

SUSTAINABILITY STATEMENT

ABOUT THE STATEMENT

DBE is pleased to present our inaugural sustainability statement. In line with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad, this report provides a clear and precise management of the Group in managing its material economic, environmental and social (EES) risks and opportunities.

We have prepared this statement in accordance to the Bursa Malaysia Sustainability Reporting Guide and adopted the international reporting framework - Global Reporting Initiative (GRI) Standards.

DBE’s business portfolio comprises of the following divisions;

- Breeding;
- Broiler;
- Hatchery;
- Food Processing;
- Feed Mill;
- Farm Operations; and
- Harumi Restaurant.

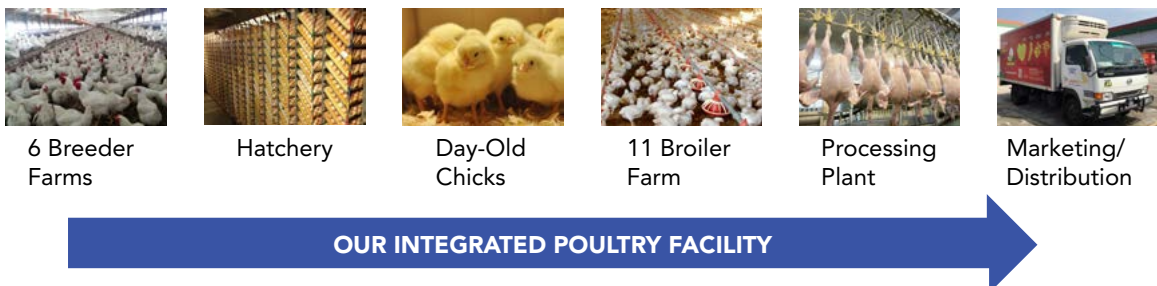
For our first reporting year, the reporting boundary is limited to the poultry business which is the largest contributor in terms of revenue to the Group.

In FY 2018, the Group added property development and construction into its portfolio. This business decision was made to support DBE’s business strategy in diversifying its revenue and to mitigate the risk of over-dependence on the existing poultry business. Moving forward, we will disclose the Group’s property division in our sustainability report in the coming years.

The reporting period for this sustainability report is 1 January 2018 to 31 December 2018, unless otherwise stated.

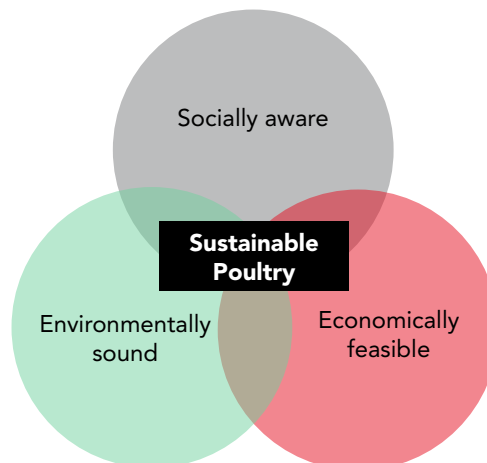
ABOUT US

The Group is an integrated poultry enterprise that owns and operate feed mill, breeder farms, hatchery, broiler farms as well as processing plant. Located in southwestern of Perak with several farms in district of “Perak Tengah”, the Group supplies its products within the Perak region to customers such as KFC and Billion Shopping Centre.



SUSTAINABILITY STRATEGY AND ROADMAP

Our strategy in sustainability is based on being socially aware, implementing environmentally sound practise and operating in an economically feasible manner.



SUSTAINABILITY STATEMENT (Cont'd)



Using our EES opportunities and risks as the impetus, our sustainability strategy addresses the following themes;



Corporate Governance

We practice good corporate governance throughout our business with good ethics, integrity and adhering to the applicable regulatory compliance.



Animal Health and Welfare

We ensure that our animals are free from any diseases, illness or malnutrition and assure its well-being.



Food Safety

We safeguard the safety and quality of our product at all times by adhering to the standards and certification applicable to us.



Environment

We strive to protect the environment by practising best environmental management.



Our Community

We protect labour rights, respect our stakeholders and recognize the critical roles they play as our stakeholders.

ALIGNMENT WITH UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) to address the arising concern of climate change. The SDGs are a call for countries to protect the planet whilst promoting prosperity of economy and social needs.

In supporting this, Malaysia has integrated the 2030 Agenda and 17 SDGs into 11th Malaysia Plan. In line with this, the Group aims to be a sustainable company by incorporating the SDG Goals 2, 8 and 12 in the way we do our business.

| | |
|---|---|
| <p>2 ZERO HUNGER</p> | <p>Providing a safe nutritious and sufficient protein at all times.</p> <p>Secondly, supplying meals through a range of community-based programme.</p> |
| <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <p>Providing a meaningful, decent work whilst promoting diversity and inclusivity among our employees.</p> <p>Secondly, promoting sustained and inclusive economic growth.</p> |
| <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | <p>Ensuring consumers. safety by overcoming any threat of diseases with implementation of biosecurity programme.</p> <p>Secondly, being a responsible producer by minimising negative impacts and ensuring animal welfare</p> |

