

Communication on Progress

**Implementing UN Global Compact Principles
in the QI Group**



To our Stakeholders:

I am pleased to confirm that QI Group reaffirms its support of the Ten Principles of the United Nations Global Compact.

We will continue to promote and enforce all these Principles and to advance the broader United Nations Sustainable Development Goals (UNSDGs).

In this annual Communication on Progress, we describe our actions to continuously improve the integration of the UN Global Compact and its Principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Yours faithfully,

Kunaseelan Senathirajah
Group Managing Director

1. Human Rights Principles

QI Group is committed to ensuring that all our employees, business partners and customers respect the Universal Declaration of Human Rights. Based on our commitment, we have set up Standards of Conduct and guidelines to make our position clear to all our employees, suppliers and customers.

QI Group strongly believes that everyone has the right to a better life and education. Through the RYTHM Foundation, the QI Group Social Impact Initiative, we invest in the communities in which we operate, through strategic partnerships, employee volunteering and community service.

An acronym for “Raise Yourself To Help Mankind”, RYTHM, is the corporate heartbeat of the QI Group. The RYTHM Foundation’s core values are built on the principles of empowerment, volunteerism and resilience. Our vision is to empower lives and transform communities. We bring forth sustainable developments to the communities we serve, while being mindful and respectful towards the environment.

RYTHM Foundation strives to enforce the QI Group’s aspirations and responsibility in playing a pivotal role in achieving the UN Sustainable Development Goals (SDGs). All projects supported by the Foundation are designed within the framework of three focus areas and contribute to various interrelated SDGs: Education for All, Gender Equality and Sustainable Community Development.

1. Education for All

We believe that education is a catalyst for social and economic transformation. We educate our children, we provide them with the tools to not only analyze challenges facing society, but also to uplift themselves and rise above their limitations.

Over the years, QI Group through the RYTHM Foundation has invested in projects that provide access to education to some of the most underserved communities in the world. The Foundation has provided scholarships, funded school programs, sponsored computer labs, educational supplies and infrastructures in several developing countries. We recognize that education is the greatest equalizer in the history of modern society, and we strive to contribute towards the promotion of an inclusive and equitable society.

Objectives to be achieved	Inputs/Resources	Outcome indicators	Impact
1. Build and upgrade education facilities that provide safe and effective learning environment for the poorer segment of the population.	Education materials, learning space, infrastructures.	Number of education facilities built, refurbished and equipped with basic needs.	Enhance academic and creative literacy among the rural communities and poorer segment of the population.
2. Provide access to safe, equitable and affordable early childhood education to the most needy children,	Addressing basic needs of educations centers – nutritional meals, clean water and sanitation and transport facilities.	Number of Early Childhood programs and facilities established among rural communities.	

<p>equipped with basic facilities (water, sanitation, nutritional meals, and space to explore their creativity).</p> <p>3. Ensure quality education and lifelong learning opportunities to poorer segment of population inclusive of boys, girls, women, men and persons with disabilities.</p> <p>4. Invest in capacity building initiatives for teachers and service providers to be able to provide state of art learning programs to the learners.</p>	<p>Safe environment that enhances the creativity of the youth (i.e. playground).</p>	<p>Scholarship, access to nutritional meals, education materials, capacity building, programs and vocational trainings.</p> <p>Number of teachers and service providers and their capacity to serve their beneficiaries efficiently.</p>	<p>Directly contribute to SDG 4.</p>
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2. Gender Equality

One of the measures of a progressive society is the ability of women and men to enjoy equal opportunity across all levels.

RYTHM Foundation takes prides in curating programs and working with respected global partners to support projects that provide training and opportunities to young girls and women from disadvantaged or rural communities to become independent and learn to live to their fullest potential.

