

# CORPORATE SUSTAINABILITY REPORT 2017

What is corporate sustainability and why is it important for business organisations to practise sustainability?

Corporate sustainability is described as an approach by organisations to create long-term stakeholder value by implementing a business plan that considers every aspect of how a company operates in the ethical, social, environmental, cultural, and economic spheres.

In a world characterised by rapid industrialisation and indiscriminate use of scarce resources leading to gross destruction of the environment, it is crucial that responsible government and corporations practise sustainable development so that future generations can continue to use and benefit from earth's natural resources.

For the GDEX Group, corporate sustainability involves formulating strategies that fosters sustainable use of scarce resources and the adoption of responsible business practices that include good governance, clear transparency and proper employee development.

In our day-to-day operations, and in our dealings with customers, employees, investors and business partners, we must act with integrity and honesty. This is an integral and fundamental part of corporate sustainability that the management practises and that our stakeholders have come to expect of us, as we strive to deliver long term profitability.

This report provides an insight into our focus areas and core activities related to sustainability and corporate responsibility.





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## GDEX SUSTAINABILITY INITIATIVES

It is GDEX's belief that the viability of its long term business lies not in the all-out pursuit of short term gains but in developing and formulating policies that internalise and improve its commitment for responsible business practices and corporate sustainability.

Based on guidelines set by Bursa Malaysia and the highly competitive nature of the express carrier industry, GDEX has evolved its business and corporate sustainability policies based on four key pillars, that is The Economy, The People, The Community and The Environment.



### I. THE ECONOMY

As a leading express delivery service organisation, GDEX operates in an environment that is not only highly competitive but is subject to the vagaries of an uncertain world order that is constantly being influenced by changing economical, geo-political, trade and social forces.

While some forces may bring positive results, there are many that are negative and often generate disorder and chaos to the industry. GDEX has to remain flexible and be able to change and flow with the times. We need to constantly assess and re-evaluate the marketplace, adapting to new ideas and new technologies to stay ahead of the competition.

We also need to continuously improve and strengthen the quality and quantity of our workforce in preparation for continued and sustained growth in the region.

The Economy, which comprises The Marketplace, is thus an important pillar in our quest for corporate sustainability.

#### The Marketplace

The marketplace is the place where we conduct our business, develop new ideas and products to retain existing customers and attract new ones. It is also the place where we raise funds to grow the business, and work with the authorities to strengthen the industry. GDEX continues to focus on the following areas to ensure its business sustainability:

- **Customers**

We continually upgrade and refine our courier and logistics services to give customers a better express delivery service experience. We believe in delivering more than our customers expectations in terms of availability, reliability and convenience of service. For us, there is always room for improvement in our delivery services. During the year, we opened many new point of sales outlets to enable customers to reach us easily. To date, we have more than 240 stations which include branches, affiliate, agents, contractors, lodge-in centers and resellers.

We also improved customer experience by enhancing our service offerings to reach a wider market segment, such as Online Pick-up System, E-Payment Gateway, Systems Integration and better insurance coverage.

The acquisition of a 30 per cent stake in Web Bytes Sdn Bhd, a cloud-based software solutions provider will further enhance our IT capabilities and infrastructure.

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Demand for comprehensive logistical and warehousing services has increased due to the preponderance of E-commerce business. Accordingly, we have strengthened our customised logistics solutions division with more resources to build capacity.

- **Suppliers, Vendors and Business Partners**

As our business grows, our suppliers, vendors and business partners need to ensure the continued and regular supply of goods and services vital to the running of our operations. They also need to update us on the latest improvements and technical innovations that enable us to keep abreast of the industry. For instance, our vehicle vendors must provide us with regular updates on latest technological advancements in truck safety, carbon emissions and low fuel consumption.

In line with our procurement policies, we enforce strict criteria in the selection and evaluation of our suppliers, vendors, agents and contractors to ensure they meet and comply with ISO Certification quality standards. We also conduct supplier evaluation exercise on a yearly basis to ensure suppliers meet the quality standards.

