



KEJURUTERAAN ASASTERA BERHAD

One-stop Engineering & Energy Solutions Provider

Environment



Social



Governance



SUSTAINABILITY REPORT 2022

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SUSTAINABILITY REPORT

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to download our Annual Report 2022 and
Sustainability Report 2022



Message from the Group Managing Director

“

Sustainability isn't
just an obligation,
it is an opportunity.”

”

Now that ESG and sustainability are not just a box to check off, it has become a strategic advantage for our Group's growth and has integrated as a crucial part of our corporate strategy. As we strive towards a more sustainable future, the power of sustainable practices will unlock us to new opportunities, address ESG risks and shape us into a more purpose-driven and socially responsible organisation. I am excited to unleash our full potential and create a ripple effect that generates long-term value for both our shareholders and stakeholders, as well as impacts our industry and beyond.

Our commitment to ESG and sustainability remain steadfast as we continue to empower other businesses towards guaranteed sustainable growth through our innovative Sustainable Energy Solutions. Last year we urged ourselves to take the first step towards building a Net Zero World. As a result, we have earned a coveted spot on the prestigious FTSE EMAS Index and an impressive ESG rating 3 out of 4 stars in the FTSE Russell in two (2) consecutive years, in 2021 and 2022 respectively. These achievements reflect our tireless efforts to create a more sustainable future for all and serve as a testament to our dedication to responsible business practices. I am filled with excitement for the meaningful difference we will achieve this year.

Dato' Lai Keng Onn,
Group Managing Director
of K&A Group of Companies



Message from the Board Sustainability Committee



It isn't a sprint, it is a marathon. Sustainability is a journey, not a destination.

KAB has always maintained high ethical standards, transparency and accountability. By embedding sustainable principles into our decision-making processes, this means considering not just environmental factors but also social and governance issues, we can create positive impacts across all areas. In 2022, we introduced a range of important policies focused on human rights, environmental concerns, waste management practices and workplace safety. Moreover, we completed a thorough stakeholders' identification and engagement policy, which involved a comprehensive survey to gain a deeper understanding of the needs of all parties involved.

Being the Chairman of the sustainable committee, I am committed to work with the sustainability team to ensure that we are taking a holistic, strategic and integrated approach to sustainability. By setting clear expectations and goals, including regular measures, and reporting on our progress, we can inspire others and drive positive change.

Mr Lu Chee Leong,
*(Independent Non-Executive Director)
Chairman of Sustainability Committee*



Our commitment will leave behind a legacy that fills us with pride.

Our employees are reminded everyday of our shared responsibility to ensure that everyone has a responsibility to be a leader in ESG and sustainability. We recognise the importance of embracing a sustainable mindset and fostering a workplace where all individuals in the organisation can have the opportunity to build on sustainable principles and values. Small changes from turning off lights to reducing waste are gradual changes. Today, with the guidance of a GRI certified professional and the leadership of our sustainability committee and team, we have successfully conducted multiple sustainability training programs,

including but not limited to Taskforce on Climate-related Financial Disclosures (TCFD), GRI standards and greenhouse gas and net zero commitment. I am confident that we will continue to prioritise training as needed while navigating our journey towards ESG and sustainability.

Datin Alicia Chan,
*(Executive Director (Group Chief Operation Officer))
A Member of Sustainability Committee*



We have a unique opportunity to lead by example and inspire others to take action.

I am motivated to champion KAB's commitment to environmental, social, and governance (ESG) factors. I firmly believe that by prioritising ESG principles and encouraging employees to take ownership of our sustainability initiatives, we can drive sustainable growth. As we diversify our business practices, our sustainability team has focused on developing an ESG dashboard to gather data on Scope 1,2 and 3 emissions. This implementation and increased disclosure demonstrate our commitment to ESG goals through concrete action. Our efforts to decrease environmental footprint are also unlocking new avenues for growth and

innovation. This exemplifies KAB's commitment to sustainability and accountability for its environment impact. These changes are not only beneficial for the planet, but also generate long-term value for our shareholders and stakeholders alike.

Ms Tong Siut Moi,
*(Independent Non-Executive Director)
A Member of Sustainability Committee*

Overview of Kejuruteraan Asastera Berhad

Kejuruteraan Asastera Berhad (KAB) is a Group that aspires to be a leading provider in responsible and sustainable energy and engineering solutions, with operations expanding across ASEAN. Since 1997, we have established ourselves as a reputable and experienced engineering solutions provider for a wide range of projects spanning commercial, industrial, and residential developments. At present, KAB has ventured into various segments. On 17 November 2022, KAB diversified its SES segment, which includes the provision of Energy Efficient Solutions, Clean Energy Generation, and Renewable Energy Generation. The Group succeeded in its transformation into a One-Stop Engineering and Energy Solutions Provider in the industry.

We have been listed on the Main Market of Malaysia since 2020, and have become a constituent of Bursa Malaysia Emas Index since 2021. The Group has been rated the top 20.0% to 50.0% or 3 out of 4 stars in FTSE4Good's ESG Rating across all Emas Index constituents.

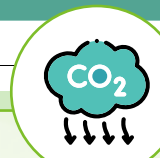
As we strive to grow our business exponentially, we believe in being responsible to our communities and to the natural environment. We want to build sustainability into our business DNA by supporting sustainable development both within and outside the Group – to build a sustainable future along with all our stakeholders.

At KAB, we believe in the principles of "Sustainable Development" – development that meets the needs of the present without compromising the ability of future generations to meet their own needs. We look at sustainable development as forwarding our own business interests while at the same time also considering broader economic, environmental and societal interests.

We are committed to understanding, assessing, and managing our impacts on the economy, the environment and society, which will be an indication of our commitment and contribution to Sustainable Development.

In addition to focusing on Sustainable Development, the Group also understands that upholding Human Rights must not be neglected. We adopt the principles of Human Rights as expressed by the United Nations, "Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination."

Since the Group's establishment as an electrical engineering and contracting services provider in the 1990s, our role as a bridge between energy providers and energy



KAB'S NET ZERO COMMITMENT

KAB commits to reduce Scope 1 & 2 emissions 42.0% by 2030 and 90.0% by 2050 from a 2021 base year

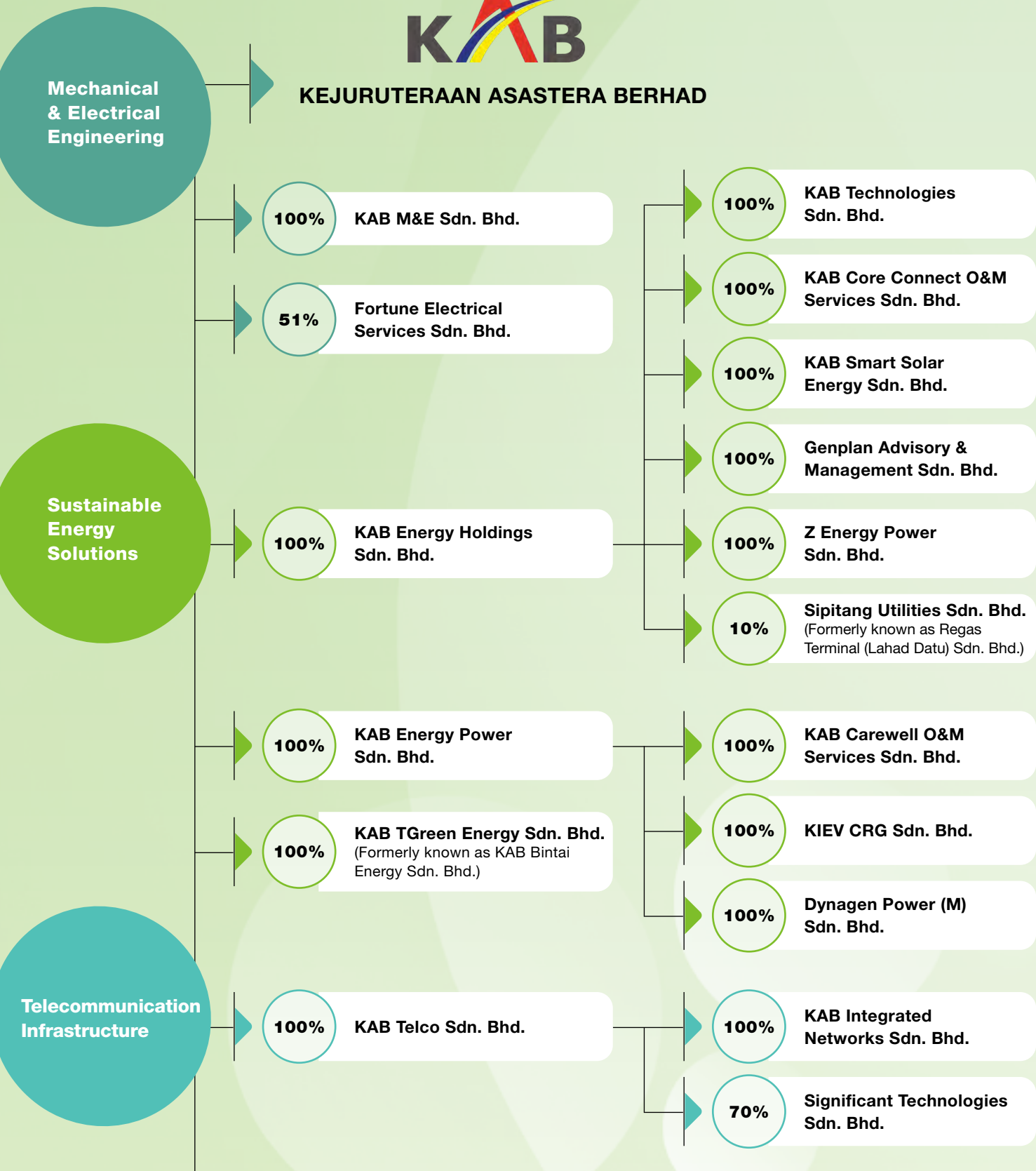
consumers gave us the opportunity to provide more and more sustainable solutions in terms our engineering and project expertise. Our operations have grown from strength to strength, starting from our origins and headquarter in Malaysia to Thailand, Vietnam and Hong Kong. Moving forward in 2022, the Group has forged forward in the Sustainable Energy Solutions (SES) space, to both capture climate-related opportunities enabling our customers to mitigate climate-related risks.

The sustainability strategy and approach that is applied across the Group's subsidiaries and partnerships are approved by the Board and executive management, and are applied and implemented by the working groups and operational teams in each entity within the Group. The Group has also begun developing sustainability measures when engaging with business relations in the supply chain because we understand that in order for Sustainable Development to truly work, the supply chain of the Group must also seek to avoid and mitigate negative impacts and contribute to positive impacts together.

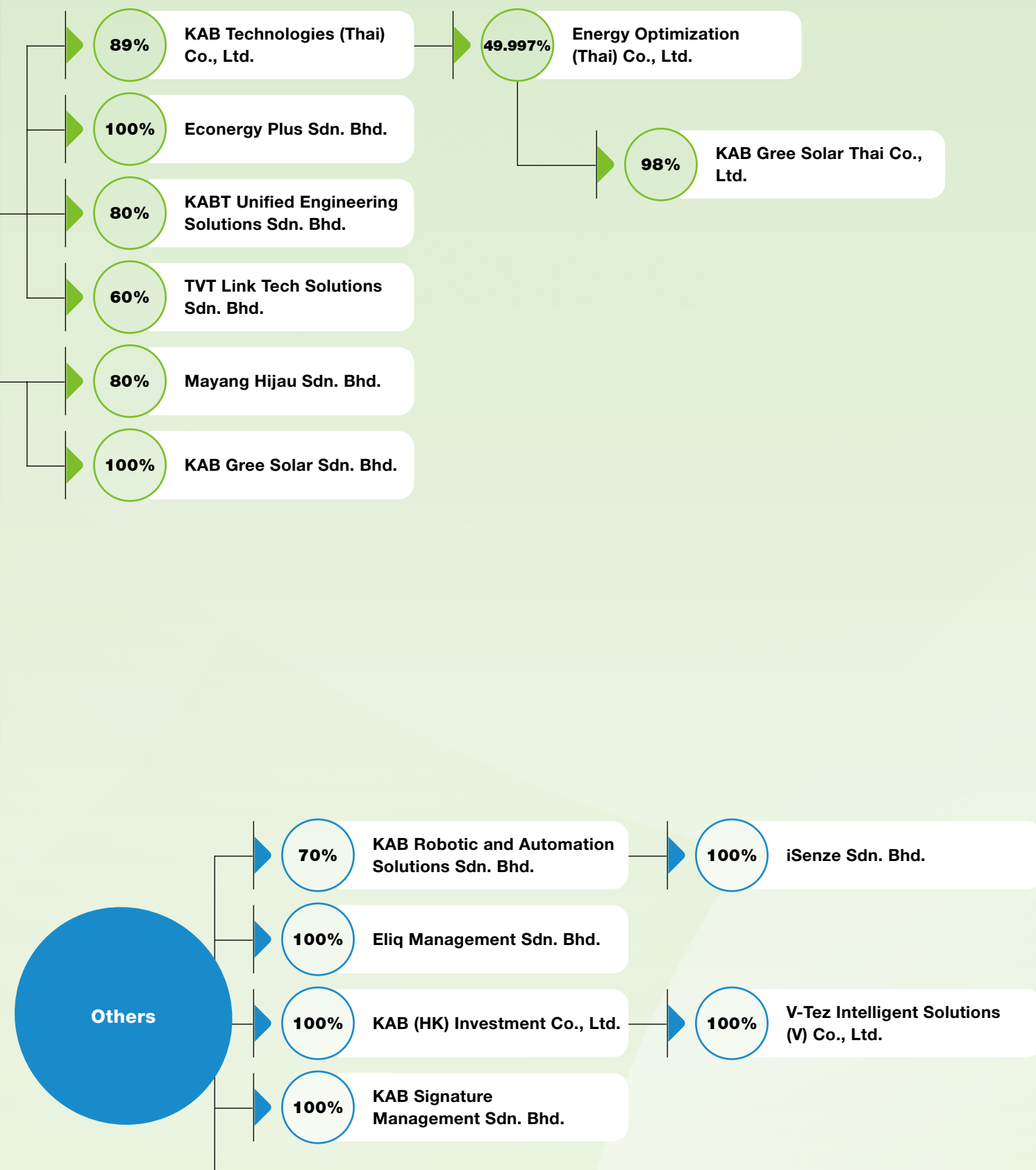
Overview of Kejuruteraan Asastera Berhad



KEJURUTERAAN ASASTERA BERHAD



Overview of Kejuruteraan Asastera Berhad



Overview of Kejuruteraan Asastera Berhad

Overview of Kejuruteraan Asastera Berhad

THAILAND

- KAB TECHNOLOGIES THAI CO., LTD.
- ENERGY OPTIMIZATION (THAILAND) CO., LTD.
- KAB GREE SOLAR THAI CO., LTD.

