

Baba Eco Group Sustainability Statement

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ABOUT THIS REPORT

Baba has been a green garden distributor and gardening supply manufacturer since 1991. Whether a garden, balcony or indoor potted plants, we believe in the beauty of garden spaces. We continue to inspire anyone to create and maintain their oasis anywhere. Sustainability is the root of our products and is integrated into all business operations.

Integrity and transparency play a key role in everything we do. Applying solid principles in our business conduct, we raise the bar on responsibility and sustainability in the industry whenever possible.

This sustainability statement shares our direct experience in being a one-stop solution in creating a sustainable, healthy and beautiful world.

Reporting Scope and Boundary	This sustainability statement covers the entire operations of Baba Eco Group Berhad
Reporting Cycle	Annually
Reporting Period	This Sustainability Statement focuses on the most recent fiscal year from 1 November 2020 to 31 October 2021 (Financial Year 2021). Since this is our first statement, we have also included details of our origin, history and journey since our inception.
Reporting Guidelines and Principles	This disclosure addresses the materiality concept adopted by the Bursa Malaysia Sustainability Reporting Guide.
Reporting Approach	This statement summarises the sustainability performance of Baba's strategic businesses. The following content has been developed according to defined material topics. These topics were identified following a review of the overall sustainability risks and opportunities determined by macroeconomic analysis, sustainability trends and senior management input. Stakeholders' views, concerns and key expectations also helped shape the overall materiality assessment.
Feedback	Baba is fully committed to listening to stakeholders and welcomes feedback on its sustainability reporting and performance. Please send your comments or questions via the 'Contact Us' section of our website (https://www.baba.com.my/) or email to marketing@baba.com.my

EMBRACING SUSTAINABILITY AND GARDENING CHOICE

We are passionate about achieving a greener footprint together. Our mission is to help everyone create a green oasis and make a difference to our planet and well-being. We care for the environment and are developing more natural and eco-friendly products. Each product carries the message of true harmony, creativity and heritage.

Sustainability in gardening is more of an open book, combining ecological, sociological and economic factors. Look at our garden and ask what we can do to reduce our carbon footprint, reduce irrigation and consume fewer products. Baba preserves and protects natural resources, considering fundamental principles throughout operations such as maintaining vegetation, conserving materials, treating water as a precious resource and valuing soil.

OUR CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development provides a shared blueprint for current and future peace and prosperity for people and the planet. We prioritised our contribution to the Sustainable Development Goals (SDGs) according to our direct and indirect influence on these issues. We selected the relevant SDGs while defining our goals and sustainability roadmap. We are fully committed to these goals and have indicated our contribution in this report.

SUSTAINABILITY GOVERNANCE

Baba is committed to sustainability; this commitment runs throughout the vision, policy and values. Conducting responsible business has always been part of the corporate culture and integrated throughout our operations.

Corporate Vision

- Sustainable Life's Guardian
- Create a sustainable health and beautiful world together.

Business Policy

- One stop solution, a global mind, to green the world.

Core Values

- **Humanistic**ity: Talent nurturing, broad minded & mutual respect, teamwork spirit.
- **Integrity**: Commitment accountability, customer prioritized, society philanthropy.
- **Precision**: Continuous improvement, dynamic enterprising & cost effective, diligent autonomy.
- **Effectivity**: Target management, performance orientated, collective sharing.

Mr Leong Jyh Wen, Chief Visionary Director, believes that environmental sustainability is intrinsically linked with commercial viability. Both elements must be embraced to create an eco-friendly world.

Driven by the Chief Visionary Officer, Baba integrates sustainability throughout every unit. All department heads are responsible for monitoring and evaluating their respective department's processes and compliance with all relevant regulations. Employees are driving sustainability for the business, customers and planet.

LISTENING TO OUR STAKEHOLDERS

Baba's origins signify the harmonious unity of different unique ethnic groups coming together and working as one. Proud of this culture, we continue to nurture this concept in day-to-day operations. We tell our story while listening to all stakeholder groups. This valuable insight helps us understand their views of the Company and sustainability issues to modify our priorities for maximum effect.