Objectives to be achieved	Inputs/Resources	Outcome indicators	Impact
<p>1. Ensure women from poorer segment of population have access to opportunities to upskill their livelihood, economic growth and be self-reliant.</p> <p>2. Ensure girls are equipped with skills to be self-reliant, have access to equal employment and are shaped to be leaders and to contribute to the social and economic development of their society and country.</p>	<p>Funding for programs that enhance women earning capacity.</p> <p>Training and capacity building program run by RYTHM Foundation.</p> <p>Nutritional meals.</p> <p>Shelter, Skills Enhancement and Behavior Modification.</p>	<p>Women and girls who are actively engaged in income generating activities can earn and support themselves and their family.</p> <p>Number of girls who are empowered to be self-reliant and participate actively in social initiatives such as sports and vocational programs.</p>	<p>Empowerment of all women and girls critical to sustainable development and stronger societies.</p> <p>Directly contribute to SDG 5.</p>

3. Support organizations that empower women and girls and advocate for the elimination of all kind of discriminations and harmful practices.		<p>Increase in the number of girls who gain employment through Foundation funded empowerment/social economic programs.</p> <p>Increase in the number of organizations that create awareness, prevention and intervention programs to reduce or eliminate discrimination and harmful practices on girls and women.</p>	
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3. Sustainable Community Development

RYTHM Foundation has joined forces with partners in many developing countries to work at the grassroots level in efforts to upscale the social and economic status of rural communities and disadvantaged segments of society. Projects including building infrastructures for better living conditions and capacity building initiatives to improve social, economic and environmental conditions.

Objectives to be achieved	Inputs/Resources	Outcome indicators	Impact
1. Provide access to reliable, affordable and sustainable clean water, improved sanitation and modern energy services in rural areas for the poorest segment of the population.	Water and sanitation.	Develop rural areas with basic infrastructures.	Develop sustainable infrastructures, systems and policies that improve the quality of life among the disadvantaged communities, particularly in rural and slum areas.
2. Ensure communities are educated and empowered to access and sustain clean water, sanitation and modern energy services.	Clean energy services.	Create awareness and educate rural and slum communities on the importance of sanitation and clean energy.	
	Programs that enable improved quality of life and sustainable earning capacity among the disadvantaged community.	Establish job opportunities through Social Enterprise Initiatives.	
3. Provide social and economic development programs to improve their quality of life.	Community literacy program to achieve basic reading and writing skills to attain social mobility.	Basic reading and writing skills attained.	Directly contribute to SDGs 8 & 11.

Implementation

We have actively informed all our employees and candidates during the interview process, induction and onboarding program and our suppliers of the company's commitment to human rights and

encouraged them to commit as well. An internal training system is in place where employees are trained with regards to the company's commitment.

We have ensured that our Workplace Violence prevention policy is ingrained in the training program offered to all our employees. QI Group strives to maintain a work environment that is free from violent behaviors. Managers are bound to act whenever violence, in any form, occurs.

We also ensure that the partnering organizations of the RYTHM Foundation adhere to the partnership's guidelines.

We are working on a Volunteer Code of Conduct which our employees will have to sign before engaging in our Staff Social Responsibility (SSR) program as we handle various community-based SSR initiatives which include children, youth and senior citizens. This Code of Conduct will provide guidelines on how all volunteers must conduct themselves in their interaction with one another, the community and the beneficiaries.

Measurement of outcomes

We have an open-door policy in place that encourages employees and partners to report back any suspected infringement of the company's Standards of Conduct.

QI Group's audit team evaluates businesses, suppliers and customers against a set of defined principles, policies and guidelines. A contravention of human rights will be documented and the responsible partner will be placed on warning and probation and given a limited timeframe to address and resolve the issue. Continued non-compliance will result in the partner relationship being terminated. Our suppliers are also regularly audited to ensure that they are working within the defined guidelines of human rights.

An internally developed framework is used to measure RYTHM Foundation initiatives' social impact. We apply the same impact measuring guidelines to the partnering organizations. We always strive to identify, understand and capture the full value of the impact of our activities. Measuring social impact will help us manage and communicate the social value that our work creates in a clear and consistent way. More information about the projects and impact stories is available at <http://www.rythmfoundation.org/category/impact-stories/>

2. Labour Principles

QI Group believes in equal employment opportunity and is committed to providing to our employees - our most important resource - the opportunity to develop themselves to achieve their full potential, both personally and professionally. All employees regardless of age, grade, gender, disability or ethnic background are encouraged to participate in personal and professional development programs.