MALAYSIA

- KEJURUTERAAN ASASTERA BERHAD
- KAB ENERGY HOLDINGS SDN. BHD.
- KAB TECHNOLOGIES SDN. BHD.
- KAB ENERGY POWER SDN. BHD.
- KAB SMART SOLAR ENERGY SDN. BHD.
- KAB TELCO SDN. BHD.
- KAB UNIFIED ENG. SOLUTIONS SDN. BHD.
- KAB CORE CONNECT O&M SERVICES SDN. BHD.
- KAB CAREWELL O&M SERVICES SDN. BHD.
- KAB GREE SOLAR SDN. BHD.
- KAB ROBOTIC & AUTOMATION SOLUTIONS SDN. BHD.
- KAB M&E SDN. BHD.
- KAB SIGNATURE MANAGEMENT SDN. BHD.
- KAB INTEGRATED NETWORKS SDN. BHD.
- KAB TGREEN ENERGY SDN. BHD. (FORMERLY KNOWN AS KAB BINTAI ENERGY SDN. BHD.)
- DYNAGEN POWER (M) SDN. BHD.
- KIEV CRG SDN. BHD.
- ECONERGY PLUS SDN. BHD.
- TVT LINK TECH SOLUTIONS SDN. BHD.
- MAYANG HIJAU SDN. BHD.
- ISENZE SDN. BHD.
- SIGNIFICANT TECHNOLOGIES SDN. BHD.
- ELIQ MANAGEMENT SDN. BHD.
- GENPLAN ADVISORY & MANAGEMENT SDN. BHD.
- Z ENERGY POWER SDN. BHD.
- SIPITANG UTILITIES SDN. BHD. (FORMERLY KNOWN AS REGAS TERMINAL (LAHAD DATU) SDN. BHD.)

HONG KONG

- KAB (HK) INVESTMENT CO., LTD.

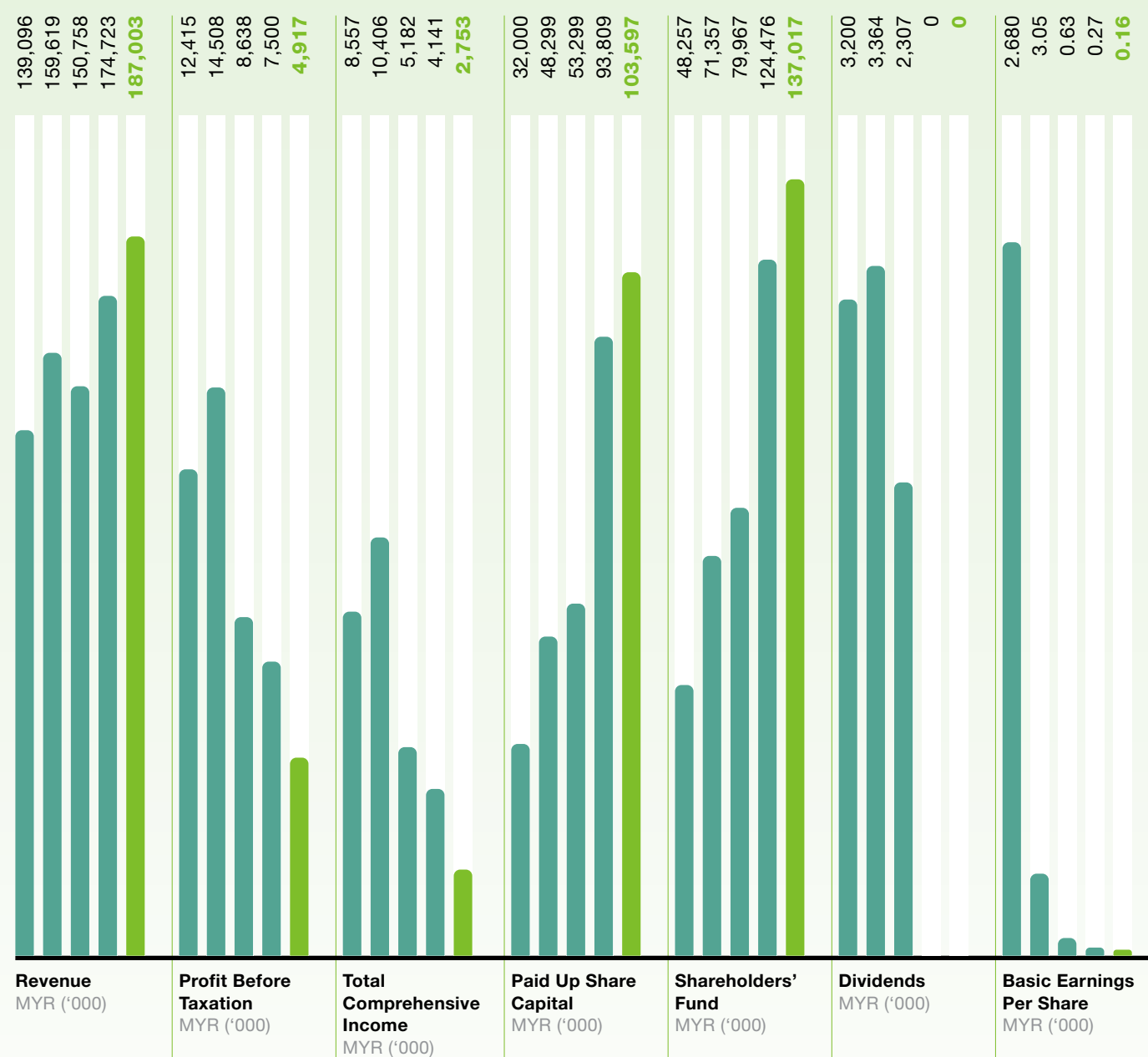
VIETNAM

- V-TEZ INTELLIGENT SOLUTIONS (V) CO., LTD.

Regional Expansion

Overview of Kejuruteraan Asastera Berhad

Financial Year Ended Dec-31	2022 MYR ('000)	2021 MYR ('000)	2020 MYR ('000)	2019 MYR ('000)	2018 MYR ('000)
Revenue	187,003	174,723	150,758	159,619	139,096
Profit Before Taxation	4,917	7,500	8,638	14,508	12,415
Total Comprehensive Income	2,753	4,141	5,182	10,406	8,557
Paid Up Share Capital	103,597	93,809	53,299	48,299	32,000
Shareholder's Fund	137,017	124,476	79,967	71,357	48,257
Dividends	0	0	2,307	3,364	3,200
Basic Earning Per-Share (Sen)	0.16	0.27	0.63	3.05	2.680



Overview of Kejuruteraan Asastera Berhad

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2023

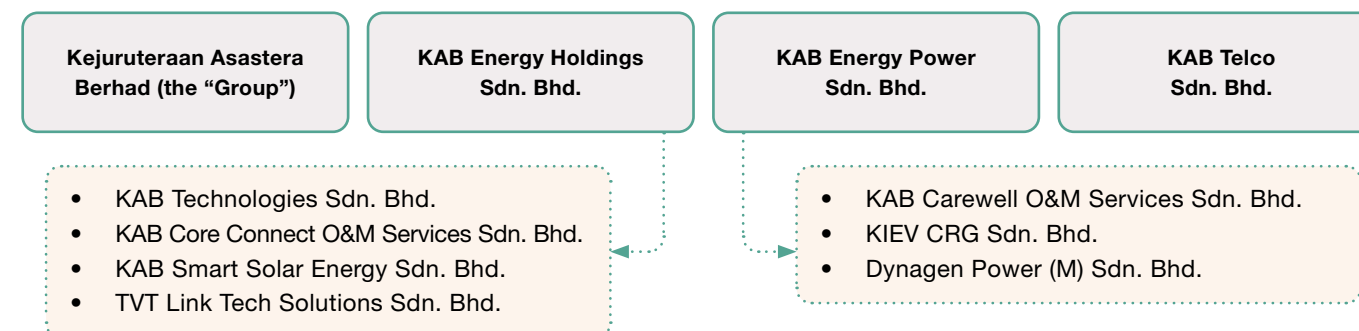
The substantial shareholders based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

Name of Shareholders	Nationality/ Incorporated in	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Dato' Lai Keng Onn	Malaysian	432,379,600	23.92	186,300,000 ⁽¹⁾	10.31
Stocqtech Sdn. Bhd.	Malaysian	162,900,000	9.00	-	-
Kington Tong Kum Loong	Malaysian	357,395,148	19.77	6,485,003 ⁽²⁾	0.36

Notes:-

- (1) Deemed interest through shares held by Fastrans Venture Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Act.
- (2) Deemed interest through shares held by Regalis Investment Ltd pursuant to Section 8 of the Act.

In managing Sustainability, our main operational and organisational boundaries for our material Sustainability matters, include KAB and its active subsidiaries:

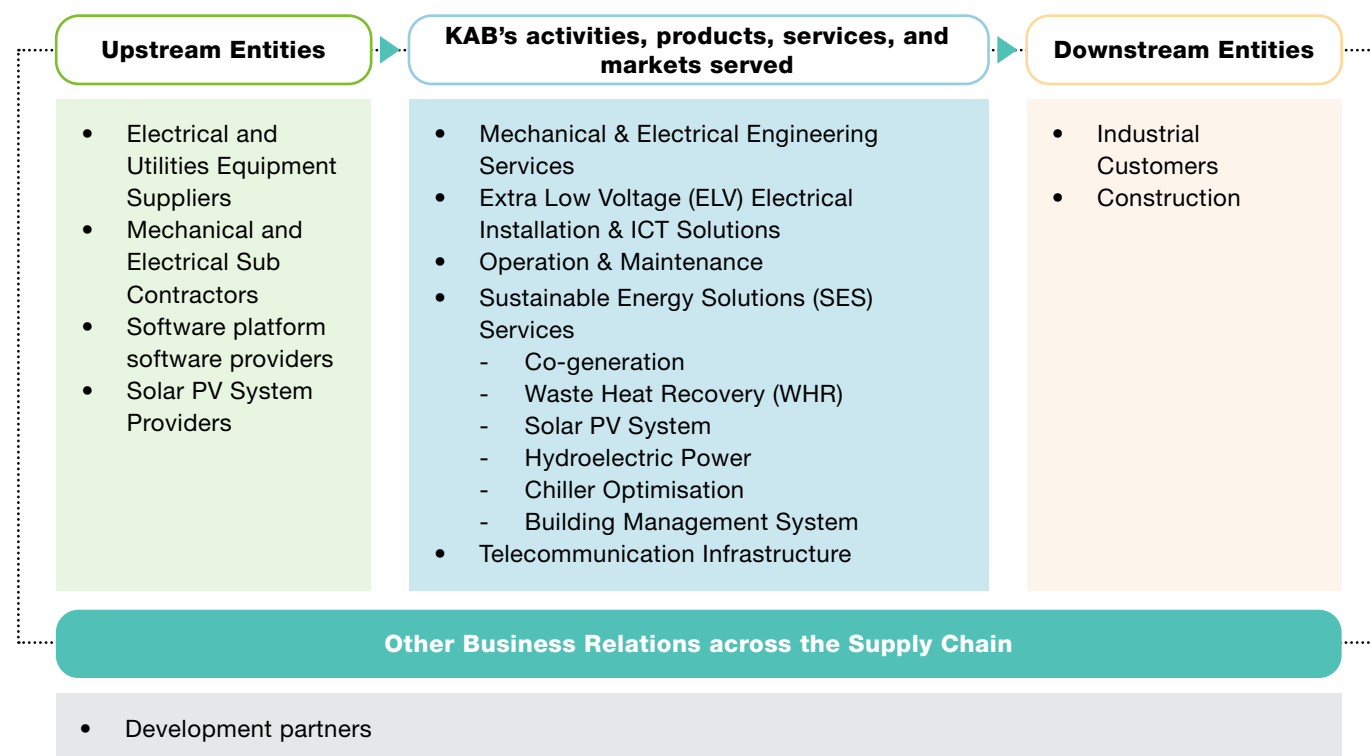


The 5 key Sustainability aspirations of the Group are:

1. To be a long-term constituent in the world recognised FTSE4Good Index or any Global Indices
2. To grow our energy portfolio to at least 300 MW by 2025 and to seek more business opportunities in the Sustainable Energy Solutions (SES) segment
3. To develop enhanced internal policies and guidelines to improve all our Sustainability Performance Targets
4. To embed an integrated health and well-being strategy, and to build a future-ready, diverse workforce which reflects and responds to the evolving nature of work
5. To reduce our negative impacts while endeavouring to bring about positive contribution to the environment and society

Overview of Kejuruteraan Asastera Berhad

OUR BUSINESS VALUE CHAIN



The Group has been actively engaging with all stakeholders in the value chain, including informal participation in trade or non-trade organisations. In 2022, however, there are no industry associations, other membership associations, and national or international advocacy organisations in which the Group participates in a significant role. The Group practices its strategy and governance without any external influence, neither does the Group contribute to any influence on any organisations not within its business structure.