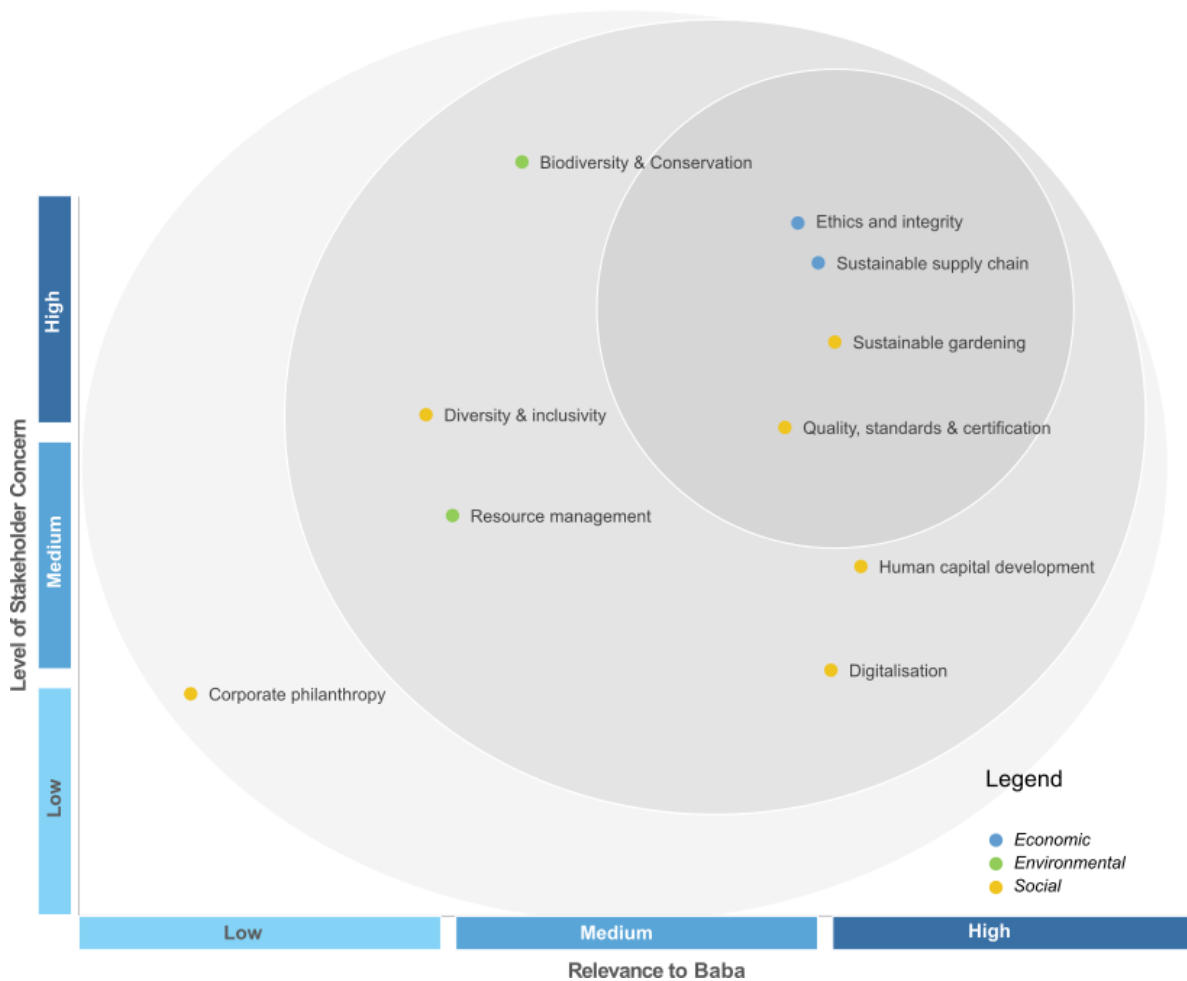
Engagement with Key Stakeholders

Stakeholder Group	Method of Engagement
Customers	<ul style="list-style-type: none"> • Customer Satisfaction Survey • Company website • Customer services via the e-platform and face to face
Employees	<ul style="list-style-type: none"> • Day-to-day operational meetings and other internal communications • Company annual events (dinners and outings) • Yearly performance appraisal • Job rotation
Suppliers	<ul style="list-style-type: none"> • Meetings and business communications • Vendor evaluation and registration • Communication on Baba Group's policy
Regulators	<ul style="list-style-type: none"> • Local statutory compliance • Industry-related initiatives and events • Staying abreast with changes to relevant acts, regulations and SOPs to ensure full compliance
Investors	<ul style="list-style-type: none"> • Company annual reports • AGMs & EGMs • Company website • Investor sharing sessions
Local community	<ul style="list-style-type: none"> • Donations and sponsorships • Social events • Company website • Press releases
Partners (Bankers)	<ul style="list-style-type: none"> • Annual financial reports • Company website • Press releases and business communications

PRIORITISING WHAT MATTER MOST

Baba interacts with several stakeholder groups in conducting its business. All stakeholders can directly and indirectly influence or be affected by Baba's business objectives. Recently, we conducted a materiality review to understand the most critical social, economic and environmental issues for stakeholders and long-term business success. This inclusive process allows us to identify and address concerns and priorities commonly shared by Baba and its stakeholders.

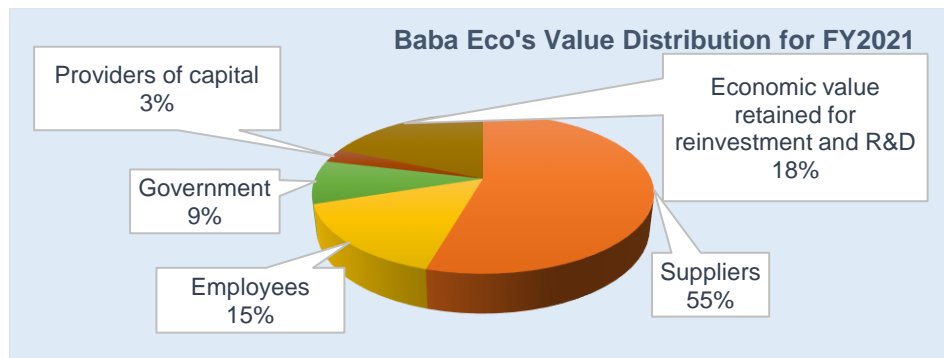
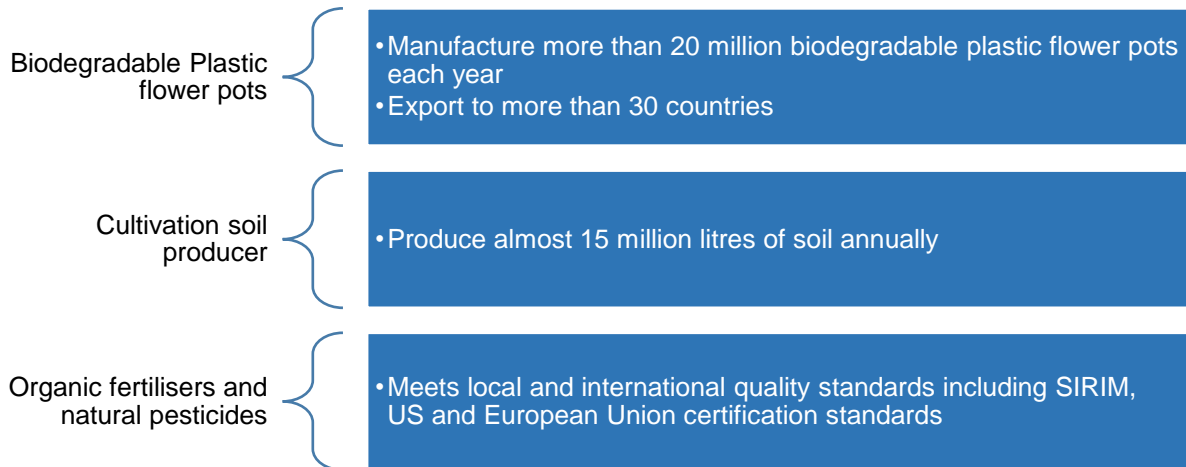
The results of the materiality analysis are presented below.



ECONOMIC

Business benefits and positive social impact must be mutually reinforcing. Protecting the needs and requirements of employees, gardeners and communities are at the core of operations. Customers' needs drive development; their insight is a critical component of the overall business strategy.