SUSTAINABILITY STATEMENT (Cont'd)

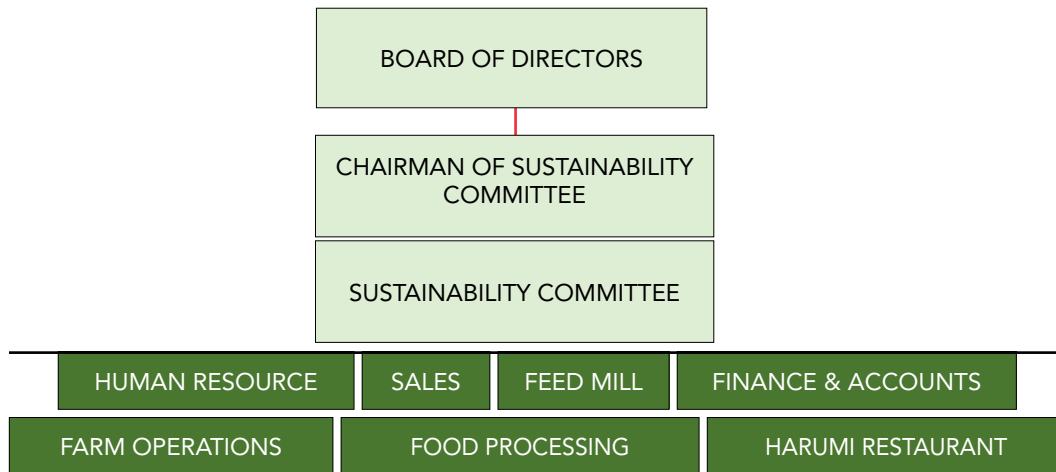
SUSTAINABILITY LEADERSHIP

Governance and accountability are essential for the effective implementation of sustainable initiatives.

Our sustainability leadership is led by the Board who is responsible for overall oversight.







The Sustainability Committee (SC) is headed by the Chairman that oversees the implementation of sustainability initiatives.

The SC is responsible for planning and implementation of sustainability initiatives. The SC comprises divisions from human resource, finance & accounts, sales, feed mill, farm operations, food processing and Harumi restaurant.



STAKEHOLDER ENGAGEMENT

Engagement with stakeholders is an essential process in incorporating sustainability into our business operations. At DBE, we value the feedback from our stakeholders and take the initiatives in improving each facet of the risks and concerns raised. In FY 2018, the Group has identified its stakeholders, their area of interest and the method of engagement with them, which is presented in the table below.

| | | |
|---|--|---|
| <p> SHAREHOLDINGS</p> <p>Area of interest Group performance Business Strategy Business Ethics</p> <p>How we engage with them Shareholders meeting Annual general meeting Annual report</p> | <p> REGULATORY BODIES</p> <p>Area of interest Career development Training competency Safe workplace</p> <p>How we engage with them Training programme Occasional get-together lunch</p> | <p> REGULATORY BODIES</p> <p>Area of interest Regulatory compliance Standards and certification</p> <p>How we engage with them Inspection by local authority Meeting with regulatory bodies</p> |
| <p> CUSTOMER</p> <p>Area of interest Product safety Customer satisfaction Health, safety and environmental compliance</p> <p>How we engage with them Customer satisfaction survey Company's official website Mobile food service (food truck)</p> | <p> SUPPLIER</p> <p>Area of interest Transparent procurement practices Timely payouts</p> <p>How we engage with them Evaluation and performance review Contract negotiation Suppliers registration</p> | <p> COMMUNITIES</p> <p>Area of interest Social issues Environmental impacts</p> <p>How we engage with them Community engagement CSR programme</p> |





SUSTAINABILITY STATEMENT (Cont'd)



MATERIAL SUSTAINABILITY MATTERS

For this inaugural year, the Sustainability Committee (SC) assessed and identified 14 material sustainability matters that we consider as pertinent to our business operations and our stakeholders.

Moving forward in our next reporting year, we will establish a materiality matrix by assessing the degree of impact of each material sustainability matters on the Group's business operations and our stakeholders.

| | | | |
|---|--|--|--|
|  <p>GOVERNANCE</p> <ul style="list-style-type: none"> • Business Ethics • Regulatory Compliance |  <p>ECONOMIC</p> <ul style="list-style-type: none"> • Market Presence |  <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Energy Efficiency • Effluents and Waste • Animal Health and Welfare |  <p>SOCIAL</p> <ul style="list-style-type: none"> • Food Safety • Customer Satisfaction • Occupational Health and Safety • Diversity and Inclusion • Training and Development • Employee Benefit • Protecting Labour Rights • Community Engagement |
|---|--|--|--|

GOVERNANCE

BUSINESS ETHICS

Our Code of Conduct aims to help our employees to make the right decision and to act appropriately in response to ethical behaviour in the workplace. It covers the areas of; business conduct, conflict of interests, compliance of laws and regulations, disclosure, communications, implementation and enforcement. At DBE, the trust and confidence of our stakeholders are the utmost importance to us. Therefore, we have adopted a Code of Conduct and Ethics which has been published on the Group's website.

