creativity	Design products with creativity using eco-friendly raw materials
Social	
7. Data Privacy	To ensure data security of customers, employees and stakeholders
8. Customer Satisfaction	Commitment to customer satisfaction
9. Compliance	Adherence to applicable governing law or standards
10. Relationship with Supplier	Management of supply chain to meet the product's quality of the Group
11. Local Communities	Corporate social responsibilities activities or events
12. Employee Development	Supportive on continuous learning progress of employee
13. Attracting and Developing Talents	Providing attractive benefit and remunerations and organise activities to maintain their loyalty
14. Diversity & Equality	Employee diversity and equality between ethics, races and gender
15. Responsible marketing	Building trust between the Group and customers

22 Materiality Assessment
(Cont'd)

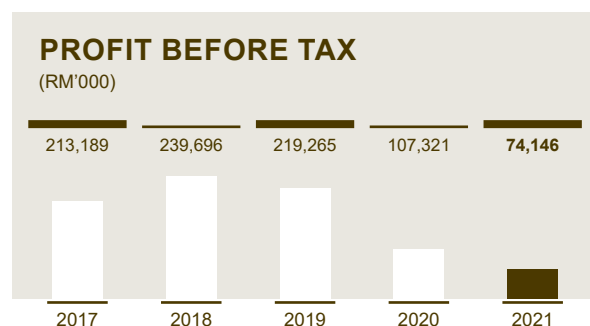
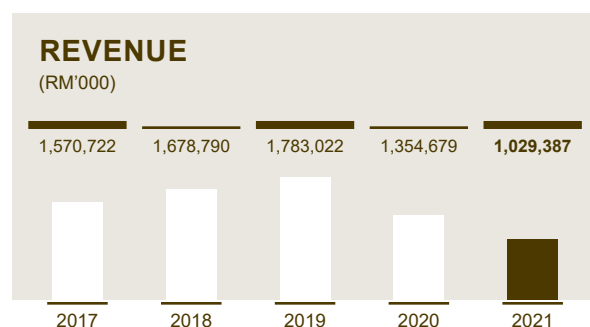
MATERIALITY MATRIX



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.

2021 AT A GLANCE



Group Performance Overview

The performance of the Group was affected by Covid-19 pandemic. By and large, there were approximately three (3) months where our outlets were not allowed to open for business. Compared to FY2020, the pandemic largely impacted the second half of FY2020. However, various effects of Covid-19 impacted the whole of FY2021.

We see a drop in revenue from RM1,355 million in FY2020 to RM1,029 million in FY2021, a drop of 24% year on year. This is a combine effect of closure of outlets and drop in tourists in major cities.

Profitability had dropped in tandem with the decline in revenue, from RM75 million to RM54 million, a decline of approximately 28%.

In the financial years 2017 - 2019 due to the healthy financial growth, Padini had declared dividend per share of 11.5 sen each year. In the financial year 2020, dividend declared was at 7.5 sen per share. In financial year 2021, the dividend declared was lowered to 2.5 sen per share as the Company would like to preserve the cash reserve to respond to the unpredictable impacts from Covid-19 pandemic and also to ensure no disruption in business operation. Padini always keeps in mind to enhance the returns to our shareholders at the right time.

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>.

24 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.

Padini has also complied with the new requirements on Corporate Liability Section 17(A) of MACC Amendment Act 2018 which took effect on 1 June 2020. We have communicated Padini's corporate integrity pledge and our bribery policy with our vendors and our employees prior to the effective date and it is posted in our corporate website. Annually, it is compulsory for all Padini employees to attend training on the Whistleblowing Policy and Anti-Bribery and Anti-Corruption policy, whereby a quiz will be done at the end of training session.

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 2021, Padini has complied with the following:

- i. Laws and regulations in the social and economic area
- ii. Regulations and voluntary codes on health and safety impacts of products and services
- iii. Law concerning product and service information and labelling
- iv. Environmental laws and regulations
- v. 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 incident which consists of penalty or fine of more than RM10,000 or equivalent (nearest thousand):

Penalty to Padini Cambodia upon tax assessment	RM141,000
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The above situation has 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



Supplier Code of Conduct

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 instances, 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. However, during the impacts of Covid-19 pandemic, we have disallowed work travelling, including factory visits. We shall resume the practice once the condition is stable.