Our HR team ensures that workplace policies and practices are fair and do not inhibit employees' potential. All employees are valued and respected and have opportunities to develop their full potential.

QI Group also actively promotes diversity and inclusion in the workplace as we believe that businesses have the transformative power to change and contribute to a more open, diverse and inclusive society. QI Group has made the commitment to hire people from diverse backgrounds. We are proud to have an almost equal gender representation in our workplace including in our management team. A growing number of millennials fuel a core part of our growth. We are not just diverse in terms of race and gender but also provide equal opportunities to the differently abled.

Implementation

The HR team ensures that the recruiting policy reflects our commitment as an equal opportunity employer. We make sure that our job ads clearly state the QI Group's core values so that potential candidates get a good sense of our culture.

QI Group is continuously and tirelessly working to improve the work life of its employees. This year alone, we have either taken or planned to implement the initiatives below to create a safe, open and supportive working culture and environment and to ensure that all our employees receive the training opportunities they need to grow:

1. Refreshed QI Group core values workshops

As the QI Group continues to grow, we strive to empower people and make a positive impact around the world. It is vital for all our employees to live the core values which define our culture, our existence and the heart and soul of our company. The core values are the principles that guide us daily when serving our colleagues, customers and communities. QI Group core values are:

INTEGRITY

Truth above all. Truth in all! Integrity in thought, word and action.

SERVICE

We serve to lead and lead to serve. Service to all is our credo.

SUSTAINABILITY

We are merely caretakers for the next generation. We must preserve, sustain and even resurrect.

LEADERSHIP

Lead to Inspire and Inspire to Lead! We nurture and inculcate entrepreneurial passion as the path to independence, inclusiveness and innovation.

It has become evident that in order for QI Group to grow and thrive sustainably, our employees must be in alignment with the core values as they contribute to the overall success of the organization. A series of interactive workshops have been conducted with employees to inspire our employees to live up to those core values and take positive action.

2. Revamped induction program

We have revamped our induction program. We are approaching the orientation process with the mindset that it is one of the most important milestones that makes employees stay or leave. Our induction program will lay out how we will optimally bring the new hire onboard, what will their first day, first week and first month look like. The induction program will also include the after-onboarding plan as what happens to a new hire after the induction is critical.

3. Buddy program

We are in the process of implementing the buddy program as we recognize that it is important to ensure that the new hires feel at home and engaged especially during the first few months of joining. The new hire will be paired with a seasoned employee who will help him/her gain insights into the company's work culture and understand the core values, workplace systems and processes better, resulting a quicker settling in period. The buddy program is also intended to encourage healthy workplace relationships that help QI Group raise levels of employee engagement for new and existing employees alike.

4. Mentoring program

The mentoring program is QI Group's investment in its future leaders. It is a structured framework designed to engage, develop and retain high potential employees and to ensure that their professional learning and leadership skills are continually strengthened and sharpened in line with QI Group's core values. We are in the process of looking at the mechanics of how the mentoring program will be run. The first cohort of mentees will be selected this year.

5. Higher education opportunity program

We believe in the career development of our employees and offer avenues for them to develop. With this endeavor, we have heavily subsidized the MBA program being offered to our employees by our own university, Quest International University (QIU). Please find more information about QIU's MBA program at <http://www.qiup.edu.my/study/programmes/>

6. Strengthening existing learning and training programs

We continue to work hard to improve the 3 major training programs for our employees:

- **The Zone.** The Zone is a unique leadership development program spearheaded by the Executive Chairman of the QI Group. The participants are drawn from a combination of employees, the Board of Directors, and distributors of QI Group's direct selling business. Participants at the Zone go through 4 days of intense reflection and self-assessment to help them find their purpose.
- **QI Rising.** QI Rising is a teambuilding training program that functions as a tool to develop and empower the next generation of leadership of the company. Participants are coached in developing

an awareness of themselves as leaders and role models within an environment that allows for freedom of engagement, dialogue and plurality of voices. The aim is to cultivate among key employees a sense of teamwork, self-confidence and a spirit of ownership for the company's vision.