FINANCIAL PERFORMANCE AT A GLANCE



EMBEDDING RESILIENCE

Global businesses have been affected by COVID-19. Before it reached Malaysia, we held management meetings, mapped the potential impact on all business processes, and tabled solutions focused on business sustainability.

Revenue was severely affected during the Government's total lockdown in March 2021. Sales quickly resumed once we switched to online channels and ramped up our e-commerce. We also organised virtual educational talks to our dealers to help them stabilise and improve their businesses during the lockdown. We held all sales meetings virtually and introduced various promotions and marketing activities to cushion the impact.

Baba's revenue and profit after tax increased by approximately 53% and 58% in FY2021 from the previous year, despite the pandemic and intermittent lockdowns. We expect the completion of the new factory building adjacent to our existing factory will positively contribute to our Group revenue growth.

SUSTAINABLE SUPPLY CHAIN



Baba is a gardening company that aspires to be the go-to garden supplies company for all gardeners. We never forget that human minds conceptualise our products, innovations and solutions to improve human lives. We work with our supply chain partners and help them support our goals.

This year, we supported more local farmers with vegetable purchases almost doubling from 78 tonnes in 2020 to 150 tonnes in 2021. We are proud of this achievement and set a 10% growth target for 2022. We will invite more organic farmers to join us on our sustainable journey of improving the environment and human well-being. 95% of suppliers were local in 2021; the remaining 5% were materials we cannot source locally, such as naturally-mined rock, peat moss and others.

We perform a supplier performance evaluation annually to measure and monitor supplier performance. Practising active and open communication, we hold regular meetings and visits with supply chain partners. Suppliers can reach out to us through our website, hotline and social media.

ETHICAL BUSINESS CONDUCT



Baba's Code of Conduct and Ethics clearly states the Group's commitment to integrity and transparency. This document is the guardian of Baba's integrity and outlines the expected standards for business conduct. Relationships with all business partners must be based solely on objective criteria, particularly quality, reliability, competitive prices, and compliance with environmental, social, and governance standards.

Offering, giving, requesting, accepting or receiving bribes or facilitation payments are strictly prohibited. Our zero-tolerance of corruption and ethical standards are stated in the Code, contractual terms and other governing documents.

Employees found to have been involved in bribery are subject to disciplinary action that can lead to termination.

Please refer to Baba's Anti-corruption and Bribery Policy and Procedure on Baba's website.

ENVIRONMENT

Baba defines environmental sustainability as responsible interaction with the environment to avoid the depletion or degradation of natural resources and allow for long-term environmental quality.

When we look at the natural environment, we see its remarkable ability to rejuvenate itself and sustain its viability. For example, when a tree falls, it decomposes, adding nutrients to the soil; these nutrients help maintain suitable conditions so future saplings can grow. When nature is left alone, it has a tremendous ability to care for itself. However, this equilibrium is disturbed when humanity depletes many natural resources. Human action can consume natural resources too quickly and compromise long-term viability if we do not adopt environmental sustainability approaches.

Baba has a corporate vision to be 'Sustainable Life's Guardian' – to create a sustainable health and beautiful world together. We pursue the highest compliance standards with environmental regulations and requirements related to our products and operations, controlling the entire process from development and design to delivery. Department heads are responsible for ensuring processes abide by applicable environmental, health and safety legislation.

ENVIRONMENT, THE CORE OF OUR BUSINESS



100% BIODEGRADABLE

According to global statistics, only 3% of plastic products are recycled. The remaining 97% are discarded or buried underground, which causes various adverse environmental impacts.

Baba is the first in the world to produce a full range of 100% biodegradable flower pots that:

- Use a unique plastic formula approved by the international laboratory;
- Have a high biodegradable quality function that can withstand extreme temperatures ranging from -17 °C to 48 °C; and
- Employ SunFine Technology, known for its shock resistance, high durable and UV stabiliser.





Biodegradability

• When placed in a microbial environment, microorganisms break down Baba's biodegradable pots into humus, carbon dioxide and biogas. Like garbage, it can decompose either within an anaerobic (without oxygen and sunlight) or aerobic (with oxygen) environment.



Recyclability

• Baba's biodegradable plant and garden pots can be fully recycled or mixed with existing plastic for recycling.



Product Lifespan

• Baba's biodegradable pots will not decompose while positioned on the shelf or stored in the warehouse. These flower planters require a microbial environment for them to decompose. Our biodegradable flower pots can last for 10 years for indoor use or five years outside.

ORGANIC SOIL

Baba offers organic soil, which stimulates a quality environment for the healthy growth of plants. Baba produces all organic soils according to a unique formula based on the nutrients needed by different plant seedlings. All made-to-order organic soils guarantee freshness.

WHY IS BABA'S SOIL CLASSIFIED AS ORGANIC?

There is no legislation for certifying organic soil in Malaysia. Our organic soil has obtained ISO certification. We also met the specifications from four organic standards on our raw materials:

- IFOAM Basic Standards for Organic Production and Processing.
- USDA NOP
- Council Regulation No. 834/2007, Official Journal of the EU
- China Taiwan Organic Product and Organic Processed Product Certification Standard

The production of our soil complies with IFOAM Basic Standards for Organic Production and Processing.

ORGANIC POTTING MIX COMPOSITION

Ingredients and materials used in our organic potting mix comply with provisions 1.2, 1.7, 1.10, 1.13 and 1.14 of the soil fertility amendment of the China Taiwan Organic Product and Organic Processed Product Certification Standard. According to these provisions, usable components include:

- Composted weeds, fallen leaves, crop residue and other such materials
- Decomposed wood materials (bark, sawdust and wood chips) that have not been chemically or radiationally treated
- Peat or peat moss
- Ground rock phosphate, dolomite and gypsum

- Maifan stone, perlite dust and vermiculite dust
- Coco peat that has not been chemically or radiationally treated

Our organic potting mix also undergoes heavy-metal analysis to comply with the Dutch and United States standards. This analysis ensures heavy metals naturally present in the soil are within the stipulated limits, suitable for home and organic planting and safe for humans and the land.

We conduct testing to check there are no pathogenic microbes harmful to humans and prevent users from catching infectious diseases.