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 needs 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.

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



Biodegradable plastics bags at all stores Recycled paper bags at Vincci 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. While at Vincci stores, we have started using recycled paper bags with our customers. In addition, reduction of Carbon Dioxide emissions and energy consumption are also carried out through our transition to use energy efficient lighting in stores which is LED lighting.

OFFICE & WAREHOUSE



Recycle Bin Setup in Office

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.



'Turn off before you take off' Campaign

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.



Hybrid/Electrical Vehicle Charging Station

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 eight (8) units of charging stations which incurred a total cost of approximately RM60,000 for installation in last financial year.

Our Environment 27

(Cont'd)

OFFICE & WAREHOUSE (CONT'D)

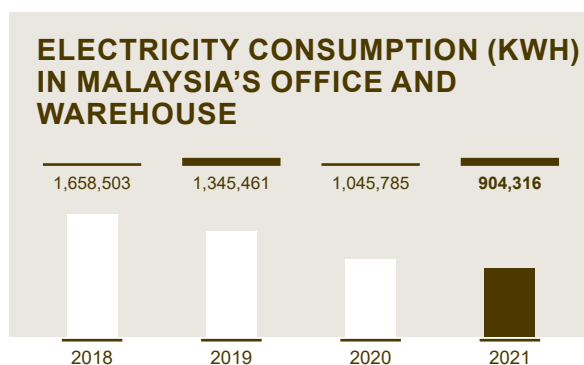


Solar systems installations in Office and Warehouse

In financial year 2021, there is reduction of approximately 25% electricity cost comparing year on year to financial year 2020, indicating that the installation of solar system had reduced the environmental impact while enabling Padini to benefit from long term cost savings.

Year	Electricity cost (RM)	Decrease in percentage (%)
2019	704,499	-20%
2020	451,355	-36%
2021	336,839	-25%

The outcome of all these practices resulted in the reduction of electricity consumption in terms of kWH consumed in Malaysia's office and warehouse of approximately 14% in financial year 2021.



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 approximately two thousand nine hundred (2,900) full time and part time employees under our umbrella, Padini has focused its energy on giving its employees 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.

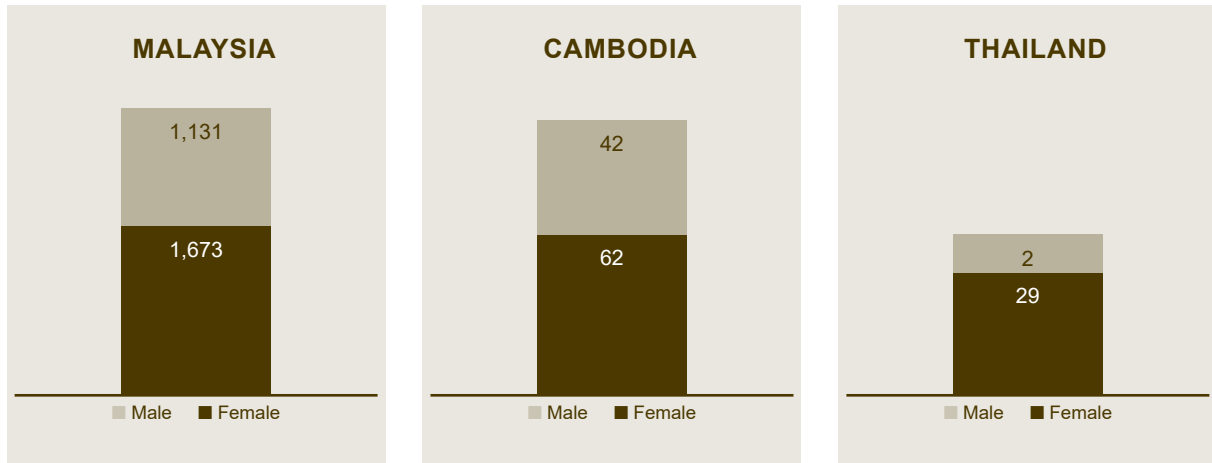
To ensure smooth transition, an internal training program called Mesra OKU Training has been organised to better prepare our internal team members when it comes to working with our new members. We have also continued our engagement with Malaysia Federation of The Deaf (“MFD”) in providing Sign Language training with a total of six (6) classes, two (2) hours per class for 2021 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.