OUR EMPLOYEES AND WORKERS

As of 31 December 2022, the Group had a total of 215 employees across the Group's entities and business operations.

Number of Employees	
Year	2022
Total employees	215

Number of Executives vs Non-Executives	
Year	2022
No. of Executives	155
No. of Non-executives	60

Number of Employees by Contract	
Year	2022
No. of Permanent Employees	209
No. of Non-Permanent Employees	6

Number of Employees by Gender	
Year	2022
No. of Male Employees	152
No. of Female Employees	63

Number of Women in Management	
Year	2022
Percentage of Women in Top Management	2.3%
Percentage of Women in Management	3.3%

Employee Turnover	
Year	2022
Turnover Rate	38.60%

Overview of Kejuruteraan Asastera Berhad

Employees by Age Groups	
Age Groups	2022
Below 30	93
Between 30-40	77
Between 40-50	26
Above 50	19
	215

Employees - Newly Hire by Age		
Age Groups	2022	
	TOTAL	RATE %
Below 30	32	14.88%
Between 30-50	25	11.63%
Above 50	1	0.47%
	58	26.98%

Employees - Newly Hire by Gender		
Gender	2022	
	TOTAL	RATE %
Female	16	7.44%
Male	42	19.53%
	58	26.98%

Employees - Newly Hire by Region		
Region	2022	
	TOTAL	RATE %
Malaysia	58	26.98%
Foreign	0	0.00%
	58	26.98%

Employees - Turnover by Age		
Age Groups	2022	
	TOTAL	RATE %
Below 30	41	19.07%
Between 30-50	39	18.14%
Above 50	3	1.40%
	83	38.60%

Employees - Turnover by Gender		
Gender	2022	
	TOTAL	RATE %
Female	20	9.30%
Male	63	29.30%
	83	38.60%

Employees - Turnover by Region		
Region	2022	
	TOTAL	RATE %
Malaysia	83	38.60%
Foreign	0	0.00%
	83	38.60%

Overview of Kejuruteraan Asastera Berhad

The Group is not only responsible for our employees but is also responsible for all workers at our sites that are not directly employed under the Group.

NO	State	KAB SITE-BASED STAFF		WORKER NOT UNDER KAB	
		M&E	SES	M&E	SES
1	Kuala Lumpur	103	5	569	-
2	Selangor	20	-	33	-
3	Johor	3	-	6	-
4	Selangor	-	10	-	27
5	Negeri Sembilan	-	9	-	-
6	Pahang	-	1	-	9
7	Penang	-	5	-	-
TOTAL		126	25	608	36

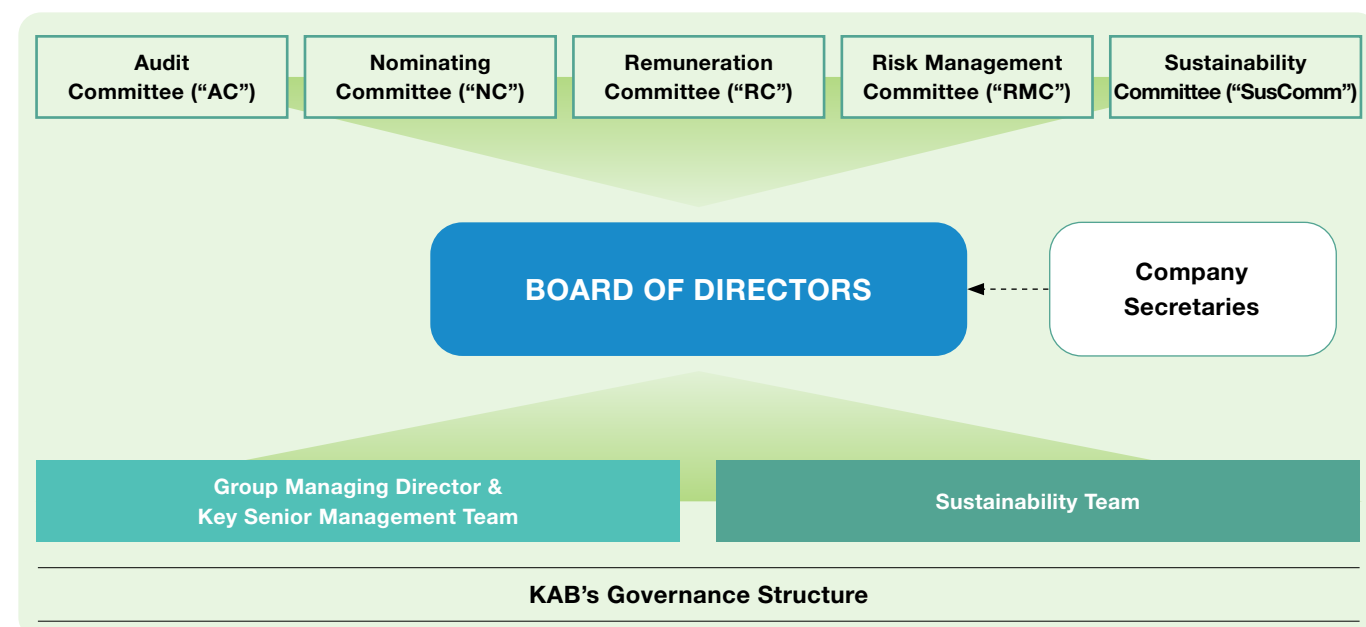
The Group adheres to all employment and labour relations laws in Malaysia and all jurisdiction it operates in, when managing its employees and workers that are not its employees.

It should also be noted that in terms of managing our employees, we have currently no situation where there is any employee who has established collective bargaining agreements with the Group, but would not restrict or limit future possibilities.

In 2022, the ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) is 16.9%.

OUR GOVERNANCE STRUCTURE

The Board is responsible for strategic planning, oversight, and the overall management of the Group. The Board has also delegated specific matters to various Board Committees which operate within their respective approved Terms of Reference ("TOR"). The Board leads and controls the affairs on behalf of the shareholders. The Board considers the interests of all stakeholders when making decisions to ensure that the twin objectives of enhancing prosperity and creating long term shareholders' value are met. In addition, the Board monitors the performance of the Group's various areas of operations. Further to elevate the compliance and to improve the Group's control environment, the following Board Committees are established:

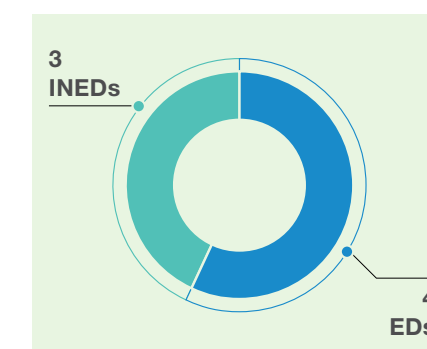


Overview of Kejuruteraan Asastera Berhad

This is to provide clear division of responsibilities between the Executive Directors and Non-Executive Directors of the Board to attest to the good order of functions and performances. The Executive Directors are responsible for the implementation of the Board's decision and policies, overseeing of day-to-day management and coordination of business and strategic decisions. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. All material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board.

The Group takes serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The Board currently comprises seven (7) members of whom three (3) members are Independent Non-Executive Directors as follows:

Name	Status of Directorship
Datuk Dr. Ong Peng Su	Independent Non-Executive Chairman
Dato' Lai Keng Onn	Group Managing Director
Choong Gaik Seng	Executive Director (Competent/QC Division)
Datin Chan Pey Kheng	Executive Director (Group COO)
Goh Kok Boon	Executive Director (Project/Contract Division)
Lu Chee Leong	Independent Non-Executive Director
Tong Siut Moi	Independent Non-Executive Director



In 2022, the Group's Chairman of the Board is Datuk Dr Ong Peng Su, whereby he is not a member of the executive in the Group.

The tenure of an independent director should not exceed a cumulative term of nine (9) years. However, an independent director may continue to serve the Board subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after a cumulative term of nine (9) years, justifications from the Board and shareholders' approval at a general meeting are required. Currently, none of the Independent Directors of KAB has served more than nine (9) years.

A gender diversity policy in accordance with the best practices of MCCG had been adopted in 2018. In FY2022, the Board comprised two (2) female Directors out of seven (7) Directors, representing 28.0% of the total Board members.

The Group places high importance to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The Nominating Committee (NC) always monitors that there is an appropriate balance of expertise and ability. In addition, the NC also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Directors.

The NC is empowered to bring to the Board, recommendations as to the appointment of any new Executive or Independent Non-Executive Director, provided that the Chairman of the NC, in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the NC brought forward to the Board. In making its recommendation, the NC will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Group should bring to the Board.

To ensure that the Board has an appropriate balance of expertise and ability, the NC would regularly review the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive directors for candidates put forward by the Directors and outside consultants. In addition, the NC also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Directors. All assessments and evaluations carried out by the NC in discharging its functions have been well documented.

Overview of Kejuruteraan Asastera Berhad

The main activities carried out by the NC include the following:

1. Reviewed and confirmed the minutes of the NC meeting held in FY2022;
2. Examined the composition of the Board;
3. Evaluated the effectiveness of the Board and the Committees of the Board as a whole;
4. Evaluated the contribution and performance of each Director;
5. Reviewed the independence of the Independent Directors;
6. Reviewed and recommended to the Board on the re-election of the Directors on rotation at the forthcoming annual general meeting (“AGM”) of the Group;
7. Reviewed and recommended to the Board on the re-designation of the position of the Directors;
8. Reviewed and recommended to the Board on the appointment of new Directors; and
9. Performed exit interview with the resigned Directors.

All directors are required to complete the Directors’ Self-Evaluation Form 2022 by evaluating himself/herself based on the key performance indicators set up by the NC. The NC then reviewed the contribution of each Director based on the said key performance indicators, and table the completed/tabulated evaluation to the Board for review, discussion, and for further improvement on the effectiveness of each individual Director, where required. Areas of evaluation included:

1. Fit and proper
2. Contribution and performance
3. Calibre and personality

The remuneration of the Board is guided by the Group’s Directors’ and Senior Management Remuneration Policy. This policy is designed to determine the level of remuneration package as well as to attract and retain high performing Directors and Senior Management. The policy defines remuneration in accordance with the following:

1. Fixed Remuneration for Executive Directors and Senior Management

The fixed salary is set according to:

- The nature of job, scope of works and responsibilities;
 - The level of skills and experience;
 - The individual’s overall contribution to the Group’s strategy, operations and overall performance; and
 - Market and industry’s rate.
2. Bonus
 3. Director Fee for Non-Executive Directors
 4. Other Benefits and Allowances

2-21 Annual Total Compensation Ratio

Highest paid (Total salary)	MYR1,451,722.00
Median annual salary (Average)	MYR85,879.94
Annual compensation ratio	16.90

To strengthen our governance more holistically, the Board also has an established Risk Management Committee in accordance to the Malaysian Code of Corporate Governance (MCCG), to oversee the Group’s risk Management framework and policies. This committee has now also put into consideration financial implications and other risks and opportunities due to climate change. We have put into practice the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations in our inaugural TCFD Report 2021, in terms of governance, strategy, risk Management, and metrics and targets, and is continuing our development in this regard in 2022 and beyond.

Overview of Kejuruteraan Asastera Berhad

On an ongoing basis, our Board evaluates the Management approach on business ethics, corporate governance, anti-corruption and related economic performance by looking at the effectiveness of the approach, and what related improvements and adjustments need to be made.

In accordance to MCCG, KAB performs internal audit functions that helps us to accomplish our goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk Management, internal control, anti-corruption, whistleblowing and governance processes. These functions serve as an important source of advice for the Audit Committee and the board concerning areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Group.

For further disclosures on the Group’s governance and governance structure in accordance with regulatory requirements, kindly refer to the Group’s Annual Report 2022.

MECHANISMS FOR FEEDBACK, RAISING CONCERNS AND REMEDIATING NEGATIVE IMPACTS

The Board has established and adopted the Group’s Ethics and Compliance Whistleblowing Policy and Procedures. The Group is committed to conducting the business ethically, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. This Policy provides principles, guidelines and requirements on how to deal with ethics and compliance Whistleblowing procedures that may arise in the course of daily business and operation activities within the Group.