PREVENTING POLLUTION THROUGH OUR ORGANIC FERTILISERS

Synthetic fertilisers kill beneficial microorganisms in the soil that convert dead human and plant remains into nutrient-rich organic matter. Nitrogen and phosphate-based synthetic fertilisers leach into groundwater and increase its toxicity, causing water pollution.

Healthy soil leads to healthy produce. Baba's Mr Ganick natural organic fertiliser series for plants and vegetables complies with strict environmental standards and international laboratories, including:

- TLCP (Toxicity Characteristics Leaching Procedure)
- Chemical Pesticide Residue Report and Pathogenic Bacteria Test (EPA Regulation 503)
- VOCs (Volatile Organic Compounds)
- Biuret Content and Formamide
- American NOP Standard and European Organic Regulation

High-quality organic fertilisers, the product of natural decomposition, make it easy for plants to digest and thrive. Our fertilisers for plants and vegetables provide consistent organic nourishment, improving its rigidity and self-sustainability with a macronutrient ratio of less than 10. The fertilisers will not burn or damage the plant roots as many chemical fertilisers do.

RESOURCE MANAGEMENT






Current environmental challenges such as climate change, energy demand risks, the finite nature of fossil fuels, the scarcity of raw materials and issues associated with the current waste disposal practices encourage businesses to rethink their operations and contribute to sustainable development.

ENERGY

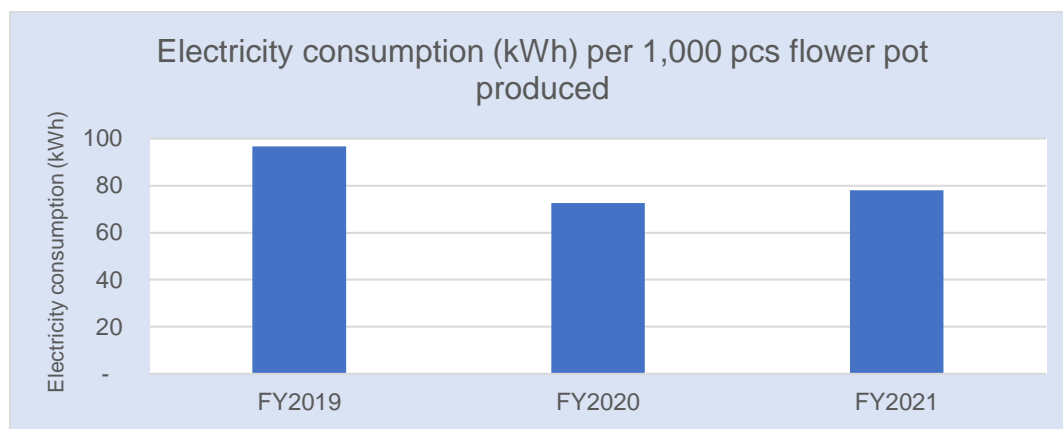


We are committed to the highest environmental management standards and proactively addressing the challenges of climate change. Our goal is to reduce energy intensity every year. Our Finance Team constantly monitors resource consumption and wastage across all factories and offices.

Examples of Energy Reduction Initiatives

 <p>Switching off equipment and machinery that is not in use</p>	 <p>Setting air conditioners at 25 °C for better cooling comfort and higher energy saving</p>	 <p>Establishing a preventative maintenance programme for our heating, venting and air conditioning systems</p>
 <p>Purchasing 'Energy Star' office equipment</p>		 <p>Gradually upgrading hydraulic machines to energy saving machines</p>

Baba's indirect energy consumption is presented below:



RENEWABLE ENERGY



Solar energy, a form of renewable energy, converts the sun's radiation to electricity. It has a minimal negative impact on the environment compared to other energy sources and does not produce greenhouse gases or pollute the water.

We have installed solar panels on the rooftops of our office buildings. Solar energy continues to help reduce the Company's energy consumption. Excess power generated is being sold to TNB. We will continue to study the feasibility of expanding the installation of solar panels to our other buildings as we progressively transition to renewable energy.

A photovoltaic (PV) system tracks the performance of the installed solar panels. This system allows Baba to access and analyse system data remotely in real-time. The monitoring mechanism measures the overall assumption of internal and external energy.

The system reports daily, monthly and yearly historical energy data. The system can detect minor deviations and resolve them quickly. The built-in community portal benchmarks PV system data with other peer users.

Baba's solar energy and its environmental contribution saving are as follows:

Solar Energy Savings and Environmental Contribution

Environmental Contribution	Greenhouse Gas Emissions Savings (Metric tonnes)	Coal Savings (Pounds)	Oil Saving (Barrels)	Carbon Sequestered by Tree Seedlings Grown for 10 Years	
Year	kWh				
2019	42,784	30.3	33,513	70.2	501
2020	52,336	37.1	40,995	85.9	613
2021	50,712	35.9	39,723	83.2	594

PRESERVING BIODIVERSITY



Biodiversity is vital to most aspects of our lives. It refers to the variety of life on Earth at all its levels, from genes to ecosystems, encompassing the evolutionary, ecological and cultural processes that sustain life.

More than simply a collection of plants and animals on Earth, Biodiversity concerns local ecosystems and promotes healthy conditions for organisms to thrive. Baba owns approximately seven acres of preserved land, which hosts many types of flora and fauna.

We have hosted many programmes on this preserved land. BABA Study & Research Organic Farm has organised 219 events to date and impacted 11,513 participants. The programme works in partnerships with scientists, governments, non-governmental organisations and industry to address the most critical conservation problems worldwide. The key achievements include:

- Assisting agricultural producers, who were previously using chemical fertilisers, to switch to organic alternatives to restore the Earth's vitality; and
- Raising awareness of organic farming, including its benefits to the environment and personal health.



WASTE MANAGEMENT



Baba works with its supply chain partners to reduce excess waste entering the waste stream, addressing the problem at its source. A licensed third-party waste handler collects and disposes of all waste at a place designated by the local authority each week.

ADVOCACY FOR BETTER RECYCLING

Plastic waste is one of the main types of waste we produce. We advocate recycling and design bags to encourage consumers to follow the Reduce, Reuse and Recycle methodologies. Our plastic bags and bottles used for product packaging are recyclable.