- **Government and Regulator**

Through the Association of Malaysian Express Carriers (AMEC), we are in constant and active engagement with the regulatory authorities to fine-

tune the long-term development of the express carrier industry, particularly in areas of road safety and education. Our officials, representing AMEC, attend regular meetings with the authorities, especially the Malaysian Communications and Multimedia Commission, to give inputs into the training and building of skills set to enhance the human resource aspect of the industry.

On our own, we also liaised closely with the various regulatory bodies in matters concerning our own activities and development. We worked with the Road Transport Department (JPJ), Safety and Health Regulators (DOSH) and Malaysian Institute of Road Safety Research (MIROS) as well as the Traffic Police Department when we host our annual GDEX Driving Competition and other road safety campaigns.

- **Stakeholders and Investors**

The trust and confidence of our shareholders is of paramount interest to us. As such, we ensure that the group is managed in a responsible, transparent and profitable manner with the required corporate governance and internal controls in place. We will ensure there is continued and sustainable growth, with consistent dividend to reward shareholders and attract potential investors.

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Shareholders and potential investors are kept informed of latest developments through its investor relations website and official publications like the annual report, and announcement of quarterly results and other important corporate announcements. We also organise regular briefings for investment analysts, including one-

on-one meetings to update their knowledge and understanding of the Group.

As part of Bursa Malaysia requirements, we are required to announce quarterly financial results and present an Annual Report for shareholders' approval at an Annual General Meeting.

STAKEHOLDER	KEY ENGAGEMENT AREA	METHOD OF ENGAGEMENT
<b>THE ECONOMY: The Marketplace</b>		
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Service Satisfaction</li> <li>• Innovative Offerings</li> <li>• Security Protection</li> <li>• Customer Service Profit</li> <li>• Customer Appreciation</li> </ul>	<ul style="list-style-type: none"> <li>• Point of sales, branches, agents, resellers, lodge-in centres</li> <li>• On-line pick-up, e-payment gateway</li> <li>• Customer Survey</li> <li>• Feedback on GDEX Website, Facebook &amp; Twitter</li> <li>• Enhanced Liability Coverage</li> <li>• Marketing Campaigns/Promotions</li> <li>• Events Sponsorship (MIA conference, festive customer appreciation)</li> <li>• After Sales Service</li> </ul>
<b>Suppliers, Vendors &amp; Business Partners</b>	<ul style="list-style-type: none"> <li>• Supplier Evaluation</li> <li>• Integrators Collaboration</li> <li>• Agents &amp; Contractors</li> <li>• Suppliers Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with ISO Standards</li> <li>• Yearly supplier evaluation</li> <li>• Agent workshop</li> <li>• Co-load for international delivery</li> <li>• Visitation to Suppliers Factories/Plants</li> </ul>
<b>Government &amp; Regulator</b>	<ul style="list-style-type: none"> <li>• Licensing</li> <li>• Courier Industry Development Plan</li> <li>• Courier Industry Rules &amp; Regulations</li> <li>• Courier Industry Code of Practice</li> <li>• Personal Data Protection Act 2010</li> <li>• Goods and Services Tax</li> <li>• E-commerce Development Plan</li> <li>• Safety and Health Campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Seminar/conference</li> <li>• Participation through AMEC with MCMC</li> <li>• Customer Awareness through website</li> <li>• Staff awareness through seminar &amp; training</li> <li>• Participation with MITI and MDEC</li> <li>• Visitation to Government Agencies</li> <li>• Participation with DOSH, JPJ, MIROS, PDRM, JKJR (Jabatan Keselamatan Jalan Raya).</li> </ul>
<b>Stakeholders &amp; Investors</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Shareholders' Interests</li> <li>• Investor Relations</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Announcements to Bursa Malaysia</li> <li>• Annual General Meeting and Extraordinary General Meeting</li> <li>• Dividends</li> <li>• Investor Relations Website</li> <li>• Analyst briefing and roadshows</li> </ul>

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## II. THE PEOPLE

### The Workplace

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

The workplace is thus a very important element in our drive for corporate sustainability. Through the workplace, we develop our human capital, strengthen teamwork and build loyalty among our employees. It is where we nurture and develop our people to enable them to handle their responsibilities in an effective and efficient manner. We ensure that our workforce remains committed and motivated.