Whistleblowing Policy

The Group's whistleblowing policy is in place to provide an accessible avenue to our employees and the general public to report matters about malpractice or improper conduct within the Group. We are committed to the highest standard of openness, probity and accountability. Furthermore, to ensure effectiveness of the policy, we review the policy periodically.

REGULATORY COMPLIANCE

Our products have been produced to meet the standard requirements and the regulatory law of the Department of Veterinary Services Malaysia and Ministry of Health Malaysia. The Group continuously monitors and improves its standards of products as well as always vigilant of global emerging food safety concerns. To date, the Group has not received any fines for non-compliance from the department.

SUSTAINABILITY STATEMENT (Cont'd)

OUR ECONOMIC

The demand for broilers which is the most affordable source of protein drives our poultry business.

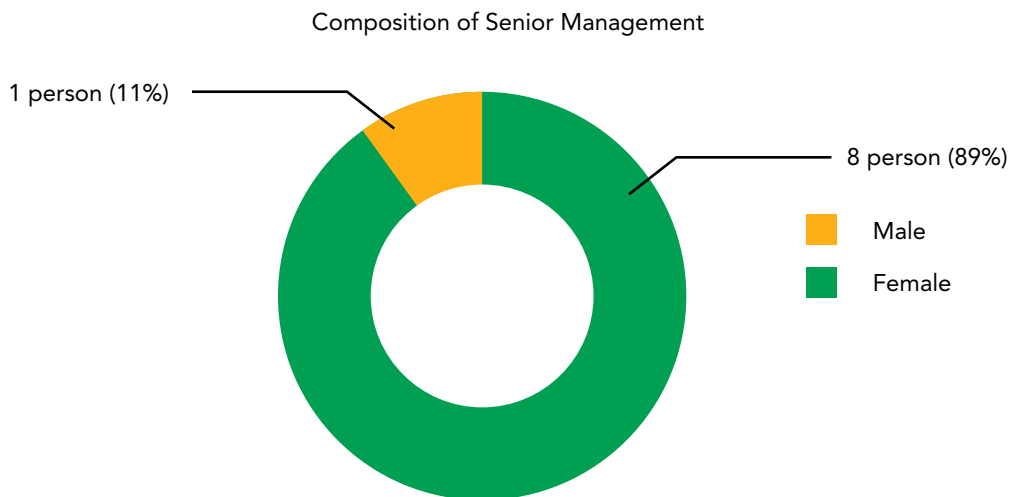
The poultry business remains as the core business of the Group and our major revenue contributor. However, in 2018, DBE ventured into the business of property development and construction. This is one of the DBE's strategies and initiatives to be more resilient and diversified financially.

During the year under review, the Group expanded its cold room storage in the Processing Division which entailed considerable financial investment. Nevertheless, this expansion resulted in reduced energy consumption, which translated into cost savings.

MARKET PRESENCE

The Group recognizes its opportunity in promoting local talent and diversity. At DBE, our senior management comprises of 89% men (8 persons) and 11% women (1 person).

We are pleased to present that all of our senior management are Malaysians. We define our senior management as Directors and Chief Financial Officer (CFO).



OUR ENVIRONMENT

ENERGY EFFICIENCY

Aligning ourselves with global trends in energy conservation, the Group promotes energy efficiency across its business operations. This is evident through the Group's initiative in building a new cold room that utilizes the inverter system. This effort has resulted in 15% energy reduction of our total electricity consumption.

Other energy efficiency initiatives include the use of natural gas as an alternative to diesel in our feed mill boiler. The use of natural gas contributes to reduced cost, cleaner air quality and reduced carbon dioxide emissions.

EFFLUENTS AND WASTE

Water is essential in chicken meat production, therefore in our stewardship of water, we monitor our effluent from the production processes. In accordance with Standard B of the Environmental Quality (Industrial Effluent) Regulations, 2009 enforced by Department of Environment (DOE), the effluent from the processing area is monitored weekly and tested for biochemical oxygen demand (BOD) and chemical oxygen demand (COD). To date, the Group's discharged treated effluents has not exceeded the limit prescribed by DOE.