Any director, officer, employee, consultant, agent, contractor, supplier, tenderer, or other person who has business dealings with the Group which is, in the view of the whistleblowing acting in good faith:

- Against the law or represents a failure by the Group to comply with any legal or regulatory obligations;
- Unethical or in breach of the Group’s Code of Conduct or other policies;
- Dishonest, fraudulent or corrupt;
- Coercion, harassment, victimisation or discrimination;
- Misleading or deceptive, including questionable accounting, financial reporting or auditing practices either by, or affecting, the Group;
- Potentially damaging to the Group, the Group’s employees or business associates, including unsafe work practices, environmental damages, health risks, or wasting of the Group’s resources;
- Likely to cause financial loss to the Group, damage its reputation, or be otherwise detrimental to the Group;
- Involving any other kind of serious impropriety; and
- Deliberate concealment of any of the above.

In this respect, we have established three formal reporting channels, namely:

- Open-door discussions, whereby employees are encouraged to raise any issues directly with their immediate managers, or if an employee has reason to believe that his/her manager is involved or has a conflict of interest, to the next level of Management, local Human Resources, the Group’s Legal Department and the Compliance Department, where available. Third parties can directly contact the appropriate business managers at the Group, the HR, the Legal or the Compliance Department. The Manager/HR personnel/Legal Officer/Compliance Officer in receipt of the report must document it through an open-door intake form, and lodge the intake form with the Committee, which maintains a centralised incident management database.
- Email, whereby employees and third parties may anonymously report issues via the Group’s public e-mail at kabwhistleblow@asastera.com
- Ethics Helpline whereby employees and third parties may also anonymously report issues via by dialling the telephone number: +603-90553812

Overview of Kejuruteraan Asastera Berhad

A Whistleblowing Committee currently consisting of three members and is chaired by an Independent Director, has been established to oversee the implementation of our whistleblowing and grievance mechanisms, to manage and handle complaints and reports received through the mechanism.

To maintain the integrity of the process, all information relating to the whistleblower, witnesses and information carriers, the reported conduct and any subsequent investigations is treated confidentially to the extent permitted by applicable laws or regulations. Information relating to the identity of the whistleblower, the reported conduct, and the investigation process or results is disclosed or discussed with anyone other than those who have a legitimate need to know, or unless required by applicable law or regulation.

Further, the Group does not tolerate any retaliation by management or any other person or entity, directly or indirectly, against anyone who, in good faith, reports an ethics or compliance concern or known or potential misconduct, or assists in a review or investigation thereof. Retaliation includes but is not limited to: harassment, intimidation, coercion, an unfavourable change in work hours or schedule, demotion, transfer, suspension, or termination of anyone raising a complaint or allegation. Acts of retaliation, including trying to find out the identity of a whistleblower, witnesses and information carriers, can lead to disciplinary action, up to and including termination of employment or business relationship in the case of third parties.

COMPLIANCE WITH LAWS AND REGULATIONS

The laws and regulations that the Group complies with, in all jurisdiction it operates in, includes:

- International declarations, conventions, and treaties;
- National, federal, state and provincial regulations;
- Binding voluntary agreements made with regulatory authorities and developed as a substitute for implementing a new regulation;

In 2022, there were no significant instances of non-compliance with laws and regulations, involving fines or monetary sanctions.

Our Sustainability Strategy and Management Approach

Since 2018, KAB had built on its skilled engineering foundation and has branched out into the pursuit of opportunities in the Sustainable Energy Solutions (“SES”) segment for long term growth and business resilience. KAB continues on its exploration of robust sustainable energy technologies, including clean and renewable energy generation, and energy efficient solutions. The Group has put together close to thirty (30) subsidiaries under the umbrella of KAB both locally and regionally in Malaysia, Thailand, Vietnam and Hong Kong.

Our commitment towards our Sustainability framework has bode well for the Group as we advance our sustainability efforts towards the aim to both “Be Good” and “Do Good” as a One-Stop Engineering and Energy Solutions Provider. The Group has therefore established various policies to drive various sustainability commitments that the Group has adopted across all its business and business relations. The long-term strategy is for the Group to continue improving its responsible business conduct (RBC), sustainable operations, while increasing its market share and revenue streams in the sustainability-related areas such as in the SES segment.

SUSTAINABLE ENERGY SOLUTIONS

The Group is targeting significant growth in its SES segment, with more than 50% contribution to its bottom line in the coming years. In the beginning of the year, the Group has estimated that SES segment’s contribution to the Group’s bottom line will be at least 25.0% in the financial year ending 31 December 2022 (FY2022), before rising to 50.0%. The Group expects a profit margin of 15.0% to 25.0% in the SES segment.

Revenue generation will come from the Group’s growing asset portfolio in clean energy generation, renewable energy generation, and provision of energy efficient solutions.

This strategy became evident by the fact that by the first half of FY2022 ending 30 June 2022, revenue generated by the SES segment stood at MYR8.2 million, already surpassing the recorded revenue of the entire FY2021 which stood at MYR6.8 million. In terms of business expansion, the Group’s estimated capital expenditure for existing contracts and potential projects as of the 4th Quarter of FY2022 amounts to MYR52.3 million for solar photovoltaic projects of over 17,000 kilowatt-peak (“kwp”) in capacity, and MYR220.0 million for clean energy projects of up to 65.0 megawatt (“MW”).

The Group’s journey in 2022 began when its wholly-owned subsidiary KAB Energy Holdings Sdn. Bhd. (KABEH) entered into a term sheet agreement with Sarawak Cable Bhd (SCB) to acquire the entire issued share capital of the latter’s Indonesia-based subsidiary, PT Inpolo Mitra Elektrindo (PT IME) in January. PT IME is a Group that designed, constructed, developed and operates a mini hydroelectric power plant, named Kombih III, whereby it had begun operations in October 2021 with an installed capacity of 11.0 MW.

This marks the group’s maiden venture into the hydroelectric power generation sector, which is a quantum leap from its existing Solar PV projects. The Kombih III plant generates approximately 49.056 million kilowatt hour (“kWh”), which is estimated to result in an offsets 26,784 tonnes of carbon dioxide (“tCO₂”) emissions based on power generation in Indonesia. This project is expected to generate MYR270.0 million in revenue to the Group over the twenty (20) year concession period. The Group continues to keep an eye on opportunities in line with Indonesia’s National Electricity Master Plan, whereby the ratio of renewable energy for energy resources is anticipated to continue accelerating to 23.0% by 2025, and hydroelectric power generation capacity is expected to grow to about 40.0% in this trajectory.

Our Sustainability Strategy and Management Approach

Further developments in the beginning of January 2022 also included Danajamin Nasional Bhd's guarantee of Tranche 1 of KAB Energy Power Sdn. Bhd. (KABEP), a wholly-owned subsidiary of the Group, for its inaugural issuance of MYR500.0 million Multicurrency Islamic Medium-Term Notes Programme (or "Sukuk Programme"). The proceeds of the said MYR500.0 million war chest will be used to propel the Group's expansion into the SES segment - funding KAB's future energy-related ventures, greenfield projects and brownfield assets in Malaysia and across Asia, including Vietnam, Indonesia and India. At the same time, proceeds from the issuance will also be used for a 2.0 MW waste heat recovery facility at Safran Landing System Malaysia Sdn. Bhd., a leading global manufacturer of aircraft landing gear and braking systems.

Moving forward, the Group then concluded its power purchase agreement (PPA) with Mydin Mohamed Holdings Bhd for a solar photovoltaic (PV) system at the latter's Mydin Tunjong Hypermarket in Kelantan, Malaysia, in April. The agreement was for the Group's subsidiary KAB Gree Solar Sdn. Bhd. to design, construct, install, own, operate and maintain a grid-connected solar PV energy system on the roof of Mydin Tunjong Hypermarket's open car park. The Group is to generate and supply solar PV energy to Mydin for a twenty-one (21) year period, whereby 55 million kWh in purchased electricity is saved and approximately 32,432 tonnes of carbon dioxide equivalent ("tCO₂e") equivalent is calculated to be avoided over the duration.

As the SES business of the Group continues to grow, the Group in September then proposed to raise MYR119.0 million from a private placement partly to fund this business strategy. This shows the commitment of the Group to continue capturing sustainable business in the energy segment, proving further that contributing to Sustainable Development and meeting global climate targets is not a trade-off but a profitable business opportunity.

At the end of 2022, the Group continued expanding its SES segment through the proposed acquisition of the entire equity of Future Biomass Gasification Sdn. Bhd. (FBG) for MYR15.0 million, whereby FBG owns a biogas power plant in Kedah with an installed capacity of 2.4 MW. The Group stands to gain long-term recurring income via FBG's existing renewable energy power purchase agreement (REPPA) with Tenaga Nasional Bhd (TNB) until 2034. This adds to the strength of the Group's SES portfolio as the biogas industry has great untapped potential in Malaysia given the vast availability of palm oil effluent as fuel.

In addition to the biogas power plant, the Group had also signed a twenty (20) year solar power purchase agreements (PPA) with a subsidiary of Nextgreen Global Bhd, via the Group's wholly owned Group KAB Core Connect O&M Services Sdn. Bhd. The two PPAs are for the Group to design, construct, install, own, operate, and maintain solar PV systems on the rooftops of multiple production plants and buildings at the customer's Green Technology Park in Pekan, Pahang, Malaysia. These projects establish the Group as an integral solutions provider to the customer's pioneering model to integrate renewable energy and zero-waste technology for sustainable industries in Malaysia, whereby the PV systems will be installed on two (2) phases having installed capacities of 1,343 kWp and 2,043.7 kWp respectively. There will be a calculated 87,371 megawatt-hour in purchased-electricity savings and an estimated reduction of 51,112 tCO₂e over the next twenty (20) years.

By the end of 2022, the Group's SES segment has four (4) operational solar PV contracts in Malaysia and Thailand with a combined installed capacity of 4,533 kWp, as well as co-generation and waste-heat-recovery facilities.

In addition to the sustainable business that is driving the Group forward, KAB has also established its Board Sustainability Committee with clear terms of reference providing the necessary oversight and governance on internal and external Sustainability matters. To be a sustainable and responsible Group for our stakeholders including our investors, customers, employees and regulators, the Group has established its Sustainability Policy and the related Sustainability due diligence processes to meet internal and external expectations.

Our Sustainability Strategy and Management Approach

SUSTAINABILITY COMMITTEE

In 2022, the Group established its Board Sustainability Committee to provide more exact and robust oversight and governance on Sustainability matters. The roles, responsibilities and scope of the Sustainability Committee is defined clearly in the Terms of Reference (TOR) that is approved by the Group's Board.

The principal objectives of the Sustainability Committee are to assist the Board of Directors in discharging its statutory duties and oversight responsibilities relating to supporting and monitoring the sustainable development strategy of the Group's businesses covering economic, environmental and social aspects, including contribution to sustainability-related impacts in the course of the Group's operations, and to oversee the integrity of the Group's Sustainability reporting and associated statements on matters within its Scope. The Scope of the Committee includes, but is not limited to:

1. Group-wide occupational health and safety;
2. Management of environmental matters:
 - a. Energy
 - b. Greenhouse Gas (GHG) Emissions
 - c. Water and Effluents
 - d. Waste
 - e. Land use
 - f. Biodiversity
3. Communities and social performance:
 - a. Human rights monitoring and management
 - b. The economic and social development of the communities in which the Group operates, including employment, training and development, and local supply chain development
 - c. Sustainable development issues as they relate to suppliers and supply chains, including child labour, human trafficking and modern slavery
 - d. Community relations, including with indigenous peoples' policies
 - e. Diversity, inclusion and non-discrimination;
4. Determine and oversee the quality, adequacy and effectiveness of the Group's Sustainability related policies;
5. Ensure Sustainability disclosures and reporting comply with regulations and standards;
6. As another peer to the whistleblowing or grievance mechanism policy and procedures;
7. Oversee the Group's Sustainability Team.

In 2022, the Sustainability Committee as reviewed and approved the Group's Human Rights Policy, Environmental Policy, Sustainability Policy, Sustainability Due Diligence Procedures, Materiality process and Materiality results, in addition to Sustainability governance and performance improvements of the Group.

The Sustainability Committee and the Sustainability Team of the Group tracks the effectiveness of all actions, relating to Material and Non-Material Topics established by the Group, taken in line with the policies and commitments established by the Group. The Sustainability Team provides periodical, usually quarterly, reports to the Sustainability Committee on matters including the setting of goals and targets such as those pertaining to occupational health and safety or those relating to Net-Zero, regulatory compliances that various goals and targets have to align with, the activities and business relations that are impacted by the goals and targets, the baseline for goals and targets such as having 2021 as the base-year for the Group's Net Zero journey, and the timeline for the goals and targets such as Net Zero Scope 1 and Scope Emissions by 2050.

The Sustainability Committee, along with the Sustainability Teams adopts "lessons learnt" from various mechanisms such as Sustainability due diligence, stakeholder engagements, and mechanisms for feedback, raising concerns and whistleblowing. This applies to all Material and Non-material Topics of the Group.

Our Sustainability Strategy and Management Approach

SUSTAINABILITY POLICY

This KAB Sustainability Policy and its implementation applies to the entire Group, including the management of its internal and external stakeholders. It is designed to provide a comprehensive framework for all members of the Group when managing all dimensions of Sustainability covering economic, environmental and social matters that are material to the Group.