Other recyclable wastes such as cartons, material bags and stretch films are collected at a designated recycling corner and managed by a licensed contractor.

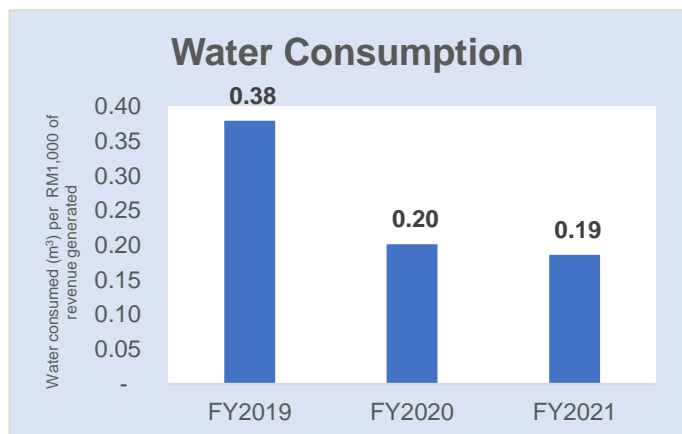
Used oils such as hydraulic fluids can pollute the environment if not recycled or disposed of properly. In Malaysia, the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005 classifies waste oil as scheduled waste. Baba engaged a consultant to study the quality of our hydraulic oil before disposal. Used oil, which is still within acceptable quality, is refined into lubricants, processed into fuel oils and used for other machines parts. Department of Environment licenced contractors dispose of any used oil that cannot be reused safely.

WATER MANAGEMENT



Water is a precious substance that is often taken for granted. Approximately 30% of domestic water use comes from flushing toilets, which may use more water than is necessary. Typically, a full flush consumes about six litres. If the average person flushes five times per day, a considerable volume of municipal potable water is wasted unnecessarily.

We save many litres of water each day by placing plastic bottles in the cistern to substantially reduce the volume of water. These bottles are filled with sand to weigh them down. Each flush saves 1.37 litres of water, the equivalent of 5,700 litres of water each month. Our water consumption is presented in the adjacent chart.



LABOUR PRACTICES AND DECENT WORK

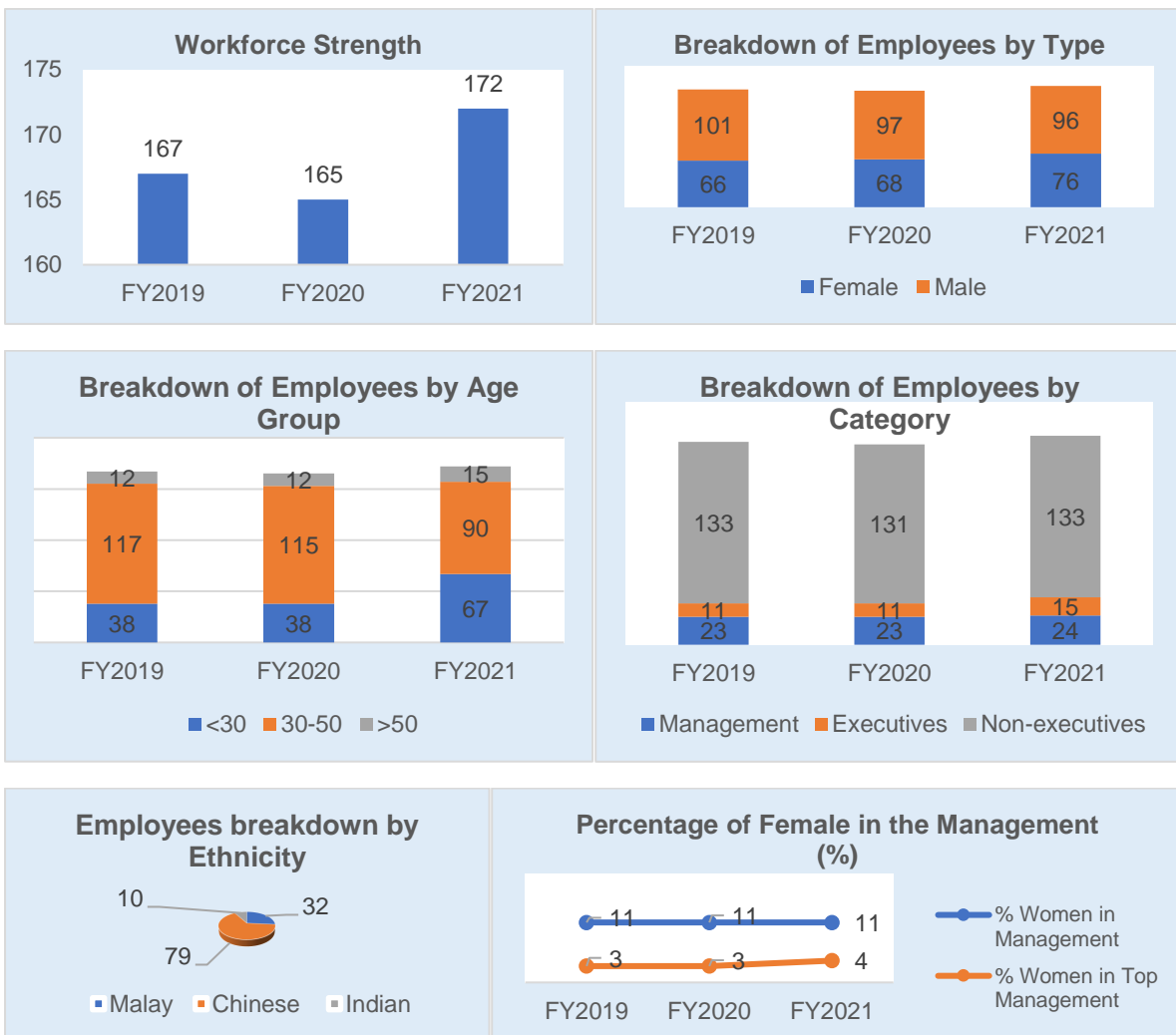


Baba is a uniquely Malaysian ethnicity born of cultural fusion. With this origin, Baba is committed to employment policies that provide and promote equal opportunities for all employees. We maintain a tolerant workforce that respects inclusion and the dignity of all staff. As of FY2021, we have 172 employees from balanced backgrounds.