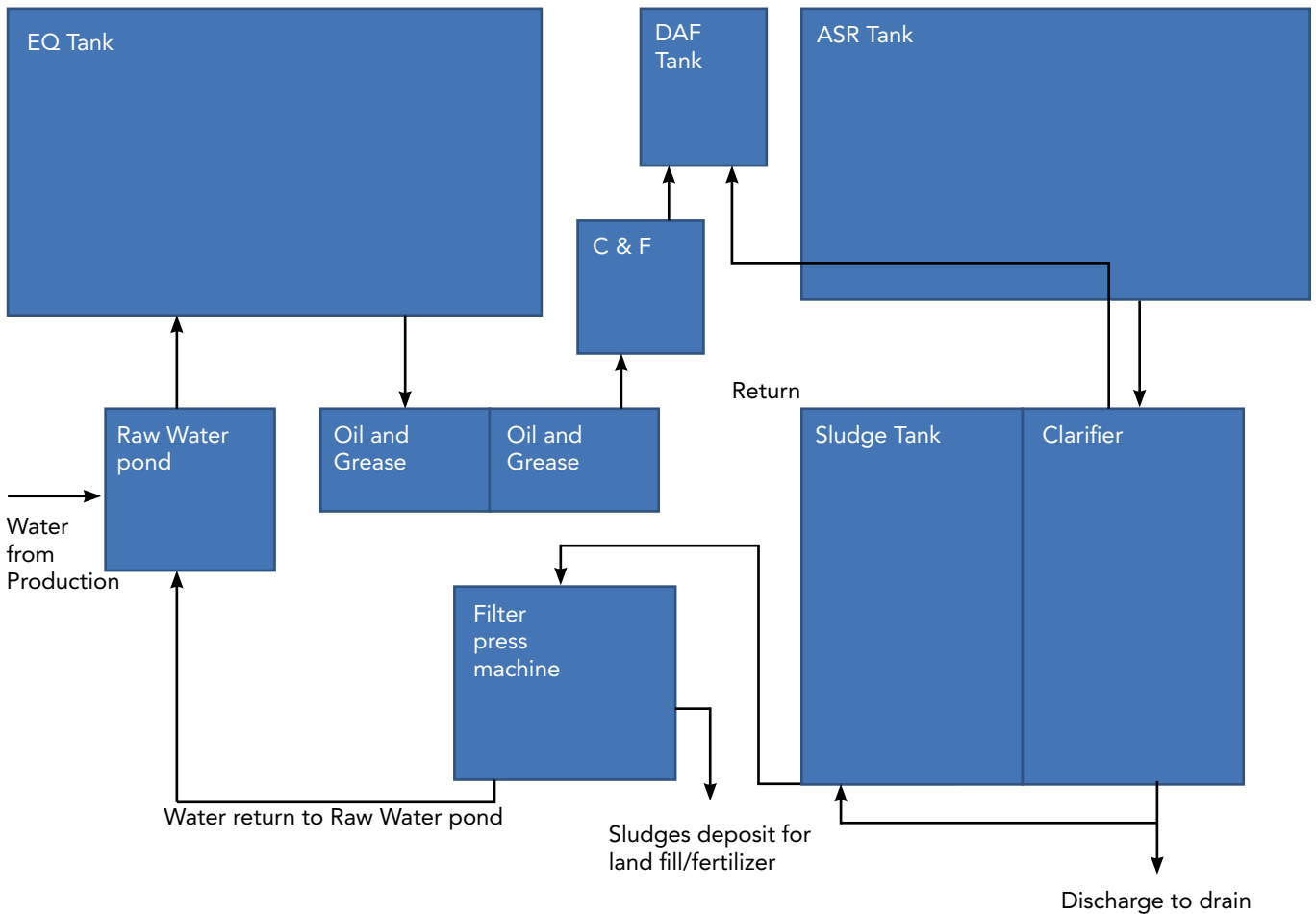
SUSTAINABILITY STATEMENT (Cont'd)



OUR ENVIRONMENT (Cont'd)

EFFLUENTS AND WASTE (Cont'd)

The figure below shows DBE's water flow diagram from production point to discharge point.



| Stage | Function |
|-------------------------------------|---|
| Equalization (EQ) tank | Mixing of all wastewater |
| Chemical Mixing (C&F) tank | Mixing of chemicals with the wastewater |
| Dissolved Air Flotation (DAF) tank | Removal of solid waste |
| Activated Sludge Reactor (ASR) tank | Degradation of waste by bacteria |
| Clarifier | Separate water from sludge and subsequently the water is discharged into drain |
| Sludge tank | Collect all the sludge from the clarifier |
| Filter press machine | Remove water from the sludge, where the sludge is deposited as fertilizer and the water returns to the pond |

SUSTAINABILITY STATEMENT (Cont'd)

OUR ENVIRONMENT (Cont'd)

EFFLUENTS AND WASTE (Cont'd)

At DBE, we maximise the re-use of our by-products and waste. Our waste reduction strategy involves the reusing of feed packages for the packaging of chicken manure. The table below lists the various waste streams that are reused.

| By-products or waste | Approach |
|----------------------|--------------------------------|
| Feathers | Feather meal |
| Internal organs | Distribute to fish farm |
| Dung | Agricultural or plantation use |
| Skin, gizzard, liver | Wet Market |
| Feed packaging | Chicken manure packaging |

ANIMAL HEALTH AND WELFARE

Our focus on the broilers' health and welfare is paramount to the group and our stakeholders. We believe that it is our responsibility to ensure the health and welfare of the broilers. In ensuring animal well-being and providing high quality product to our customers, our broilers are kept in a closed house system equipped with a biosecurity which ensures a controlled environment. This system allows for a higher capacity, lower feed conversion, less mortality, higher average bodyweight and higher carcass yield.

In terms of broilers' feed, we provide the best nutrition with the aid of our expert in-house nutritionist to meet the broilers' daily nutrition requirements. Consumption of animal matter, bone meal and growth factor hormones and excessive use of antibiotics are strictly prohibited to ensure the wellness of our broilers.