In ensuring that the Group as a whole continually adheres to its commitments, takes adequate measures to manage its Sustainability risks, opportunities and impacts, and implements Sustainability-related processes systematically, the Group has established the following governance structure:

1. The Board of Directors (“the Board”) determines the Group’s overall Sustainability strategy, quantitative and qualitative targets for the year.
2. The Sustainability Committee (the “Committee”), comprising three board members and chaired by an independent director who is not the Chairman of the Board, assists the Board of Directors in discharging its statutory duties and oversight responsibilities relating to supporting and monitoring the sustainable development strategy of the Group’s businesses covering economic, environmental and social aspects, including contribution to Sustainability-related impacts in the course of the Group’s operations, and to oversee the integrity of the Group’s Sustainability reporting and associated statements on matters within its scope.
3. The Sustainability Team of the Group, delegated to assist the Committee, responsible for realising the Group’s Sustainability strategy, and to implement and policies and procedures related to Sustainability objectives across the Group’s business operations and with all business relations.

The Sustainability Policy states the Group commits to aligning with the United Nations Sustainable Development Goals (UN SDGs) based on the Group’s vision, mission and business model:

- Goal 5 Gender Equality – Achieve gender equality and empower all women and girls
- Goal 6 Clean Water and Sanitation – Ensure availability and sustainable management of water and sanitation for all
- Goal 7 Affordable and Clean Energy – Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8 Decent Work and Economic Growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9 Industry, Innovation and Infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
- Goal 11 Sustainable Cities and Communities – Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12 Responsible Consumption and Production – Ensure sustainable consumption and production patterns
- Goal 13 Climate Action – Take urgent action to combat climate change and its impacts
- Goal 15 Life on Land – Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss
- Goal 17 Partnership for the Goals – Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

Additionally, the Group also commits to aligning with the Paris Climate Agreement:

- The Paris Agreement’s central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.
- As part of the engineering, energy and utilities sectors, the alignment to the Paris Climate Agreement is for the Group to be a leader in zero-carbon energy generation and on the path to reach zero carbon emissions by 2050 or earlier.
- The Group ensures that all processes are socially and environmentally sustainable.

Our Sustainability Strategy and Management Approach

In the Sustainability Policy, the Group has established its Sustainability Due Diligence principles:

- The Group considers actual and potential impacts that it causes or contributes to through its activities, as well as actual and potential impacts that are directly linked to its operations, products, or services by its business relationships. Business relationships are relationships that the Group has with business partners, with entities in its value chain including those beyond the first tier, and with any other entities directly linked to its operations, products, or services.
- Due diligence tools and methodologies are issued by the Sustainability Team, and approved by the Sustainability Committee, in order to gauge Sustainability impacts along with the related risks and opportunities, including surveys, grievance mechanisms and other two-way communication processes with internal and external stakeholders.
- The due diligence process is used to identify negative or positive impacts following the following three aspects:
 - “Causes” - The Group ‘causes’ a negative or positive impact if its activities on their own result in the impact.
 - “Contributes to” - The Group ‘contributes to’ a negative or positive impact if its activities lead, facilitate, or incentivise another entity to cause the impact. The Group can also contribute to a negative or positive impact if its activities in combination with the activities of other entities cause the impact.
 - “Directly linked to” - Even if the Group does not cause or contribute to a negative impact, its operations, products, or services may be ‘directly linked to’ a negative impact by its business relationships.
- The due diligence process is further used to assess the significance of the negative or positive impacts:
 - The significance of an actual impact is determined by the severity of the impact. The significance of a potential impact is determined by the severity and likelihood of the impact.
 - The severity of an actual or potential impact is determined by the following characteristics:
 - Scale: how grave the impact is
 - Scope: how widespread the impact is
 - Irremediable character: how hard it is to counteract or make good the resulting harm
- The Group conducts Sustainability due diligence process in accordance to stakeholder groups, onboarding of new business relations, the beginning of any new projects, or periodical review of projects and operational activities.
- The Group responds accordingly to the negative and positive impacts, and the resulting risks and opportunities, such as improving process to avoid, mitigate and remedy Sustainability impacts.

The Group’s Sustainability Due Diligence is aligned with the United Nations (UN) Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct

The Sustainability Committee, assisted by the Sustainability Team, is responsible for developing strategies to meet the objectives of the Policy, as well as monitoring the progress of achieving the objectives.

HUMAN RIGHTS POLICY

The Group upholds the “protect, respect and remedy” principles as stated in the UN Guiding Principles in order to avoid, mitigate and manage any people-related impacts in the course of our employment, labour relations and business relations. Additionally, we also comply with International Labour Organisation (ILO) conventions that are ratified by Malaysia.

We have launched our own Human Rights Policy in 2022 to reflect our commitments on various people-related matters including those that are highly material to us. In our Human Rights Policy, our commitments include:

1. Equality, diversity and inclusion
2. Freedom of association and collective bargaining
3. Safe and healthy workplace
4. Workplace security
5. Forced labour and human trafficking
6. Child labour
7. Work hours, wages and benefits
8. Minimum wage
9. Stakeholder engagement

Our Sustainability Strategy and Management Approach

The Group's Human Rights Policy covers the following areas:

1. Equality, Diversity and Inclusion

The Group is committed to the principles of equal opportunity and equal pay and maintains a zero-tolerance policy on discrimination and harassment. We work to maintain workplaces that are free from discrimination and harassment on the basis of race, sex, colour, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, political opinion or any other status protected by applicable law.

The basis for recruitment, hiring, placement, development, training, compensation and advancement at the Group is qualifications, performance, skills and experience. Our hiring processes will include the employment of under-privileged groups, including those from deprived backgrounds, having poor social status and with no formal education or qualifications.

We do not tolerate disrespectful or inappropriate behaviour, unfair treatment or retaliation of any kind. We value and advance the diversity and inclusion of various people groups in the workplace.

We are also committed to youth unemployment initiatives, apprenticeships or graduate placements and we are against any bullying and harassment at the workplace.

2. Freedom of Association and Collective Bargaining

The Group respect our employees' right to join, form or not to join a labour union without fear of reprisal, intimidation or harassment.

We also respect and support the right to collective bargaining. We are committed to establish a constructive dialogue in good faith with employees and/or their representatives.

3. Health and Safety

The Group is committed to providing a safe and healthy workplace and comply with applicable safety and health laws and regulations. We work closely in consultation with our employees, by addressing and remediating identified risks of accidents, injury and health impacts.

Internally, we commit to continuous improvement of our health and safety practices and processes towards reducing negative health and safety impacts. At the same time, externally, we engage with all our contractors and external Stakeholders in our business value chain to ensure occupational health and safety standards are met.

4. Workplace Security

The Group is committed to maintaining a workplace that is free from violence, harassment, bullying, intimidation and other unsafe or disruptive conditions due to internal and external threats. Violence, harassment, bullying, and intimidation is not tolerated in the workplace and in any work-related circumstance outside the workplace. Security measures for employees are provided, as needed, and are maintained with respect for employee privacy and dignity.

Our Sustainability Strategy and Management Approach

5. Forced Labour and Human Trafficking

Forced or compulsory labour are work and service that is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily. We prohibit the use of all forms of forced labour, including prison labour, indentured labour, bonded labour, military labour, modern forms of slavery and any form of human trafficking.

The Group conducts various forms of due diligence, when necessary, in order to prevent the involvement of forced labour or human trafficking within its activities. It is also to avoid contributing to, or becoming complicit in, the use of forced labour or the occurrence of human trafficking through its relationships with its external Stakeholders (e.g., suppliers, customers).

6. Child Labour

Child labour is work that 'deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education. Specifically, it means types of work that are not permitted for children below the relevant minimum age.' (International Labour Organisation). We prohibit the hiring of individual that is under eighteen (18) years of age for any position in the Group. The Group conducts any forms of due diligence, when necessary, in order to prevent the use of child labour within its activities. It is also to avoid contributing to, or becoming complicit in, the use of child labour through its relationships with its external Stakeholders (e.g., suppliers, customers).

7. Work Hours, Wages and Benefits

The Group compensates employees competitively relative to the industry and local labour market, and in accordance with terms of applicable collective bargaining agreements (if any). We work to ensure full compliance with applicable wage, work hours and benefit laws. We do not encourage excessive working hours unless otherwise required by urgent and emergency situation.

8. Minimum Wages

The Group is committed to complying to the latest minimum wages regulation set by the authorities to protect employees against any unduly low pay. We also believe that minimum wages can also be one element of a policy to overcome poverty and reduce inequality, including those between men and women, by promoting the right to equal remuneration for work of equal value.

9. Stakeholder Engagement

The Group is committed to frequent engagement with all our internal and external stakeholders in order to identify and manage any risks that arise from human rights violations or non-compliances. Engagements and consultations shall be documented. Measures will be taken to avoid or mitigate any potential negative human rights impacts with the cooperation of the Stakeholders.

Our Human Rights policy provides for a whistleblowing and grievance mechanism, whereby any employee or any third party may anonymously report any violation related to this policy via a designated confidential e-mail. The Management will investigate, address and respond to the concerns in the substantiated report and will take appropriate corrective action in response to any violation, and commits to remedy affected parties where it has been identified that it has directly caused or contributed to human rights impacts.

Our Sustainability Strategy and Management Approach

ENVIRONMENTAL POLICY

Climate change poses serious risks to the global economy and will have an impact across communities and many economic sectors. Environmental dimension of sustainability concerns an organisation's impacts on living and non-living natural systems, including land, air, water, and ecosystems.

As part of its commitment to Sustainability, the Group commits to having a holistic approach on its environmental management towards contributing to climate action, climate change adaptation and sustainable development goals. It is also crucial for all our relevant stakeholders to understand that the Group has taken steps to identify, manage and prepare itself with regards to the risks and opportunities of climate change in its business strategies, practices and processes. Hence the Group has established its Environmental Policy in 2022.

This Environmental Policy is designed to provide a framework for the Group to achieve the following:

1. To have effective governance and oversight on environmental and climate change impacts;
2. To embed environmental considerations into the implementation of the Group's strategies;
3. To promote environmentally-oriented processes, practices, services and products; and
4. To establish environmental metrics and contribute to environmental goals and targets.

The policy covers the following areas:

1. Stakeholder Engagement and Material Environmental Matters

The Group commits to engaging with its stakeholders periodically to identify environmental impacts that are caused by the Group's business activities, and to address environmental matters that are of concern and interest to these stakeholders. Due to environmental matters spanning across a large spectrum, the Group seeks to prioritise on the most important environmental matters that are material to the Group's business. The Group also considers climate-related risk and opportunities when deliberating material environmental matters.

2. Energy

The Group commits to using energy more efficiently and opting for renewable energy sources, which is essential for combating climate change and for lowering the Group's overall environmental impacts. The Group also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to energy use and the reduction of negative impacts in this area.

3. Greenhouse Gas Emissions (GHG Emissions)

The methodology relating to GHG emissions are based on the 'GHG Protocol Corporate Accounting and Reporting Standard' ('GHG Protocol Corporate Standard') and the 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard' ('GHG Protocol Corporate Value Chain Standard'). The GHG Protocol has established a classification of GHG emissions called 'Scope'.

- Direct GHG emissions - Scope 1
- Energy indirect GHG emissions - Scope 2
- Other indirect GHG emissions - Scope 3

The Group commits to address its GHG emissions and to improve operational efficiency, which would result in a reduction of its GHG emissions. The Group would also consider setting short to long term targets for GHG emissions in line with the relevant national or international regulations, standards and/or accords. The Group also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to GHG emissions and the reduction of negative impacts in this area.

Our Sustainability Strategy and Management Approach

4. Water

The Group commits to identify and manage its water-related impacts. The Group can reduce its water consumption and associated impacts through efficiency measures, such as water conservation, recycling, reuse, or process redesign throughout its business as well as specific sites. The Group may also consider collective actions that extend beyond its operations such as working with other companies operating at the same site. The Group also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to water use and the reduction of negative impacts in this area.

5. Biodiversity

The Group commits to identifying and addressing biodiversity issues which would result in the reduction or avoidance of impact in this area. The Group would also consider strategies that contribute to the prevention, management, and remediation of damage to natural habitats resulting from the Group's activities, such as the integration of biodiversity considerations into analytical tools, such as environmental impact assessments. The Group also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to biodiversity and the reduction of negative impacts in this area.

6. Waste

The Group commits to better understand and communicate its waste-related impacts, and how it manages these impacts. The Group also commits to prevent unnecessary waste generation and shall manage waste that cannot be prevented, in its own activities and in its value chain. Continual improvements shall be implemented to reduce or avoid the impacts. The Group also commits to engage with its external Stakeholders such as suppliers and customers to address issues relating to waste and the reduction of negative impacts in this area.

The Board, assisted by the management, is responsible for developing strategies to meet the objectives of the policy, as well as monitoring the progress of achieving the objectives.

Any employee or any third party may anonymously report any feedback related to this policy via the Group's Sustainability e-mail at sustainability@asastera.com. The Group will investigate, address and respond to the concerns expressed in the feedback will take appropriate corrective action in response to any negative environmental impacts. The entire process and its results shall be documented and shall be properly disclosed in accordance to any applicable laws or Sustainability standards.

OUR NET ZERO COMMITMENTS

At KAB, we have begun our Net Zero journey in 2022. We understand that as we strive to support our customers in achieving the Net Zero aspirations through our Sustainable Energy Solutions and other project offerings, we as a Group has to be responsible and sustainable in our business operations. Building Sustainability into our DNA and aligning our commitments with the Paris Agreement aspirations means that we as a Group have to also commit to Net Zero targets and commitments.

As stated in our Environmental Policy, we manage and set targets for emissions, in accordance with the GHG Protocol when accounting for our Scope 1, Scope 2 and Scope 3 emissions. As with most of the large corporates, in line with regulatory expectations such as those of the Bursa Malaysia, and ESG ratings criteria such as those of FTSE4Good, the first steps in our Net Zero journey is to focus on our Scope 1 and Scope 2 emissions. Net Zero means cutting GHG gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.