### • Training

We provide regular and structured training to all levels of staff, from incoming recruits to front-line service staff, couriers, drivers, supervisors, right up to middle and senior executives. Our Pembangunan Sumber Manusia Berhad (PSMB) certified trainer plans regular and rigorous training programmes that enhance the professional as well as personal skills and knowledge of our employees.

Our Multimedia Remote Learning (MMRL) programme, launched in 2011, is constantly improved and updated to ensure our training modules are current and relevant to the industry. The MMRL programme enables our training to reach different parts of the country.

### • Network Conference & Teambuilding

Every year we organise a Network Conference where executives, from supervisor level onwards from all over the country, converged for a time of sharing and bonding. This conference provides management with the opportunity to brief the participants on the Group's activities, operational performance and targets.



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Apart from the network conference, we also affirmed our people with activities like team-building and educational workshops to build their skills and confidence. Twice a year, the management organised a 3-day teambuilding workshop where executives from various departments get together for activities that foster team-spirit and creativity.

We also organised events like festive dinners, long service award ceremonies to recognise the efforts and hard work of our people, as well as foster family spirit and a sense of belonging to the Group.

- **Safety, Health and Security**

We never compromise on the safety and health of our employees in the workplace. We have a Safety and Health Committee that looks into the safety and health aspects of our employees. We continue to introduce new safety measures to minimise accidents at the workplace. Our staff also participated in other safety activities such as fire drills and defensive driving for the drivers. We organised an annual Road Safety Championship whereby our motor-cycle couriers and truck drivers compete to show their knowledge of road safety and driving skills. This annual event is endorsed by Jabatan Pengangkutan Jalan (JPJ), Malaysian Institute of Road Safety Research (MIROS) and Traffic Police Department.

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We are also committed to maintaining a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal or external conditions. Surveillance cameras are placed in strategic locations to deter such disruptive forces. We also employ external security force to provide 24-hour security services for the entire premises.



STAKEHOLDER	KEY ENGAGEMENT AREA	METHOD OF ENGAGEMENT
<b>THE PEOPLE: The Workplace</b>		
<b>Employee</b>	<ul style="list-style-type: none"> <li>• Human Capital Development</li> <li>• Corporate Headquarters &amp; Network Branches</li> <li>• Health &amp; Wellness</li> <li>• Safety &amp; Security</li> </ul>	<ul style="list-style-type: none"> <li>• Staff Training</li> <li>• Teambuilding activities</li> <li>• Staff Assistance Scheme</li> <li>• Weekly operational briefings</li> <li>• Corporate Events</li> <li>• Network Conference</li> <li>• Quarterly newsletter</li> <li>• Hotel &amp; Accommodation</li> <li>• Shuttle Bus service</li> <li>• Driving Competition</li> <li>• Fire Drills</li> <li>• Operational Safety and Health Committee</li> </ul>



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## III. THE COMMUNITY

As an organisation that strives to connect communities through our daily delivery operations, we feel it is important to reach out and give something back to the community. We continuously engage the Community through various social and educational activities. The GDEX Blood Donation Drive, now in its twelfth year running, has gained traction among the public and neighbouring companies. Many workers in nearby factories have expressed interest to participate in our blood donation campaign as they too want to donate blood.

As part of our social and humanitarian programme, our CSR team conduct visits to orphanages, handicapped homes and other marginalised communities.

We also believe in the adage, “charity begins at home”. In particular, the management is always sympathetic to staff in their time of need and we provide financial aid for those who require funding for medical treatment, school stationery and pocket money for their school-going children.