Antibiotics however, are sometimes administered to the broilers to combat infections when other management strategies have been unsuccessful. The Group only uses antibiotics that are approved by the Department of Veterinary Services Malaysia.

During the transportation of the broilers to the slaughter house, we ensure that our broilers are not placed in an overcrowded condition and we safeguard the well-being of the broilers by allocating thirty (30) minutes rest time before the start of slaughtering process.

OUR SOCIAL

FOOD SAFETY

The Group pays great attention to the quality and safety of our products. We are committed to provide premium quality products to our customers. We are accredited under the Hazard Analysis and Critical Control Point (HACCP) and HALAL certification schemes.

We are the proud recipient of the Malaysian Good Agricultural Practices (MyGAP) certificates from the Ministry of Agriculture and Agro-based Industry Malaysia which were issued to all six of our breeder farms and two broiler farms. The remaining nine broiler farms are in the midst of obtaining the MyGAP certification. MyGAP addresses areas of farm biosecurity, farm management, workers' welfare and safety, and environmental management. Biosecurity in poultry is vital as it is designed to protect and prevent the spread of pests and diseases.

SUSTAINABILITY STATEMENT (Cont'd)



OUR SOCIAL (Cont'd)

FOOD SAFETY (Cont'd)

In ensuring product safety, the Group has established “Food Safety Objectives” which comprises of objective(s) and target(s) to be achieved by all departments.

Below is a summary of the Group’s accreditation;

Standards and Certification

- Good Manufacturing Practice (GMP) Certificate by Ministry of Health Malaysia
- Hazard Analysis and Critical Control Point (HACCP) Certificate by Ministry of Health Malaysia
- MeSTI Certificate (*Makanan Selamat Tanggungjawab Industri*) by Ministry of Health Malaysia
- Good Animal Husbandry Practice (GAHP) by Ministry of Health Malaysia
- HALAL Certificate by *Jabatan Agama Islam Perak* (JAIP)
- MS 1480 : 2007 - Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System by SIRIM QAS and IQNet
- ISO 22000 Food Safety Management System (FSMS) by BRS
- Certificate for implementation of Quality Assurance Program (QAP) & HACCP System by Department of Veterinary Services Malaysia

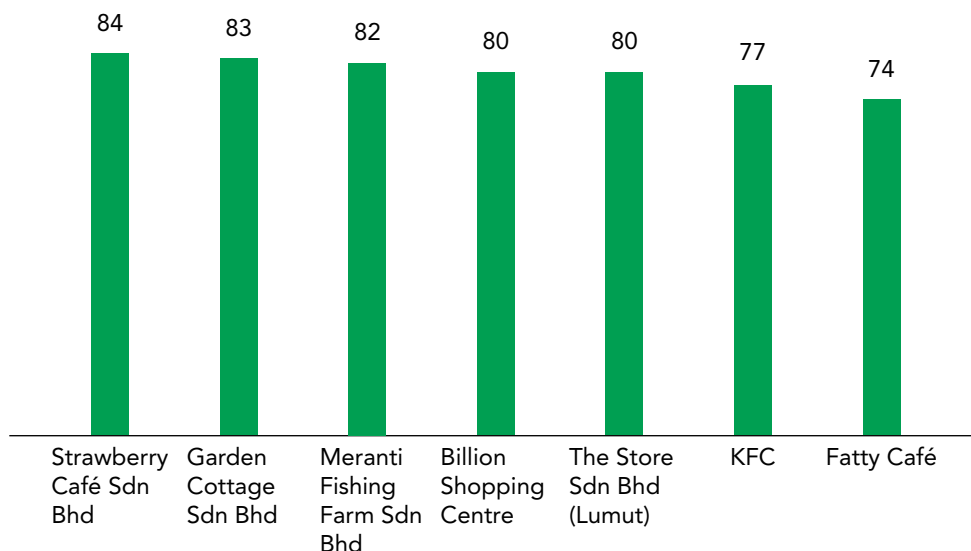
CUSTOMER SATISFACTION

Consumer confidence in our products is fundamental to our success and we are cognisant of the importance in the safety and quality of our products. Hence, the Group measures the stakeholders’ satisfaction by conducting an annual customer satisfaction survey. The criteria used in the survey include;

- responsiveness to customer needs
- communication with customer
- timeline and reliability of delivery
- quality and safety of product

The graph below shows our customers’ feedback on our products and services. For FY 2018, we achieved an average score of 80% which was below our target score of above 85%. Moving forward, we are committed to improve our performance to attain our target score.

Customer Satisfaction Survey 2018 (%)



SUSTAINABILITY STATEMENT (Cont'd)

OUR SOCIAL (Cont'd)

OCCUPATIONAL HEALTH AND SAFETY

The Group is committed to provide a healthy and safe working environment for our employees. Our Safety and Health committee which is headed by our Chairman, comprises six employer representatives and five employee representatives. The employees' health and welfare is always at the heart of the Group and we ensure this by providing safety trainings and PPE to our employees. The PPE provided include stainless steel glove, glove, mask, cap, boot, coat apron, ear plug and safety helmet.