A DIVERSE FAMILY



Diversity in our workplace is an asset for both businesses and employees. It fosters innovation, creativity and empathy in ways that homogeneous environments seldom do. The Baba family represents Malaysia's three major ethnic groups: Malays, Indians and Chinese. The team works together seamlessly, producing excellent quality products. Baba's inclusive culture makes employees feel valued and proud.



NON-DISCRIMINATION

Baba is committed to a workforce free of harassment and unlawful discrimination.

All employees are treated equally and fairly regardless of:

• race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, covered veteran status, protected genetic information or marital status.

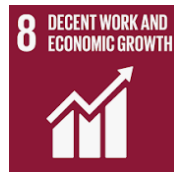
All employees are protected in:

• Hiring and employment practices such as wages, promotions, rewards and access to training.

EQUALITY IN RECRUITMENT

Baba adheres to local labour laws during recruitment, with a preference for hiring locally. However, diverse talent and expertise are essential for an ever-expanding international customer base. Baba sources these talents and expertise internationally when unavailable locally.

SALARY AND BENEFITS




Baba's reasonable salary policies are fair and reasonable. The principle of equal pay for equal work is also recognised, provided the basic terms are the same.


Employees' wages comply with all applicable Malaysian laws such as working hours, minimum living wages, overtime hours and legally mandated benefits. Baba compensates workers for overtime at pay rates higher than the stated regular hourly rates in compliance with Malaysian law.


Baba gives employees a share in the Company's profits based on annual earnings. This scheme boosts employees' guaranteed salaries and helps them afford a more comfortable living, representing an additional 20% to 30% of their base salary.


Despite our physical operations being closed for business, Baba did not resort to pay cuts or retrenchment throughout the pandemic.


How COVID-19 Affected Employee Benefits

 Employees' salaries were not affected throughout the Movement Control Order (MCO) period.

 Employees continued to receive their incentives and bonuses during FY2021.

 No additional cost burden shifted to employees due to COVID-19 SOPs.

 Employees' RTK and PCR tests were at Baba's expense.

 Additional PPE such as face masks, face shields and self-test kits are provided to all employees.

SAFETY AND HEALTH



Keeping employees safe and healthy also has a direct positive impact on productivity, quality and engagement, contributing to business competitiveness and prosperity of society.

Baba communicates environmental, health and safety updates, shares best practices and recognises best behaviours to inspire employees to make informed health and safety decisions.

Baba's Safety and Health Committee, headed by Group General Manager, consists of employer and employee representatives. The Committee, which meets every month, is responsible for addressing workplace safety and health issues.

Baba has recently engaged an external consultant to establish a firm Environmental, Safety and Health (ESH) system which includes the following elements:

- Legal compliance
- Establishing and reviewing the documentation
- Hazard identification, risk assessment and risk control (HIRARC)
- Chemical management
- Noise risk management
- Scheduled waste management
- Safe work procedure for pandemic management
- Safety training

The Company conducts regular safety training for its employees. Most of the safety programmes scheduled for the past two years were postponed due to the pandemic. However, factory sanitation, COVID-19 RTK testing and annual health screening went ahead as planned.

In recent years, Baba has experienced no significant injuries, accidents, or incidences at its operations.

HEALTHY MIND AND SOUL

As we enter the second year of the COVID-19 pandemic, national lockdowns took their toll. With limited social contact and far-from-ideal home-working conditions, many people struggle to cope with the new realities of daily life. Improving mental health in the workplace has since become top of the corporate agenda. Baba holds virtual meetings and catch-up sessions to stay connected with its employees. Examples of virtual sessions held included a virtual Christmas party and festive celebrations.







BABA'S PLANNING AND RESPONSE TO COVID-19

COVID-19 was a central focus of our occupational safety and emergency response efforts for the past two years. Baba prioritised the safety of its workforce, their families and local communities in responding to this crisis.

Baba introduced a range of health and safety measures based on:

- Guidance from the health authorities; and
- Ongoing engagement with various medical experts, industry peers and local communities.

Protecting Stakeholders From COVID-19

 <p>Introduced testing protocols, hand hygiene requirements, face masks, social distancing, enhanced cleaning procedures and travel restrictions for field workers and others who were unable to work remotely</p>	 <p>Equipped all employees dealing with vegetables with full PPE</p>
 <p>Reconfigured plant layouts to allow social distancing</p>	 <p>Implemented zoning to segregate different areas to prevent infections from spreading across departments.</p>
 <p>Disinfected all workers' dormitories and premises including the office, toilets, canteen and buses as per local authority regulations</p>	 <p>Checked all workers' temperatures before entering their workplaces and dormitories.</p>

Baba will closely follow the recommended safety measures from the World Health Organisation (WHO) and local governments and promptly update its procedures as necessary.

INVESTING IN OUR TALENT



Baba is fully committed to empowering its talent at all levels and aims to offer opportunities for employees to grow and develop successful careers within the Company. We promote employees' professional development by encouraging them to participate in approved conferences, seminars, and training courses. Our book discussion club also complements job and skill-related training. Employees may benefit in many ways, such as improved mindsets and intellectual thinking, enhancing relationships among employees' personal and professional relationships.

All recent training programmes were held virtually due to the pandemic. Every employee is provided with a personal computer to minimise disruption to their work even during the work-from-home arrangements.

SOCIETY



As a corporate citizen, Baba recognises the importance of coexisting with the community and thinking about what we can do for society as a company. Baba's community activities contribute

to the betterment of society. As our operations involve a wide range of communities, establishing long-term relationships is vital so we can contribute to their development.

We have formulated a policy on social contribution activities and carried out various activities across business operations. We donate to non-profit organisations and charitable funds, such as Pertubuhan Hemodialysis Seberang Perai Selatan, Penang, a community mosque and COVID-19-related relief projects.