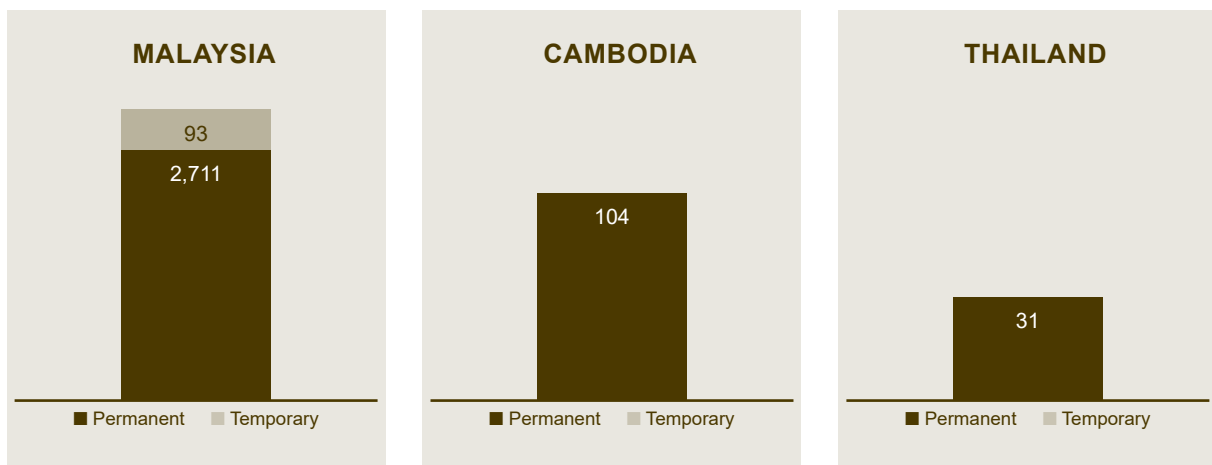
We strongly believe both employees, with and without disabilities benefit equally from a diverse work setting. As a result, employees are more likely to feel comfortable and happy in an environment where inclusivity is a priority.

Our People 29

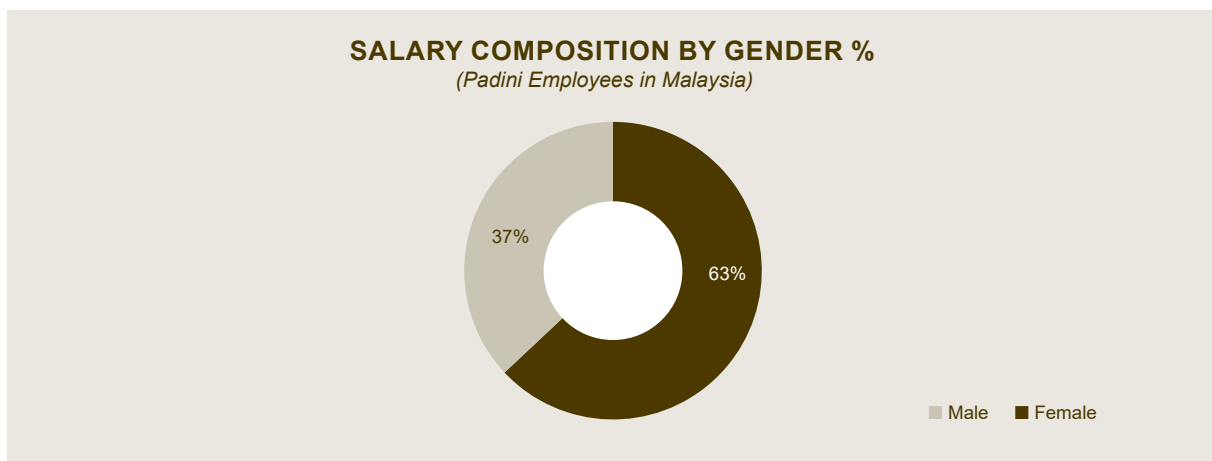
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Number of Padini Employees by gender and region