WORKPLACE ACCIDENTS

In FY 2018, two accidents were recorded. One case involved an injury occurring during the transportation of motor equipment while the other accident happened outside of the workplace. In both cases, the necessary accident investigations were carried out.

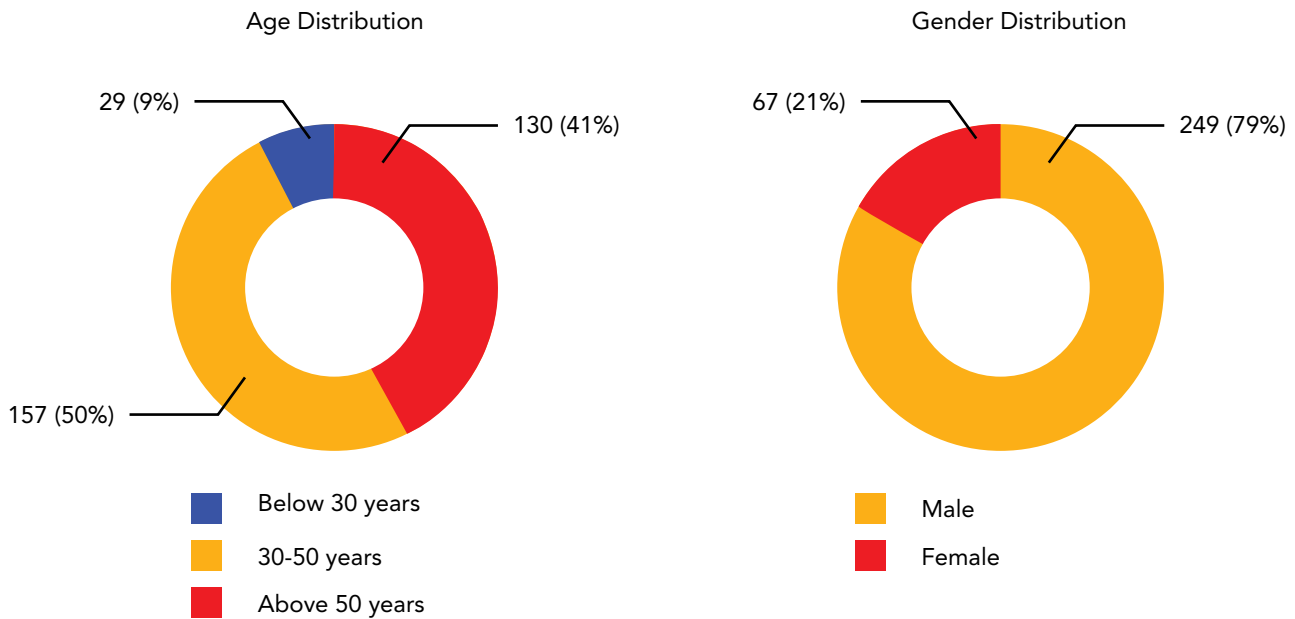
DIVERSITY AND INCLUSION

The Group promotes equal opportunity, inclusivity and diversity where every employee is treated with fairness and respect.

At DBE, 50% of our workforce constitute those within the 30-50 years age group, followed by 41% within the age group of below 30 years. The remaining 9% represents those above 50 years of age. In terms of gender distribution, 21% of our employees are women and 79% are men.

The figures below summarise our employee breakdown and distribution.

Employee Breakdown by Age Group and Gender



SUSTAINABILITY STATEMENT (Cont'd)