POWER IN SEEDS

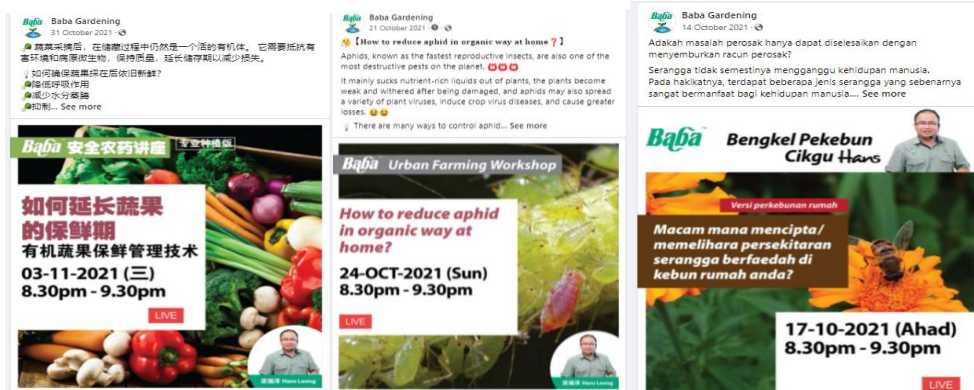
In 2021, we held the "Baba Garden Balsam Caring Programme" with the slogan "We Will Always Be With You". This programme involved providing the Garden Balsam package free of charge upon request. Baba distributed around 10,000 packages to the community through this programme.

WHY GARDEN BALSAM?

Garden balsam is a frost-tender annual in the Balsaminaceae (impatens) family. Each flower has male and female organs that insects pollinate. Seeds inadvertently spread as the capsules burst open, spreading the seed away from the plant. Its self-seeding reminds people that they are not alone and we are always here to get through this pandemic crisis.

FREE VIRTUAL ORGANIC FARMING CLASSES

We also held free virtual organic farming classes on our social media page, Baba Gardening Facebook. These classes educated the community on organic pest management and control, raising fruits and vegetables sustainably, including caring for and regenerating soil, air and water. We delivered 69 free organic farming classes during the year.



HELP MALAYSIA ORGANIC GROW (HMOG)

"The land that we bestow is our children's future."

Climate change, uncontrolled development and the extensive use of chemical fertilisers and pesticides have caused various natural disasters and diseases that deeply affect our health and living environment.

In 2015, we launched the "Help Malaysia Organic Grow (HMOG)" campaign to promote responsible and sustainable gardening through various environmentally friendly and organic educational activities. This programme aimed to raise awareness of generating sustainable circulation, protecting the Earth environment and safeguarding people's health for farmers, retailers and consumers.

BABA STUDY AND RESEARCH FARM

The majority of the seven acres of land in our Study and Research Farm is dedicated to the educational field. We welcome visits from schools, working professionals and community groups for ecological exposure and education. On average, we host 21 visits with 880 visitors annually. However, due to the pandemic, only one visit occurred in 2021.



The remaining land is used for organic planting, employing different organic methods to grow plants and reduce pests.

BOOSTING ORGANIC CERTIFICATION



We donate 0.5% of our domestic sales to the HMOG Fund. We raised a total of RM277,580 in 2021. This fund helps farmers obtain Earth Tag Certification, gardening nursery centres get Earth Tag Eco Nursery Certification and plant growers achieve Eco-Care Potted Plant certification.

In 2021, we subsidised 29 organic farmers, seven eco-gardening nursery centres and one eco-care plant grower for RM78,241.

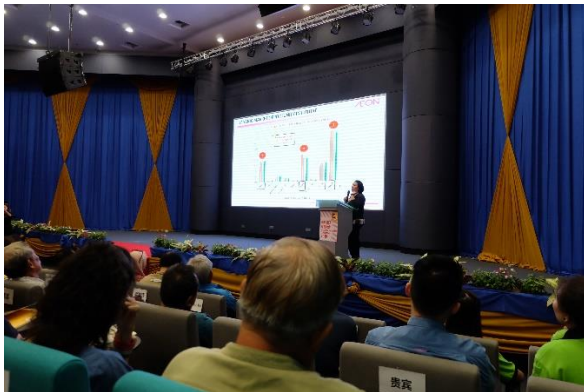
Earth Tag is a member of The International Federation of Organic Agriculture (IFOAM) Family Standards. We will continue to advocate organic gardening through our membership in this industry organisation. Please look for more information about Earth Tag at www.earthtag.com.my

MALAYSIA ORGANIC CONFERENCE

Baba organises Malaysia Organic Conference once every two years. These social welfare conferences aimed to kickstart friendly farming practices and upgrade the eco-friendly agricultural value chain. Participants attending the conferences comprised farmers, entrepreneurs, retailers, farmers' organisations and tertiary educational institutes.



The 1st Malaysia Organic Conference in 2017 was based on the theme, "The Development and Future of The Local Food Farming Industry".



The 2nd Malaysia Organic Conference in 2019 was based on the theme "Upgrading in Eco-Friendly Agricultural Value Chain".

We could not physically organise the 3rd Malaysia Organic Conference this year due to the COVID-19 pandemic. Baba opted to run this conference virtually for nine consecutive days from 18 February 2022 to 28 February 2022.

SCHOOL LANDCARE FARMING CAMP

Baba organised its first School Landcare Farming Camp in 2017, which is now an annual event. This two-day, one-night camp caters mainly to teachers from all around Malaysia. The participants learn new ways of managing a farm and from knowledge sharing sessions on environmental protection awareness. Working with schools and farming programmes will allow teachers to educate our young children and students on environmental protection awareness and cherish the Earth's resources. Unfortunately, due to COVID-19, we could not run the Farming Camp for 2020 and 2021. Nevertheless, Baba is committed to holding the School Landcare Farming Camp once the COVID-19 pandemic ends.



PRODUCT RESPONSIBILITY

The products we offer to gardeners, consumers and retailers are highly regulated and controlled by local and national authorities. They undergo complex and thorough approval processes for safety and efficiency. Baba goes beyond the legal requirements linked to production use and marketing.

During product development, health, safety, environmental and regulatory issues are incorporated as an integral part of the product development process. We invest heavily in designing and developing products and processes that do not use hazardous substances while keeping toxic by-products to a minimum.

RESPONSIBLE PRODUCTION, RESPONSIBLE CONSUMPTION



In 2021, we established a vegetable processing centre at our Baba Study and Research Farm to carry out Rapid Pesticide Residue tests on our organic vegetables before they are delivered to end consumers. In Malaysia, we are the first to test 100% of our organic vegetables to ensure that all produce sold to end consumers is safe.