We continue with our internship programme to provide students with an opportunity to work with GDEX during their semester breaks. For those who choose to stay on, we have introduced an Apprentice Scheme whereby the “student” will specialise in a particular section until he becomes an “expert”, thus increasing the chances of employment prospects.

We created a GDEX Foundation to provide for welfare of the poor, needy and under-privileged, & protection of environment.



STAKEHOLDER	KEY ENGAGEMENT AREA	METHOD OF ENGAGEMENT
<b>THE COMMUNITY</b>		
	<ul style="list-style-type: none"> <li>• CSR Involvement</li> <li>• Education</li> <li>• Community Support &amp; Development</li> <li>• GDEX Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Blood Donation</li> <li>• Donation to orphanage, Orang Asli community, Old Folks Home</li> <li>• Aid for disaster relief (east coast flood, Nepal earthquake)</li> <li>• Internship programme</li> <li>• Fund for welfare of the poor, needy and under-privileged, &amp; protection of environment</li> </ul>

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## IV. THE ENVIRONMENT

As the fourth pillar in our corporate sustainability model, we place equal importance in ensuring the environment where we work and play is not compromised or abused by indiscriminate actions.

- **Carbon Emission**

Carbon Emission is a major challenge in many developed countries with industries and motor-vehicles causing serious pollution to air-quality.

With more than 800 line-haul and delivery trucks on the road daily, GDEX strives to reduce carbon emission by ensuring its vehicle fleet is well-serviced and maintained. We have embarked on a long term strategy to replace our aging vehicle fleet with trucks that consume less fuel and emit less carbon.

Our new 40 footer prime movers, for instance, are designed with the latest fuel saving and carbon emission reduction technology. Not only do they carry huge amounts of shipments (equivalent to 20 tonnes), they are able to travel more than one million kilometers without having to overhaul their engines, thus ensuring considerable savings in fuel, service and maintenance.



- **Vehicle Maintenance**

The risk of costly and time-consuming vehicle breakdowns is ever present, given the large number of our vehicles on the road. To mitigate this problem, we have our own vehicle maintenance well equipped with the proper tools and well-trained mechanics to service and maintain our trucks regularly. This department has a strict vehicle maintenance schedule that ensures all trucks leaving the GDEX premises are road-worthy.

We have also created a purposed-built waste disposal shed where all petroleum and lubricant waste are stored and systematic disposed according to a scheduled waste disposal programme.



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• **Environmental Management System**

We continue to fine-tune and enhance the integration of our ISO 14001:2004 Environmental Management System with our ISO 9001:2008 Quality Management System. These systems which enabled us to strengthen our environment-friendly activities in areas of waste disposal and reduction of carbon emissions have been upgraded to ISO 14001:2015 and ISO 9001:2015 respectively.

Our 3R (Reduce, Reuse and Recycle) initiatives are constantly being improved and upgraded. Our staff are encouraged to minimise the use of paper by going on-line, and are also constantly being reminded to switch off all electrical appliances when it is not in use. Similarly, all our delivery truck drivers are required to switch off the truck engines during breaks to reduce idling time. All these initiatives have resulted in significant cost savings in electricity, fuel and stationery.

STAKEHOLDER	KEY ENGAGEMENT AREA	METHOD OF ENGAGEMENT
<b>THE ENVIRONMENT</b>		
	<ul style="list-style-type: none"> <li>• Carbon Emission</li> <li>• Proper Maintenance of Vehicles</li> <li>• Scheduled Waste Disposal</li> <li>• 3R (Reduce, Reuse, Recycle)</li> <li>• ISO Certification</li> </ul>	<ul style="list-style-type: none"> <li>• Adopting latest fuel &amp; carbon emission technology</li> <li>• Repair and maintenance workshop</li> <li>• Purpose – build waste disposal shed</li> <li>• ISO 9001:2015 (Quality Management System)</li> <li>• ISO 14000:2015 (Environmental Management System)</li> </ul>