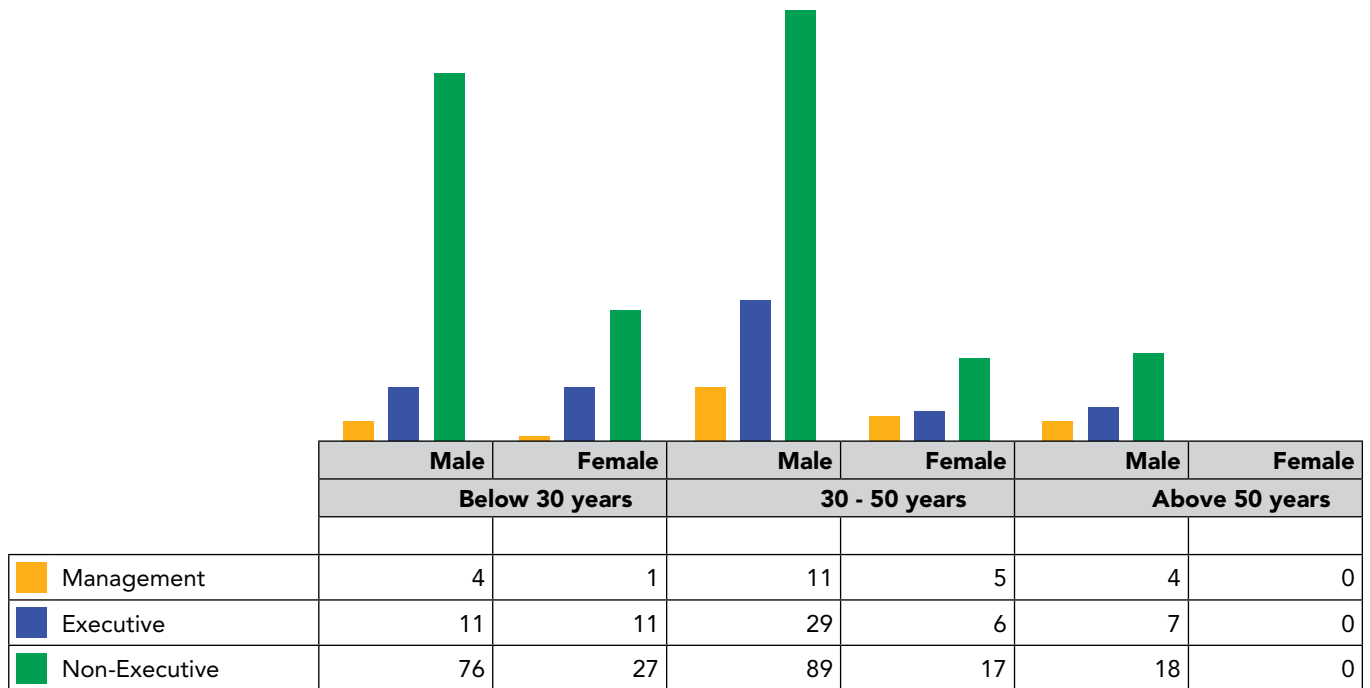


OUR SOCIAL (Cont'd)

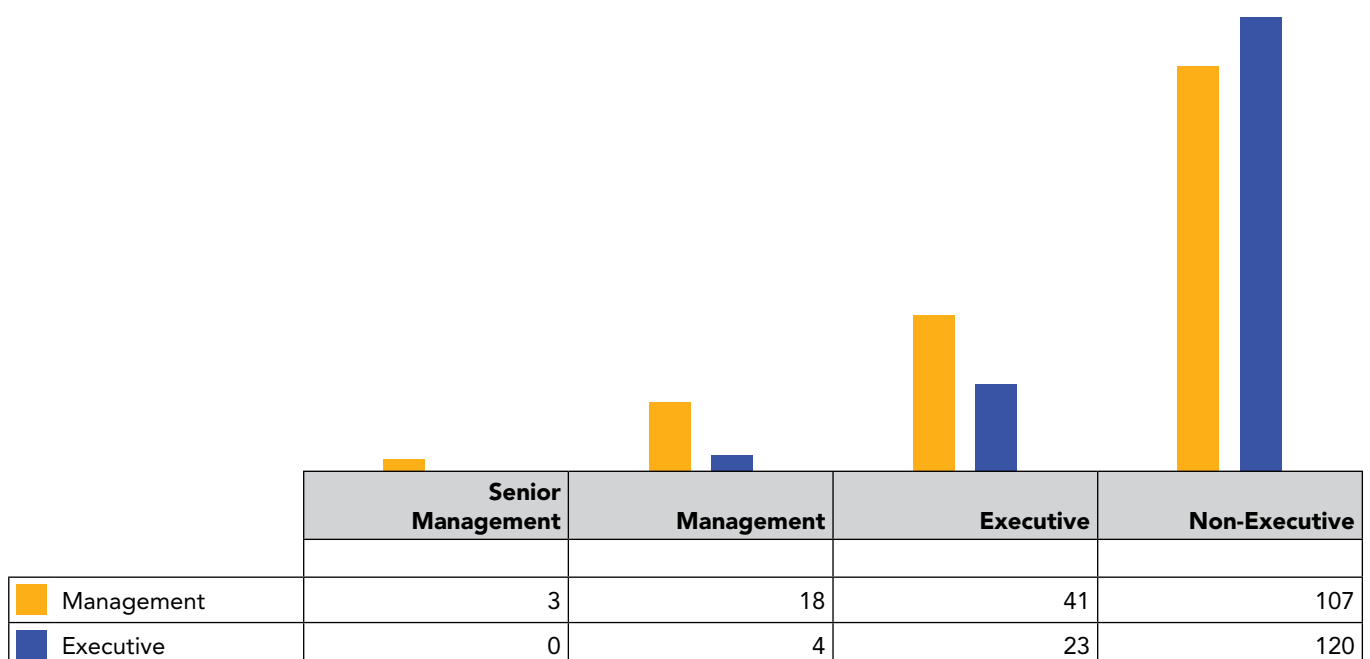
DIVERSITY AND INCLUSION (Cont'd)

Employee Breakdown by Age Group and Gender (Cont'd)

Employee Distribution



Employee Distribution based on Locality



SUSTAINABILITY STATEMENT (Cont'd)

OUR SOCIAL (Cont'd)

TRAINING AND DEVELOPMENT

To equip our employees with specific skills and to broaden their learning, we provide trainings on regular basis. We believe that investing in our employees will further solidify our business profile through the development of a strong and knowledgeable workforce that can bring value creation to its stakeholders. We ensure comprehensive training programmes are provided to improve their knowledge and skills. Each employee is required to complete at least an average of eight hours of training annually. In FY 2018, our training hours totalled to 1,160 hours, with 744 hours for men and 416 hours for women. Our near-term plan is to aim to surpass our current total training hours. A list of the key training programmes are presented below.