GOING DIGITAL

We will look back on 2020 as the catalyst for future change. No industry has seen unprecedented and unforeseen growth like digital and e-commerce, which boomed amid the COVID-19 crisis.

Before the national lockdowns in March 2020, we predicted that consumers would increasingly "go digital". The team worked together to speed up a digital transition by expanding our e-commerce. E-commerce has provided customers with access to various products from the convenience and safety of their homes. It has enabled us to continue operating despite contact restrictions and other confinement measures.

In FY2021, our online revenue rose by 122%. This trend will likely continue once the pandemic subsides. Baba will continue to study its consumer preference and commit to delivering excellent products while protecting public health.

To prepare Baba for industry 4.0, we have invested in industrial digitalisation projects such as an Overall Equipment Effectiveness ("OEE") system and dashboard on our production floor, which can deliver visualisation, insight and reporting in real-time. We are also leveraging Microsoft Teams to improve communication and collaboration among employees in Baba.

QUALITY AND SATISFACTION

Our (i) Design and Manufacturing of Plastic Injection Moulding Products (ii) Development and Manufacturing of Planting Media have been certified with ISO 9001:2015 since 2018

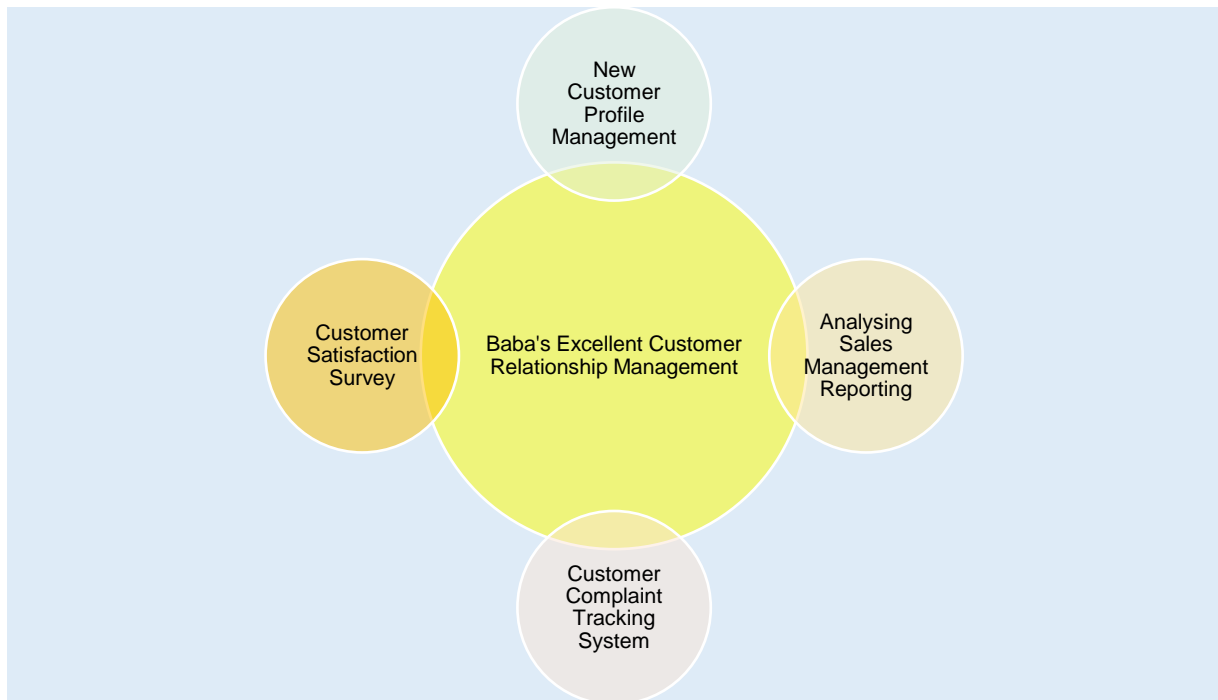
Our business success depends on fulfilling our customers' and gardeners' requirements. The millions of people who buy our products throughout the year are free to choose other brands available in the market. Quality assurance and quality control are our core approaches to manufacturing gardening products.

Baba's basic consumer value proposition is that people can fully trust the quality and safety of its products as soon as they purchase them. Baba follows quality KPIs through quality reviews, detailed statistical analyses and tailor-made business functions to enable real-time performance management. All incoming materials undergo strict sampling and inspection; the entire batch is returned to the supplier if defects are detected. Baba benchmarks and evaluates supplier relationships to deliver continuous quality and service improvements.

We have steadfast standards of reliability, efficiency and safety. Our brand names cannot go on the package of our gardening products until our own or acquired factories meet a standardised, detailed and rigorous set of requirements. We verify these extensive, formalised procedures and standards that typically exceed the legal requirements.

An essential part of continuous improvement involves learning from problems when they arise. We carry out In Process Quality Checking (IPQC) during production. A Quality Control Inspector performs random inspections and sampling. We recall products internally if errors are identified in the factory before distribution as a part of the production process efficiency. Baba has never had to recall goods publicly because of a mistake or problem.

CUSTOMER RELATIONSHIP MANAGEMENT



Delivering high-quality service is key to sustainable competitive advantage in the current environment.

Satisfying customer requirements and achieving excellence in customer relationship management are top priorities. Baba systemised its customer service regulations and processes to ensure service quality consistency. These processes help us provide high-quality customer services, create value for customers and maximise profits. We continue to support customers in technical, environmental and economic aspects.

CUSTOMER SATISFACTION

Clearly understanding customer requirements and expectations drive continuous improvement. Baba conducts an annual customer survey and uses the results for reviewing its internal performance evaluations. Our annual customer survey scores have steadily increased from 84% in 2020 to 86% in 2021.

CUSTOMER COMPLAINTS

Establishing a customer complaints management process has improved the efficiency of the response process for customer complaints and customer satisfaction. Customers' experiencing a quality issue, or having complaints or questions, can communicate through the customer complaints channel. Baba investigates all complaints rigorously and takes remedial action if necessary. Our investigative guidelines, best practices and escalation procedures support markets. We have earned the trust of gardeners, customers, retailers and stakeholders by providing safe, quality and reliable products.