Our Sustainability Strategy and Management Approach

We follow the steps below in building our Net Zero commitments and targets:

1. Building our GHG inventory scope and plan

- Reviewing GHG accounting standards such as the GHG Protocol and methods for emissions reporting (also in line with our overall Sustainability reporting in accordance with the GRI Standards)
- Identifying and listing out organisational and operational boundaries
- Setting a base-year

2. Collecting data and quantifying our GHG emissions

- Identifying data requirements and methodologies that can be applied across the Group
- Developing data collection roles and responsibilities, tools and templates
- Compiling and reviewing data, choosing emissions factors, and calculating emissions
- Identifying and filling data gaps

3. Developing a GHG emissions management plan

- Formalising business-as-usual data collection procedures
- Documentary management and process management

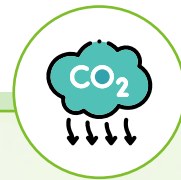
4. Setting a GHG emissions reduction target

- Finalising data
- Aligning with practicability of emissions reduction with business trajectory and business forecast

5. Targeting and reporting emissions reduction progress

- Preparing to set a publicly reported GHG target and track progress
- Reporting and external verification when needed

For the initial stages, we have begun focusing on energy and Scope 1 and Scope 2 emissions throughout our office locations where our active subsidiaries operate in. In the later stages in our planning, a more comprehensive list of Scope 3 emissions would be identified for upstream and downstream activities.



KAB'S NET ZERO COMMITMENT

KAB commits to reduce Scope 1 & 2 emissions 42.0% by 2030 and 90.0% by 2050 from a 2021 base year

To track the performance of our programmes and initiatives to reduce energy consumption and GHG emissions, we have set the base year at 2021 for the following reasons:

- Prior to the COVID-19 pandemic that gradually grew global beginning from the end of 2019, we have already begun framing and reporting on our emissions data. However, if the benchmark is set in this year, the data trend would be disrupted due to the pandemic that would have caused significant changes in the subsequent year.
- 2020 is also an unsuitable base year because there are too much fluctuations, instabilities and uncertainties due to the COVID-19 pandemic crisis that has disrupted business operations throughout all our energy and emissions boundaries. Emergency lockdowns, halting of business operations, restrictions in travelling, and restricting employee access to the workplace for social distancing purposes, has caused data trends to not reflect business as usual scenarios and hence the effect of any energy or emissions reductions initiatives could not be clearly visible.
- 2021 would be the most adequate base year as the "new normal" because COVID-19 has begun to set in. Energy consumption and emissions that arise from the course of business is seen to have a more stable trend as operations in the Group and also throughout the business value chain are no longer disrupted from any emergency measures to deal with the pandemic. "Work from home" has become a central part of the new normal for many individuals and entities within the business value chain, and would be seen as a being continued in the future as business operations begin to reduce physical activities by transitioning to virtual work activities. Net Zero targets with a sufficiently stable starting point will provide more meaningful tracking of initiatives and achievables.

Our Sustainability Strategy and Management Approach

In following the GHG Protocol framework, recalculation may be necessary when changes to base-year emissions would exceed the Group's established significance threshold. This happens when we restructure our business operations – including acquisition/divestments/mergers, discover calculation errors, or identify changes in calculation methodology or improvements in data accuracy over time.

WORKPLACE ENVIRONMENT, OCCUPATIONAL SAFETY AND HEALTH POLICY

The Group is committed to workplace environment, occupational safety and health (WOSH) management system compliance, and hence have updated the Workplace Environment, Occupational Safety and Health Policy in 2022. This policy provides a framework for establishing, measuring, and reviewing Group key performance indicator for WOSH objectives and target. All employees are advised to communicate this policy to all person working under Group.

This policy is designed to provide a framework for the Group in order to achieve the following:

- To comply with the Occupational Safety and Health Act 1994 or any amendments that follow;
- To have effective governance and oversight on occupational health and safety throughout the organisation, and to demonstrate commitment to employees' and workers' safety and health;
- To prevent of physical and mental harm, and promote of employees' and workers' health;
- To plan, support, operate, and continually evaluate the effectiveness of the occupational health and safety management system and programs;
- To include hazard identification, risk assessment, worker training, and incident identification and investigation in the occupational health and safety management system.
- To engage employees and workers in the development, implementation, and performance evaluation of an occupational health and safety policy, management system and programs.
- To have safe and healthy work conditions in line with authoritative instruments such as the International Labour Organisation (ILO), the Organisation for Economic Co-operation and Development (OECD), and the World Health Organisation (WHO), and the United Nations Sustainable Development Goals (UN SDGs).

The policy clearly defines the following:

1. Occupational Health and Safety (OH&S) Management System

The Group commits to having safety and health management systems in its operations that are recognised by standards and/or guidelines which includes international, national and industry-specific standards. The OH&S management system shall be implemented based on legal requirements and/or recognised risk management guidelines. The OH&S management system shall in principle cover all levels of employees, activities and workplaces within the Group's operations. The OH&S management system shall also achieve continual improvements in overall occupational health and safety performance. The Group shall appoint occupational safety and health coordinators or safety and health officer in accordance to the local legislation.

2. Hazard identification, risk assessment, and incident investigation

The Group commits to safety and health processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimise risks. The Group shall ensure the quality of these processes, including the competency of persons who carry them out, whereby the results of these processes are also used to evaluate and continually improve the occupational health and safety management system.

Our Sustainability Strategy and Management Approach

Hazards include chemical, physical, biological, ergonomics and psychosocial. Employees and workers shall report work-related hazards and hazardous situations in accordance with procedures and processes, and shall be protected against reprisals. Protection against reprisals include protection against intimidation, threats, or acts that could have a negative impact on their employment or work engagement, including termination, demotion, loss of compensation, discipline, and any other unfavourable treatment. Employees and workers have the right to remove themselves from work situations that they believe could cause them or another person injury or ill health.

Relevant processes shall be used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the OH&S management system.

3. Occupational health services

The Group shall consider the implementation of the appropriate type of occupational health services in accordance to legal requirements, whereby these services are entrusted with essentially preventive functions, and responsible for advising the management, the employees, and their representatives in the undertaking, on the requirements for establishing and maintaining a safe and healthy work environment, which will facilitate optimal physical and mental health in relation to work and the adaptation of work to the capabilities of workers in the light of their state of physical and mental health.

In accordance with local legislation, where appropriate or required, the Group may provide occupational health services by utilising in-house resources and/or external resources occupational health practitioners include but are not limited to occupational health doctor, occupational health nurse, occupational hygienist and ergonomist.

Functions of occupational health services can include:

- surveillance of factors in the work environment, including any sanitary installations, canteens, and housing provided to workers, or in work practices, which might affect workers' health;
- surveillance of workers' health in relation to work;
- advice on occupational safety, health, and hygiene;
- advice on ergonomics, and on individual and collective protective equipment;
- promotion of the adaptation of work to the worker;
- organisation of first aid and emergency treatment.

4. Employee participation, consultation, and communication on occupational safety and health

The Group shall include employee participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to employees.

The Group shall also consider worker participation in occupational health and safety through joint management-employee or management-worker safety and health committees. In addition to direct participation of employees from all job levels in these committees, employees' representatives, where they exist, might also be involved in these joint activities, as they might be authorised to make decisions about occupational health and safety, among other workplace decisions. Where appropriate or required, the Group will also establish dispute resolution mechanisms, its chairing responsibilities, and how committee members are protected against reprisals.

5. Training on occupational safety and health

Occupational safety and health training shall be provided to employees and workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations, on a quarterly basis. The Group shall also consider how the trainings are designed and delivered, including the content or topics addressed, the competency of trainers, which employees and workers receive the training, the frequency of the training, and whether the training is provided in a language easily understood by employees and workers.

Our Sustainability Strategy and Management Approach

6. Promotion of employee health

To promote the health and well-being of employees, the Group shall facilitate employees' access to non-occupational medical and healthcare services and/or health promotion services and programs offered to employees to address major non-work-related health risks.

Employees' access to non-occupational medical and healthcare services might be facilitated, for example, through Group clinics or disease treatment programs, referral systems, or health insurance or financial contributions.

Voluntary health promotion services and programs aimed at addressing major non-work-related health risks among workers, include both physical and mental health-related risks. Examples of these risks include smoking, drug and alcohol abuse, physical inactivity, unhealthy diets, HIV, and psychosocial factors.

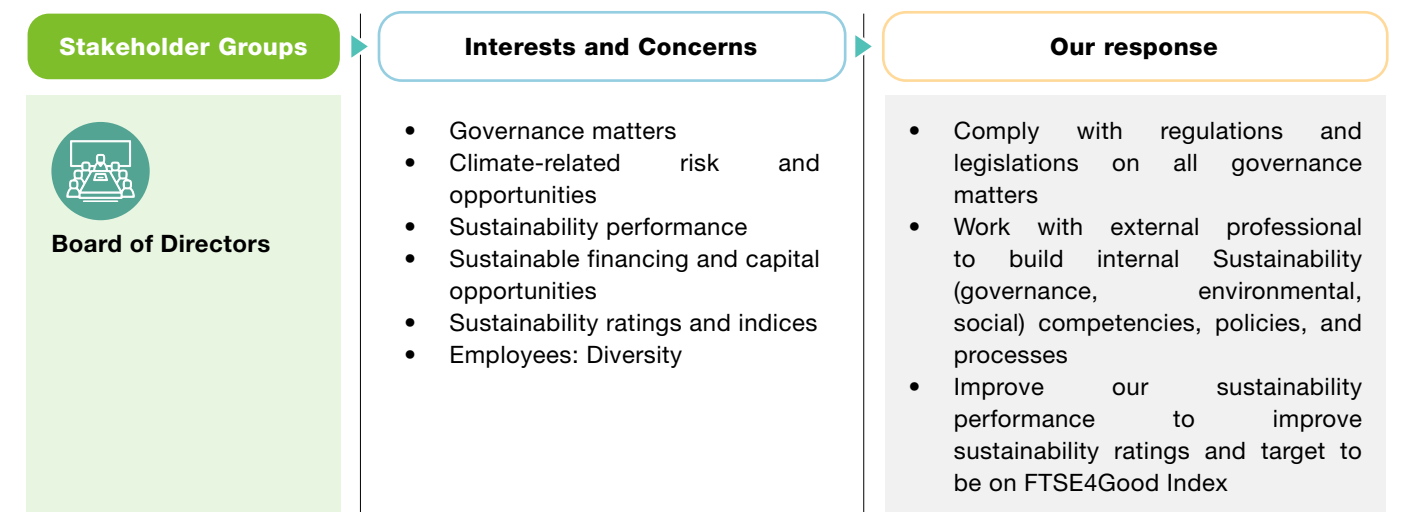
Voluntary health promotion services and programs complement but cannot be taken as a substitute for legally required occupational safety and health services, programs and systems that prevent harm and protect workers from work-related injuries and ill health.

Employees or any 3rd party may anonymously report any feedback related to this policy via the Group's e-mail at kabwhistleblow@asastera.com or kabsustainable@asastera.com. The Group shall investigate, address and respond to the concerns expressed in the reports or feedback, and will take appropriate corrective action in response to any safety and health processes, matters or incidences. The entire process and its results shall be documented and shall be properly disclosed in accordance with any applicable laws or safety and health standards.



OUR STAKEHOLDER ENGAGEMENT

Stakeholders are individuals or groups that have interests that are affected or could be affected by the Group's activities. An interest (or 'stake') is something of value to an individual or group, which can be affected by the activities of the Group. Stakeholders can have more than one interest. Not all interests are of equal importance and they do not all need to be treated equally. An important point to note is that human rights have a particular status as an entitlement of all people under international law – we see more and more instances of regulators sanctioning business that have significant infringements of human rights and human rights laws which results in monetary and opportunity losses. The most acute impacts the Group can have on people are those that negatively affect their human rights.

Key interests and concerns from major stakeholder groups are addressed after our ongoing engagements, whereby more detailed information is used in impact assessment and Materiality process.



Our Sustainability Strategy and Management Approach

Stakeholder Groups	Interests and Concerns	Our response
 Shareholders	<ul style="list-style-type: none"> Corporate Governance Climate-action, green, energy saving related projects that positively impact the environment and business 	<ul style="list-style-type: none"> Comply with regulations and legislations on all governance matters Aggressively pursue business opportunities in the power generation business segments
 Employees	<ul style="list-style-type: none"> Privacy and data protection Human rights and labour relations Training and education Employment practices, diversity, non-discrimination and inclusion Occupational Health and Safety 	<ul style="list-style-type: none"> Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010 Human Rights Policy New training sessions on Sustainability in 2022 Improvements in employment practices Workplace Environment Occupational Safety and Health Policy
 Customers	<ul style="list-style-type: none"> Occupational Health and Safety Privacy and data protection Products and services that achieve Sustainability targets 	<ul style="list-style-type: none"> Workplace Environment Occupational Safety and Health Policy Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010 Sustainable Energy Solutions
 Suppliers and Contractors	<ul style="list-style-type: none"> Price fluctuations Safety measures 	<ul style="list-style-type: none"> Managing procurement practices Compliance with government regulations Strict compliance to our safety and health standards, policies and regulations
 Engineering Consultants	<ul style="list-style-type: none"> Price fluctuations Compliance with regulations 	<ul style="list-style-type: none"> Managing procurement practices Compliance with government regulations Strict compliance to our safety and health standards, policies and regulations
 Government Departments	<ul style="list-style-type: none"> Occupational Health and Safety Climate Change and Renewal Energy Policies 	<ul style="list-style-type: none"> Compliance with government regulations Strict compliance to our safety and health standards, policies and regulations Participation in Sustainable Energy Solution targets to meet National Determined Contribution (NDC) of different governments

Our Sustainability Strategy and Management Approach

The Group established its Stakeholder Identification and Engagement Policy in 2021, that sets out the guidelines governing the identification, management and engagement of our internal and external Stakeholders. As a responsible Group, we systematically manage stakeholder relationships and impacts through regular Stakeholder Engagements as part of our Sustainability commitments.