Number of Padini Employees by employment contract and region



Age Group	Age Composition (%)
16-20	4.67%
21-30	64.51%
31-40	22.86%
41-50	6.17%
>51	1.79%

Age Composition of Padini Employees in Malaysia

EMPOWERING LOCAL TALENTS



100% employees locally hired

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 organisation, 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 maximising 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 2021, Padini has invested a total of more than RM96,000 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 2021, more than RM12,000 was spent on external training and certification. Over the year and across the Group, a total of twenty-nine (29) internal and external trainings have been organised, whereby most of them have been carried out virtually.

Employee Internal Training Programs - throughout financial year 2021**Target Group: All Employees**

1. New Employees Orientation
2. Customer Focused Mindset
3. Positive Working Attitude
4. Communication Skills
5. Quality Control Training

Target Group: Managerial Roles

1. Leadership Skills
2. Effective Time Management

Target Group: Directors

1. Digital Marketing
2. ESG (Environmental, Social, and Governance)

Employee External Training Programs - throughout financial year 2021:

1. Vaccination Talk
2. Sign Language
3. Boss Net: EA & BIK Seminar

REWARDING AND RECOGNISING OUR EMPLOYEES

Our policies relating to recruitment, career prospects and rewards are merit-based.

Prior to the Pandemic, events such as festive dinners 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.

Apart from that, all 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.

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 maximise 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.

32 Our People

(Cont'd)



COVID-19




The Covid-19 pandemic has caused inevitable changes to our business operation. To safeguard our employees and customers, we have established stringent standard operating procedures ("SOP") in our outlets and office with implementing control on number of customers at our stores and office and rules for physical distancing. Additional measures are the compulsory MySejahtera registration for all employees, visitors and customers when entering Padini premise, self-temperature checks and self-declaration on health conditions and travelling plan. Besides, Padini had provided Personal Protection Equipment ("PPE") such as facial mask, gloves to employees. At the same time, for other supporting functions other than outlet frontlines, Padini has arranged work from home "WFH" and encouraged virtual meeting to reduce the risk from Covid-19.

For the health wellbeing of employees, Padini had also collaborated with Poliklinik Shaik to organise Influenza Vaccination and sponsored partially for employees to have flu vaccine on the spot. On top of that, a collaboration with Pathlab has been done to provide employees with competitive price package of health screening to encourage employees to have regular body check-up. Taking care of the wellbeing of staff is always in our heart.



Covid-19 Vaccination progress

To mitigate the spread of Covid-19, Padini encourages employees on vaccination and thus providing one (1) day off on the vaccination day and also vaccine incentives. The status of Padini's employees vaccination progress as at 24 September 2021 is as follows:

	Malaysia HQ employees	<ul style="list-style-type: none"> • 90% Fully Vaccinated (Completed 2 doses) • 9% Taken at least 1 dose • <1% Pending Vaccination
	Malaysia Outlet Frontliners	<ul style="list-style-type: none"> • 81% Fully Vaccinated (Completed 2 doses) • 19% Taken at least 1 dose • <1% Pending Vaccination
	Thailand HQ employees	<ul style="list-style-type: none"> • 100% Fully Vaccinated (Completed 2 doses)
	Thailand Outlet Frontliners	<ul style="list-style-type: none"> • 63% Fully Vaccinated (Completed 2 doses) • 37% Taken at least 1 dose
	Cambodia HQ employees and Outlet Frontliners	<ul style="list-style-type: none"> • 100% Fully Vaccinated (Completed 2 doses)



SUPPORTING NEW MUMS AT WORK

Nursing Room
Flexible Lactation Breaks
Maternity Parking

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. 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. We have also provided designated parking locations for expectant mothers to gain access to the office or warehouse through parking closer to the entrance.