Key Trainings

Good Manufacturing Practice (GMP)

Hazard analysis critical control point (HACCP)

HALAL training

Food Handling training

Occupational Safety and Health Act 1994 (OSHA)

First Aid and Cardiopulmonary Resuscitation (CPR) at the Workplace

Fire drill training

ISO 22000:2005 Food Safety Management System: Awareness and Implementation Training

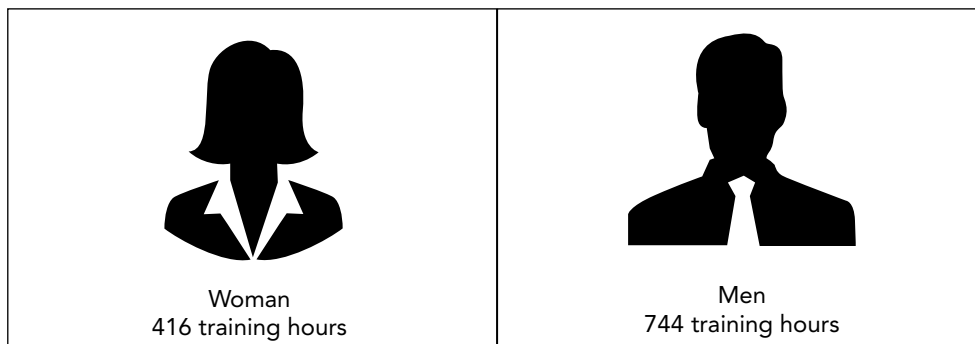
ISO 9001:2015 Quality Management System

Forklift Safety training

Workshop Domestic Inquiry

Labour Law

1,160 Total training hours



EMPLOYEE BENEFITS

Our people are at the heart of DBE and the reason for our continuous success. At DBE, we offer numerous benefits to our employees. We not only fully comply with the requirements of Employment Act 1955, but exceed the standard requirements by providing paternity, compassionate leave and leave for those getting married.

In terms of health, we provide a panel clinic and medical fee for our employees. Whereas for managers, they are entitled for company car and allowance.

SUSTAINABILITY STATEMENT (Cont'd)



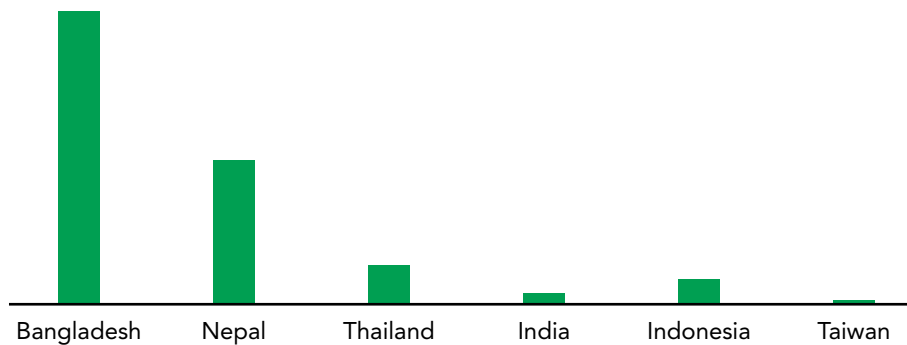
OUR SOCIAL (Cont'd)

PROTECTING LABOUR RIGHTS

DBE is committed in protecting our employees' rights. In addition to adhering to Employment Act 1955, we conduct our business operations in an ethical manner and treat our employees with respect and do not allow any forms of discrimination. The use of forced labour, involuntary prison labour and child labour are strictly prohibited at all times.

In line with poultry business that employs foreign workers, we are committed in protecting the rights of our foreign workers that comprised of various nationalities. The graph below summarises our composition of foreign workers.

Employee Numbers based on Nationality



COMMUNITY ENGAGEMENT

The Group is aware of its responsibility towards the local communities. At all of our corporate social responsibility (CSR) programmes, we provide our Harumi meal and various gifts to the participants. Below are the highlights of our CSR for the year under review.



22nd March 2018



Yayasan Bina Upaya Darul Ridzuan (YBUDR) and Perak Youth Council collaboration.

To provide youth with opportunities to engage in HARUMi Fried Chicken's franchise business.

18th May 2018



Majlis Kesyukuran Tadika PASTI, Kampar

To introduce HARUMi to the local communities.

SUSTAINABILITY STATEMENT (Cont'd)

OUR SOCIAL (Cont'd)

COMMUNITY ENGAGEMENT (Cont'd)

18th August 2018



HARUMi Merdeka 2018 Kids Coloring Contest

To nurture the spirit of "Cintakan Negara Malaysia" amongst children

17th November 2018



HARUMi Thailand Restaurant Opening at Nakhon Si Thammarat, Thailand.

To expand HARUMi's business in Thailand region.

22nd October 2018



HARUMi Food Trucks journey at the Rest & Recreation (R&R) and North-South highway stops

To introduce HARUMi to customers in the North-South highway

24th December 2018



Mrs Malaysia International Global 2018 Christmas Charity Day.

Social responsibility to community.