- **STEER.** A training program moderated by the Deputy Chairman, STEER helps build and develop people with the confidence in their ability to do great things for the benefit and progress of their careers and the company. An acronym for Service, Teamwork, Enrichment, Excellence and Resolve, STEER aims to develop amongst employees a strong commitment to delivering genuine, heartfelt SERVICE in their respective fields of work; a sense of TEAMWORK in terms of developing a meaningful understanding on how people are dependent on one another for success; a feeling of ENRICHMENT by nourishing the mental, emotional, and physical well-being; a culture of EXCELLENCE in everything they do and, ultimately, a RESOLVE amongst them in coming to terms with their identity, wellbeing, and purpose in the company.

7. Community engagement

QI Group provides a purposeful opportunity for all employees to practice community service through the Staff Social Responsibility (SSR) program. Employees of the QI Group are encouraged to dedicate at least 16 hours of personal time each year to causes that benefit their local communities. In some cases, employees chose to dedicate more than the required 16 hours of time as they recognize the importance of serving others and helping to make a difference in their community.

8. Introduction of the flexitime

The QI Group recognizes that a better work-life balance can improve employee motivation, performance and productivity, and reduce stress. In June 2019, QI Group introduced the Flexitime policy to provide employees with flexible working hours allowing employees to have increased feeling of personal control over their schedule and work environment.

9. Whistleblowing policy

We expect our employees to adhere to the highest standards of professionalism and ethics in the conduct of our business and professional activities. As part of good corporate governance, QI Group has established a whistleblowing policy that sets out avenues for concerns to be objectively investigated and addressed. Our employees will be able to raise concerns about illegal, unethical or questionable practices in confidence and without any risk of reprisal.

10. Sexual harassment policy

A workplace which is safe and respectful is very important to us and we are currently developing a policy on sexual harassment to encourage our employees to submit to a special committee any complaints they may have about sexual harassment at the workplace. We will provide guidelines on what constitutes sexual harassment and on the process for reporting and investigating claims.

11. Employee engagement survey

We conduct periodic employee engagement surveys to get feedback from our employees. Engagement surveys are crucial because they give an opportunity for our employees to give feedback and for the management to listen to the pulse of our employees and to involve them more in our quest for excellence.

Measurement of outcomes

Keeping records and monitoring activities help keep us accountable. We have internal systems in place to track the progress. Below are major highlights:

- **Inclusion and diversity in our workplace.**
 - Employees: 54% male, 46% female
 - Management: 57% male, 43% female
 - 51% of employees are millennials
 - We have over 46 nationalities represented
- **Staff Social Responsibility (SSR) program.** Since the SSR program was initiated in 2013, QI Group employees have dedicated over 85,000 hours in more than 20 countries to volunteerism.
- **Refreshed core value workshops.** Over 375 employees have participated in 6 interactive workshops since the start of 2019. More workshops are planned in the coming months.
- **Flexitime policy.** We have received positive feedbacks from our employees, many of whom have benefited from this policy, since its introduction in June 2019.
- **Subsidized QIU MBA Program for employees.** This subsidized education program has generated significant interest and some employees have already enrolled in the program.

3. Environmental Principles

The QI Group is committed to making a sustainable social impact on everything we are involved in, be it business, philanthropy, investments, or sponsorships.

We support the UN Sustainable Development Goals to reduce the harmful impact on the environment. We are continually strengthening our policies and business practices to address how we engage with the environment and how we can advocate for a better world.

1. Advocacy for Plant Based Diet

Since our inception in 1998, QI Group has chosen to advocate for a plant-based diet. We have a responsibility to the planet and to sustain its limited resources for future generations. It is a philosophy that we actively promote internally to our employees, though by no means is anyone forced to convert to vegetarianism.