OPEN WORKFORCE COMMUNICATIONS

Practice open communication

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.



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

Reduced accident rates

The Safety and Health Committee in Padini functions to assist Padini to formulate safety measures, guidelines, rules and safety systems of works. In case of any occupational accidents or dangerous occurrence, committee member will take part in investigating and recommend corrective actions.

In 2021, we have recorded twenty-two (22) minor injuries in Malaysia and one (1) case in Cambodia. Most of the accidents were non-work related road accident, except for one (1) case which happened in Malaysia. This happened when employees used stepladder to organise stocks in 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.

Accident Type	FY 2021	FY 2020
Workplace	1	3
Road	21	49
Total	22	52

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.

34 Our People

(Cont'd)

RAISING TOMORROW'S LEADERS



Sponsorships for study and training programs

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



Training programmes for graduates

Since financial year 2009, Padini had, on an annual basis conducted two (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 three (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.

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 (2) 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.

These two (2) training programmes has been temporarily put on hold due to the Covid-19 pandemic which are causing lots of uncertainties in business operation. We hope to reactivate this training programme when the situation is stable.



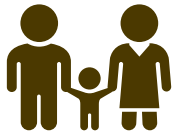
FACILITATING CAREER ADVANCEMENT

Encourage transfer of stores or department

As part of our effort 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
1,600 cartons
of clothing
donated



Approximately
RM584,000
has been donated



TOTAL OF
6 NGOs
BENEFITED



Approximately **200**
unit of secondhand
items donated

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 the practice of social distancing becomes necessary due to the Covid-19 pandemic, we have reduced our volunteering activities which cause physical interactions and focus on providing necessities for those in need. 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 RM584,000 in cash and in kind were donated to the vulnerable group.



Merchandise Donation made to Nineth Heaven Loving Kindness Group

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Our Community

(Cont'd)

SUPPORTING THE HUMANITARIAN CAUSES

In financial year 2021, Padini has been active in making positive impacts to the community through a variety of philanthropic initiatives. Approximately one thousand six hundred (1,600) cartons of assorted Padini merchandises, one hundred ninety (190) used IT equipment and sixteen (16) used hostel equipment were donated to five (5) NGOs in financial year 2021. A total of six (6) NGOs has benefited from the donation of assorted Padini Merchandises, and donation in cash and kind. Among the six (6) NGOs are as follows:

1. Life Line Clothing Malaysia
2. Badan Amal Nur Zaharah
3. Medical Awareness Camp Outreach Drop Off Centre
4. The Glad Shop PJ
5. My Kasih Foundation, SK SG DUA Bentong
6. Nineth Heaven Loving Kindness Group



Donation to Badan Amal Nur Zahara

COMMUNITY ENVIRONMENTAL PROJECT

During financial year 2021, we had collected and sold for recycling, a total of approximately 642kg of used paper and paper products with the proceeds amounting to nearly RM180. 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. Padini complies with the Personal Data Protection Act 2010 ("PDPA"). We have put in place all necessary measures to keep any personal information provided securely. Further information on our Privacy Policy is available on our website.

CONSTANT IMPROVEMENT ON CUSTOMER SERVICE



PADINI.COM



To stay on top of consumer needs as they change with the times, Padini has set up various customer service platforms as follows:

Customer Service Platforms

- 1 Official Website Feedback Form
- 2 Customer Service Hotline
- 3 Email
- 4 Social Media Pages

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. Recognising 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 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.



Mystery Shoppers

In addition, to improve customer service, on an annual basis, we have chosen twelve (12) outlets to have mystery shopping visits. We would engage 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 a pre-defined and agreed-upon form, and the result will then be further analysed. Thereafter specific training will be given to those chosen outlets based on the reports of the mystery shopper on areas for improvement. Mystery shoppers will visit for another round in order to gauge the effectiveness of the training given and thus used as a benchmark in employees training and planning our future business policy. However, due to the Covid-19 pandemic, we have temporarily halted this mystery shopper program for one (1) year.

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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