The Stakeholder Identification and Engagement Policy that was established in 2021, lays out the following:



Main stakeholders are grouped as the following:

1. Board
2. Employees
3. Customers
4. Vendors
5. Sub-contractors

Stakeholder surveys are designed to enable stakeholders to reflect the significance of KAB's impacts in the course of business. The significance of an actual impact is determined by the severity of the impact, whereby the severity of an actual or potential negative impact is determined by their scale, scope and irremediable character.

Surveys conducted by the Group are designed to have a rating of zero (0) to five (5), for stakeholders to rate the significance of each Sustainability topic based on the severity of the impact in the course of business with KAB. The higher the rating, the more significant the positive or negative impact. The result of each stakeholder group varies as the impacts that are "caused" by, "contributed to" or "directly linked to" the course of business with KAB is different, with varying degrees of severity.

Each stakeholder group would rank Sustainability topics differently according to how the positive or negative impacts exists in different boundaries. The specific impact assessment of each Stakeholder groups would be used for Stakeholder management and Sustainability impact management in the next period.

Annual stakeholder engagements and surveys are carried out across the active subsidiaries of the Group.

As of 31 December 2022, there were a number of two hundred fifty-five (255) participants in the annual Sustainability stakeholder engagement. Even though the overall Material Topics are a consolidation of impact assessment across all stakeholder groups, individual stakeholder groups have Sustainability matters that are distinct to the group itself, hence the Group takes the appropriate actions to target specific impacts in the stakeholder group.

All results of the stakeholder engagement and impact assessment are documented in the Group's Stakeholder Engagement, Impact Assessment and Materiality Report 2022.

IMPACT ASSESSMENT AND MATERIALITY

In accordance with the GRI Standards, the Group prioritises managing and reporting on Sustainability topics that represent its most significant impacts on the economy, environment, and people, including impacts on their human rights – i.e., the Group's material topics.

Examples of material topics are anti-corruption, occupational health and safety, or water and effluents. Here, a material topic need not be limited to impacts on the economy, the environment, or people; it can cover impacts across all three dimensions. For example, 'water and effluents' can possibly be a material topic based on the impacts its water use has on ecosystems and local communities' access to water, covering both environmental and social aspects.

The process of determining material topics is informed by the Group's identification and assessment of impacts in its business relations and business activities. The identification and assessment of impacts involves engaging with relevant stakeholders and it is conducted in line but sometimes independently of the Sustainability reporting process.

For the purposes of Sustainability, impact refers to the effect the Group has or could have on the economy, environment, and people, including effects on their human rights, as a result of the Group's activities or business relationships. The impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible. These impacts indicate the organisation's contribution, negative or positive, to sustainable development. The impacts of the Group's activities and business relations on the economy, environment, and people can also have risks and consequences for the Group itself. These risks and consequences can be operational or reputational, and may lead to financial implications. For example, the high use of non-renewable energy contributes to climate change and could, at the same time, result in increased operating costs for the Group internally due to decarbonisation policies that seeks to shift energy use toward renewable sources.

Our Sustainability Strategy and Management Approach

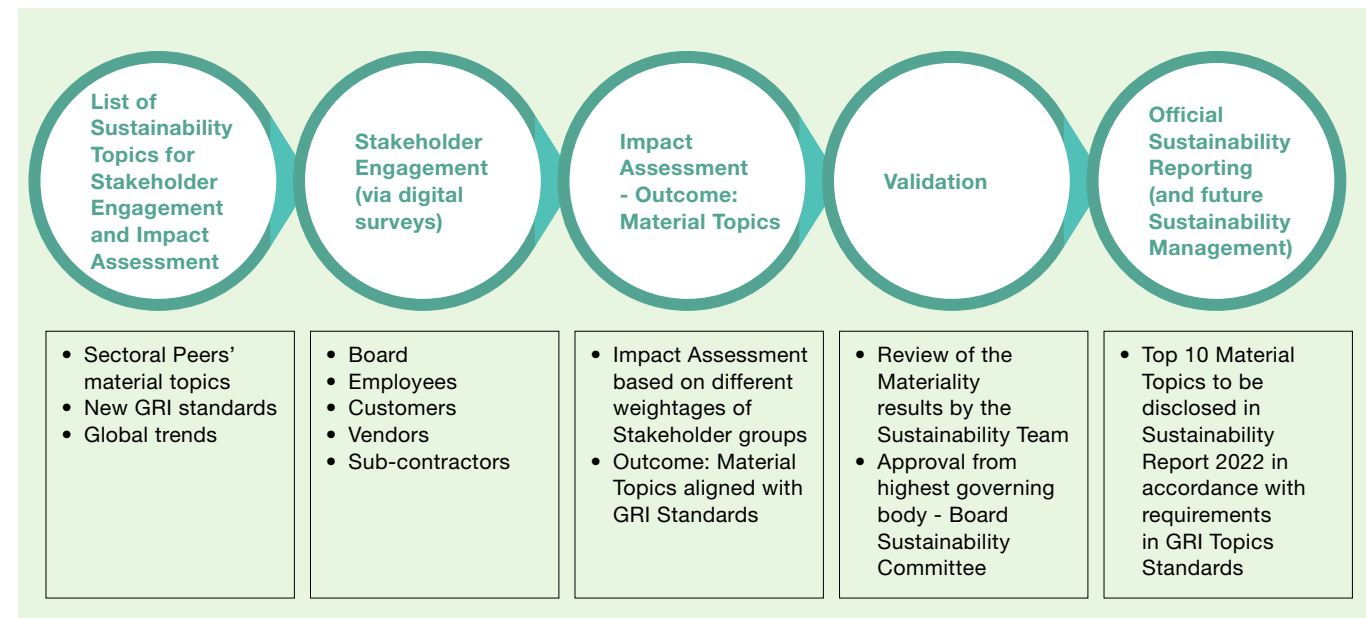
It is also important to note that the management of Sustainability and related economic, environmental and social impacts, is independent of the consideration of financial implications. The Group understands that material topics cannot be deprioritised on the basis of not being considered financially material by any of its stakeholders.

The basis of the Group's impact and materiality is based on two key concepts covered in the GRI Standards 2021, namely "due diligence" and "stakeholders", which are embedded in the Group's Sustainability Due Diligence procedures and stakeholder engagement process.

In accordance with the GRI Standards 2021, the Group has followed the four steps in determining its Material Topics:

- Step 1:** Understand the organisation's context
- Step 2:** Identify actual and potential impacts
- Step 3:** Assess the significance of the impacts
- Step 4:** Prioritise the most significant impacts for reporting

KAB's process of determining material topics is mapped on the steps structured by the GRI Standards:



The Materiality process is carried out by the Group every two years, or sooner when there is significant changes to the Group's business structure, business model, or external business landscape. The list of Material Topics determined by the impact assessment and Materiality process will be reported annually, and will be updated only when the impact assessment and Materiality process leads to a different result.

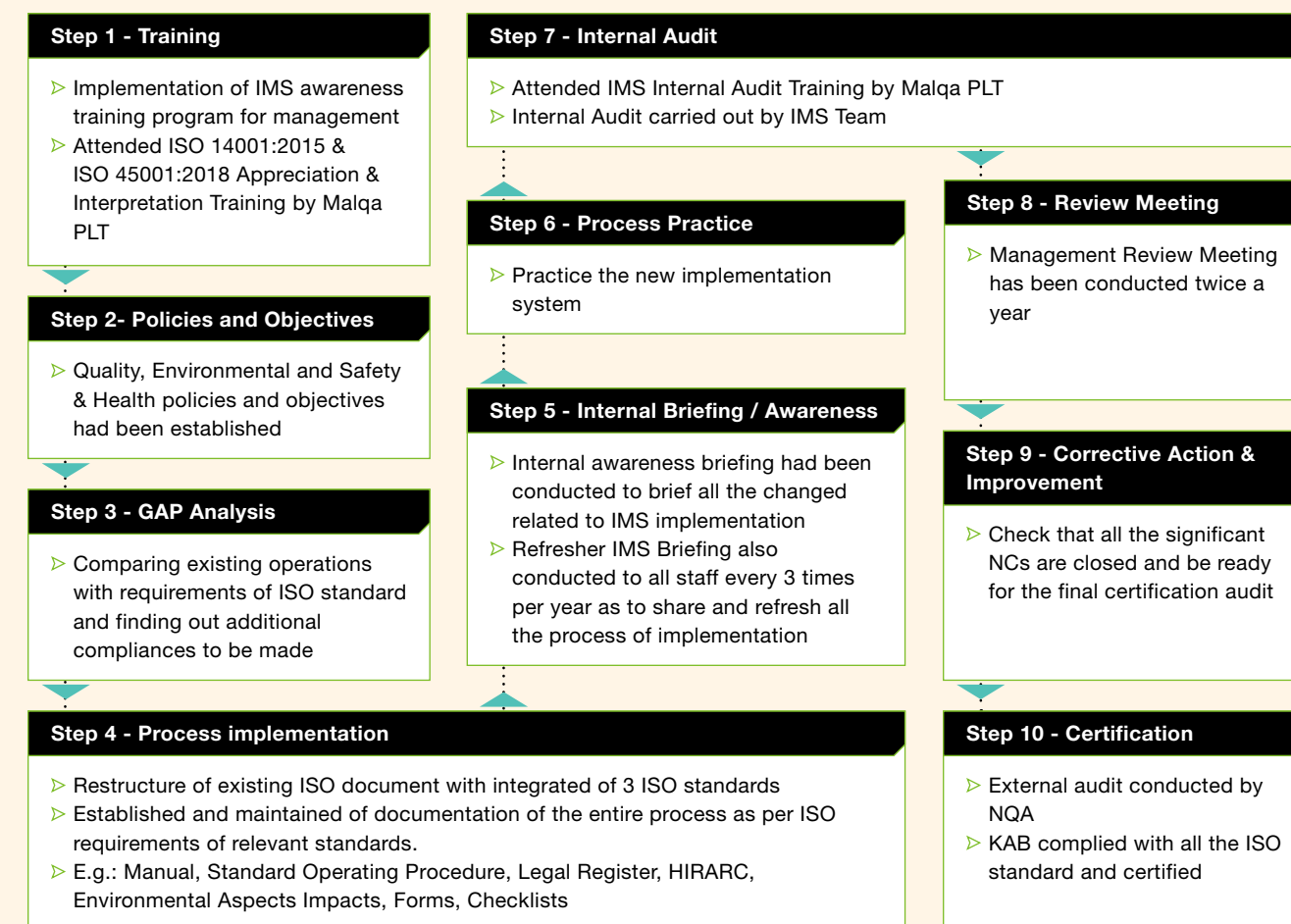
All results of the stakeholder engagement, impact assessment materiality process is documented in the Group's Stakeholder Engagement, Impact Assessment and Materiality Report 2022.

INTEGRATED MANAGEMENT SYSTEM - ISO

The Integrated Management System (IMS) a system that merges the components of the Group's diversified business into one system. The Group's IMS implementation beginning in 2022 includes ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. The IMS implementation allows the Group's businesses to streamline its management, save time and increase operational efficiency by addressing elements of management system as a whole including environmental and social impacts.

Our Sustainability Strategy and Management Approach

IMS Implementation Process



The IMS implementation process of the Group extends through 2022 to final issuance of certification in 2023.

With the IMS implementation in place, the Group is structurally and systematically more robust in its operations. This also forms part of the Group's strategy to better manage its Sustainability impacts.

PRECAUTIONARY PRINCIPLE

The Precautionary Principle is set out in Principle 15 of the UN Rio Declaration on Environment and Development,

"Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

The Group applies the Precautionary Principle by beginning to apply early action to prevent and mitigate potential negative impacts in situations where conclusive scientific understanding or evidence is lacking, but there is sufficient reason to expect serious or irreversible damage. This is not only important to avoid risks to the business of the Group, but also risks to our stakeholders in the business, and risk to negative impacts affecting the Group's commitment to Sustainable Development.

As a One-Stop Engineering and Energy Solutions Provider, applying the precautionary approach in business and project risk management enables the Group to be more responsible and resilient.

About the Sustainability Report 2022

KAB has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022, whereby the scope covers the Group and all active subsidiaries that is listed in the Group's corporate structure. The bank's annual sustainability reporting is aligned with the same reporting period as covered in its annual financial reporting.

This Sustainability Report and its contents have been approved and reviewed both by our Sustainability team and Board Sustainability Committee. Any questions with regards to this Sustainability Report can be directed to the Group via email: kabsustainable@asastera.com.