All our company events and meetings are completely meat-free. We believe that going meat-free and embracing a plant-based economy is one of the most important things we can do to mitigate the harmful effects of the meat industry on the environment and, ultimately, on us and to rehabilitate the planet.

2. Elimination of Single Use Plastics

We are determined to being a responsible consumer. Effective January 2019, the QI Group has made the decision to ban single-use plastics from all of our offices, events and conventions. Employees are actively encouraged to follow sustainable practices by eliminating plastic from their lifestyle and reusing and recycling more instead.

We have started taking the following measures to reduce our usage of single use plastics:

- Replacing plastic straws by bamboo straws in our resorts and hotels.
- A starter kit (a stainless-steel straw, a reusable mug, a foldable tote bag) will be given to our employees to discourage them from using the most commonly utilized items like plastic straws, plastic cups and plastic bags.

3. Eco-friendly Headquarters

In 2013, the Building and Construction Authority (BCA) of Singapore awarded its prestigious Green Mark Gold award to the 15-storey QI Tower in Malaysia - QI Group's operational headquarter - in recognition of its best practices in environmental design and performance which meet requirements for energy and water efficiency, building management, indoor environmental quality and innovation. QI Tower saves at least 20 percent in energy and resources such as water and is Malaysia's first high-rise to be awarded the Green Mark Gold award.

When QI Group purchased the building in 2010, we decided it had to be modified in line with our goal on sustainability, leading not only to cost savings but a better and healthier environment for our employees.

4. Sustainable Retail

Our retail chain, Down to Earth, extends our advocacy for sustainability in business by fully supporting local farmers and vendors, and strengthening Hawaii's island community. The retail chain purchases

over USD4 million in products from more than 400 local vendors each year. Down to Earth is also a strong supporter of Fair Trade, a social movement that helps farmers and artisans in developing countries to get better trading terms and promotes environmental sustainability.

Implementation

QI Group has taken the following measures to insure proper implementation of our environmental policies:

- Regular educational campaigns on the benefits of plant-based diet and life style.
- Regular educational campaigns on the benefits of not using single-use plastic items.
- Employee engagement activities to promote compliance with the policies.
- Providing healthy and delicious vegetarian meals at company events.
- Social media campaigns to promote healthy plant-based diets.
- Replacing all plastic straws with bamboo straws in our resorts and hotels.
- Continuing to pursue efforts to increase the use of sustainable materials in our products' sourcing and packaging.
- Educating and training our employees to adopt sustainable practices in the offices as well as at our events.

Measurement of outcomes

QI Group has an open-door policy where feedbacks from employees on how we can improve are always encouraged and welcomed. Each policy has an owner and a team to monitor and report on the progress.

4. Anti-corruption Principles

QI Group has a zero-tolerance policy on corruption, bribery and extortion and pursues all of its business transactions in an honest and ethical manner. The following bribery policy is in the company's Standards of Conduct: *"QI Group prohibits the offer, gift, or acceptance of a bribe in any form, including kickbacks, on any portion of a contract payment, or the use of other routes or channels to provide improper benefits to customers, agents, contractors, suppliers or employees of any such party's, 3rd parties or government/quasi government officials (regardless of any jurisdiction)".*

QI Group prohibits an employee from arranging or accepting a bribe or kickback from customers, agents, contractors, suppliers, or employees of any such party or from government officials/quasi government (regardless of any jurisdiction), for the employee's benefit or that of the employee's family, friends, associates or acquaintances. This includes, without limitation, any indirect benefit or other benefit in kind which may be received.

Implementation

QI Group's Standards of Conduct include policies on anti-corruption and bribery and response to incidents. Violators of the policy will be subject to disciplinary action up to and including termination.

Measurement of outcomes

QI Group does not tolerate corruption or bribery in all its locations. We have an open-door policy in place that encourages employees, partners and customers to report back if they suspect any infringement to our Standards of Conduct. Any reported corruption will be dealt with in accordance with company policy.