For the purposes of Sustainability Reporting, the GRI Standards 2021 is effective for reports or other materials published on or after 1 January 2023. The new GRI Universal Standards 2021 include:

- GRI 1: Foundation 2021
- GRI 2: General Disclosures 2021
- GRI 3: Material Topics 2021

Further, this Sustainability Report adheres to the GRI Standard's Reporting Principles of:

- Accuracy
- Balance
- Clarity
- Comparability
- Completeness
- Sustainability context
- Timeliness
- Verifiability

OUR MATERIAL TOPICS IN 2022

In 2022, we have conducted our Materiality Analysis to identify our material Sustainability matters based on the new GRI Standards 2021. Upon following the requirements of the new standards, the Group published its internal Stakeholder Engagement, Impact Assessment and Materiality Report 2022 to document the impact that is reflected across all Stakeholder group and the final Material Topics of the Group.

In accordance with the new GRI Standards, Materiality will no longer be presented in the form of a Materiality Matrix as with the previous standard. This enables the list of material topics to be more streamlined and objective without the subjective element of "influence on Stakeholder's assessments and decisions."

The process of Materiality in 2022 began with engagements with Stakeholders, in particularly via detailed Sustainability surveys. Each stakeholder group would rank Sustainability topics differently according to how the positive or negative impacts exists in different boundaries. The specific impact assessment of each Stakeholder groups would be used

for Stakeholder management and Sustainability impact management in the next period. The consolidate result of all Stakeholder groups would form the basis of our impact assessment which thereafter results in the list of Material Topics.

For the assessment of impact, a certain Sustainability topic will appear as the most significant impact when it has the highest cumulative score as rated by the stakeholder group. Each stakeholder group is provided with a weightage when assessing the significance of impacts throughout all stakeholder groups:

1. Vendor – 15%
2. Sub Contractors – 15%
3. Employees – 20%
4. Customers – 25%
5. Board – 25% (Here the Board would also be a proxy to other stakeholders such as regulators and investors, which is related to the Group in a more strategic and oversight level.)

About the Sustainability Report 2022

In 2022 a list of nineteen (19) Sustainability topics were listed out based on the Group's sector and position in the market, covering economic, environmental and social aspects:

- Economic performance and business resilience
- Market presence and local economic development
- Responsible procurement and sustainable supply chain
- Corporate governance, ethics and compliance
- Anti-corruption and anti-bribery
- Responsible and fair competition
- Responsible tax management
- Reducing materials and waste
- Climate action (energy and emissions management and targets)
- Wildlife and biodiversity
- Responsible water-use and preventing water pollution
- Employment policies and practices
- Occupational health and safety standards and practices
- Training, education and competency building
- Promoting diversity, inclusion, and non-discrimination
- Upholding human rights and fair labour practices
- Customer experience, and health and safety of customers
- Responsible marketing and communications, and fair dealing
- Cybersecurity, privacy and data governance

Upon merging the rating from all Stakeholder groups and by factoring the weightages allocated to each Stakeholder groups, the prioritisation of Material Topics is presented below in the order of importance, the first being listed as the most important Material Topic:

1. Reducing materials and waste
2. Occupational health and safety standards and practices
3. Anti-corruption and anti-bribery
4. Customer experience, and health and safety of customers
5. Training, education and competency building
6. Market presence and local economic development
7. Employment policies and practices
8. Responsible and fair competition
9. Climate action (energy and emissions management and targets)
10. Upholding human rights and fair labour practices

In the final analysis, the Material Topics of 2022 has been revealed to be different from 2021 after applying the principles and procedures laid out in the new GRI Standards 2021. In 2021, the top five Material Topics were occupational health and safety, business ethics and corporate governance, anti-corruption, economic performance, and human rights.

The most important change to note is that environmental impact, via the Group's management of materials and waste, is now the most prioritised Sustainability topic. Being an engineering and construction Group in the mechanical and electrical sector, the Group has to be vigilant and mindful that even though the Group focuses on meeting Sustainability objectives of its customers (e.g. renewable energy facilities), the Group's footprint in terms of materials and waste in the course of its operations have to be managed sustainably and responsibly.

The Board Sustainability Committee of the Group has reviewed the analysis and results, and have validated and approved the Materiality analysis and final Material Topics.

Material topics, which can be referred to in the GRI Content Index, are disclosed in this report based on the GRI Topic Standards:

- GRI 201: Economic Performance
- GRI 202: Market Presence
- GRI 205: Anti-Corruption
- GRI 301: Materials
- GRI 302: Energy
- GRI 303: Emissions
- GRI 306: Waste
- GRI 401: Employment
- GRI 403: Occupational Health and Safety
- GRI 404: Training and Education
- GRI 413: Local Communities
- GRI 416: Customer Health and Safety
- GRI 417: Marketing and Labelling
- GRI 418: Customer Privacy

The Group has also provided additional information, where relevant, that is beyond the GRI Topic Disclosures listed above in alignment with the Material Topics.

EXTERNAL ASSURANCE AND RESTATEMENT OF INFORMATION

No external assurance was sought for the Group's Sustainability Report in 2022. However, all Material Topic, management of Material Topics and all information disclosed have been reviewed by the Group's Sustainability Team and Board Sustainability Committee.

There is no restatement of information with regards to disclosures made in this Sustainability Report. Differences are a reflection of the transition between the previous and new GRI Standards. Other information such as emissions are in accordance with the GHG Protocol and are calculated in a similar fashion.

CLIMATE AND ENVIRONMENTAL IMPACTS



In 2022, we continue our journey in “Energising Climate Action” since 2021. Climate change continues to be perceived as the gravest threat to humanity, according to the latest World Economic Forum Global Risk Report. “Climate action failure” was rated as the risk with potential to inflict the most damage at a global scale over the next decade. In the Report, “extreme weather” and “climate action failure” are among the top five short-term risks to the world, but the five most menacing long-term threats are all environmental.

In this regard, the Group has continued to forge ahead to align its operations internally, and services externally to meet global climate change and climate action commitments. As we are still at the beginning of our climate action journey, we continue to accelerate our progress towards achieving our sustainability aspirations particularly in the environmental dimension. Once again, the Group reiterates the mantra “For a Greener Earth” in our sustainable business and operations in 2022.

Managing Our Climate and Environmental Impacts

MANAGING MATERIALS AND WASTE RESPONSIBLY

A large quantity of materials is consumed and substantial waste is generated as a result of the Group’s activities, such as during the provision of our services in various locations. It can also be generated by entities upstream and downstream in the Group’s value chain. The Group understands that our business activities cause and contribute to environmental impacts through the use materials and disposal of waste. The Group has implemented its environmentally sound material and waste management, also through encouraging reusing and recycling.

In 2021, materials and waste were not listed as Material Topics. However, the Group has reporting useful information with regards to materials and waste in the Group’s Sustainability Report 2021. In 2022, the latest stakeholder engagement, impact assessment and materiality process has enabled the Group to identify that materials and waste are ranked as the No. 1 material topic amongst all Sustainable matters.

As an engineering services and energy solutions provider, the Group manages its environmental impacts by tracking its materials and waste. The type and number of materials the Group uses can indicate its dependence on natural resources, and the impacts it has on the availability of these resources. The Group’s contribution to resource conservation can be indicated by its approach to recycling, reusing and reclaiming materials, products, and packaging. Proper material planning and selection enables the Group to not only manage its environmental impacts, but also its costs and other business risks.

The primary materials that are used for the Group’s business activities in engineering and energy solutions are cables. In 2022, there are a total number of forty-five (45) projects sites that were in operation across the Group that had contributed to the usage of cables. These are non-renewable materials that are sourced from our suppliers:

- A total of 23,444,031.73 kg of cables were used in 2022.
- The calculation of the consumption of cables were from direct measurements across all forty-five (45) project sites.
- Cables supplies are delivered to the various sites at periodical schedules, whereby a record across all sites are tabulated in a consolidated monthly record.

Additionally, paper for office use was also one of the primary materials that are used for the Group’s business activities in 2022, including for the functions of the headquarters and active subsidiaries:

1. 539 rims of A4 (70g) paper, with each rim consisting 500 sheets.
The total usage of A4 paper used in 2022 is 18,865 kg.
2. 39 rims of A3 (80g) paper, with each rim consisting 500 sheets.
The total usage of A3 paper used in 2022 is 1,560 kg.
3. The total usage of paper in 2022 comes to a total of 20,425 kg.

The Group has noticed the significant amount of paper that is used in the business operations. High amounts of paper consumption create significant environmental impact. On the other hand, due to internal and regulatory requirements as an engineering and energy solutions provider, there are certain information that require paper submission or paper records. To continue reducing its environment impact, the Group will begin its baselining process to further identify digitisation targets in line with internal and regulatory requirements.

In the digitisation process, the Group does not decrease one for of material consumption while increasing another form of resources in the process – i.e. reducing paper consumption through digitisation but consuming more physical information technology (IT) resources. One significant differentiator between the Group and other industry players in the sector is its effort to reduce electronic waste through an innovative way of utilising its IT equipment.

Since 2019, the Group has signed up with a vendor, who specialised in remanufactured carbon neutral computers, to green its IT infrastructure by using rental and remanufactured IT equipment such as laptops and computers. Reusing and recycling IT products help reduce e-waste, which fits with our Sustainability principles to manage and reduce materials and waste in our operations. To date, the Group has a total of one hundred twenty-three (123) units of remanufactured laptop and four (4) units of remanufactured desktops which are on rental basis.

Managing Our Climate and Environmental Impacts



On 2 February 2023, Rentwise Malaysia presented to Datin Alicia Chan, Executive Director (Group Chief Operation Officer) also a member of the Sustainability Committee, being the representative of KAB Group of Companies to receive a token of appreciation for embracing circular economy and embarking on the decarbonisation journey with the use of remanufactured computers.

The Group has also maintained its commitments to limit negative environmental impacts that relate to the waste in the Group's business activities. The Group's business operations, entities and stakeholders comply overarchingly with the Group's Environmental Policy. Specific to various areas of waste management, the Group has more detailed procedures, processes and plans.

Firstly, the Group continues to implement its construction waste management and plan across all businesses at installation and project sites. Instructions include:

- Salvageable materials will be diverted from disposal where feasible.
- There will be a designated area on the construction site reserved for materials that can be recycled.
- Areas shall be marked to designate what recycle materials are to be stored there.
- Hazardous waste will be managed by a licensed hazardous waste vendor.
- Waste materials such as trunking, bracket or UPVC pipe that produced from installation activities at site shall be collected at each workspace area before dispose to main contractor roro bin.
- Waste from hacking activities at site shall be collected at each workspace area before dispose to main contractor roro bin.
- Housekeeping shall be conducted every day before and after start work. Waste at each collection area will be clear before start work.
- Proper disposal facilities such as Roll-on Roll-off (Roro) bin and waste container will be provided by main contractor for collection and temporary storage of waste construction waste
- Concrete delivery shall be controlled to minimise spillage. Any concrete spillage should be allowed to harden and dispose at main contractor Roll-on Roll-off (Roro) bin (if any).
- A licensed contractor will be appointed by main contractor as the main contractor will handle and manage the disposal of construction wastes to the approved dumping ground.
- Scrap cable will be store at designated storage area and will be collect by KAB / sub-contractor person in charge.
- Regular inspection/checking on site shall be conducted to monitor the adequacy of the waste management and general cleanliness of the site.
- Open burning is prohibited.

Managing Our Climate and Environmental Impacts

The Group manages materials and waste in accordance to the grouping of the product:

Plastic - PVC Conduit - Package material	Keep separated in designated areas on-site. Keep separate for reuse by on-site construction or by site employees.
Timber - Drum Cable	Keep separated in designated areas on-site. Recycle with waste Management.
Scrap Metal - Trays - Trunkings	Keep separated in designated areas on-site. Keep separate for reuse by on-site construction or by site employees.
Scrap cable	Keep separated in designated areas on-site; Management will keep at storage Keep separate for reuse by on-site construction or by site employees
Paper	Online document submission system to centralise documents in cloud-based folders – minimise paper waste and boosts efficiency as files are stored digitally and printing is significantly reduced.

Recyclable waste is also properly managed across our headquarters (HQ) and our project sites:

- Recycling bins are provided at HQ and Site Office.
- Waste that are generated from HQ Office are segregated accordingly before sending to recycle center every fortnightly. The categories are paper and plastic.
- Recyclable waste that is generate from Site Offices are segregate accordingly and will be dispose to recycle center or main contractor recycle waste bin (if any) once a month.
- Recyclable waste that is generate from HQ Office shall be segregate accordingly and will be send to recycle centre. A Waste Material Disposal Form will be fill up.
- Regular inspection/checking shall be conducted to monitor the general cleanliness of the area and increase the awareness of recycling as well.
- Recycle waste disposal record will be update in Monthly Environmental Report.

To manage domestic waste and food waste at the office:

- Designated areas are provided for waste collection and temporary storage prior to disposal at local landfill or approved dumping site.
- Regular inspection/checking shall be conducted to monitor the general cleanliness and the adequacy of the waste management.

Additionally, the Group has implemented its management approach to provide guidance and controls required for project to manage and minimise the impact related to scheduled waste generation from construction and office work activities, through its Scheduled Waste Management.

Identification and notification of scheduled wastes:

- All waste generated from activities at workplace shall be identified.
- Project shall clarify and get acknowledgement on the requirement for project to utilise the Electronic Scheduled Waste Information System (e-SWIS) by the Department of Environment (DOE).
- The type of scheduled waste and its code can be determined by comparing the identified waste with the First Schedule of the Environment Quality (EQ) (Scheduled Wastes) Regulations 2005.
- The DOE shall be notified within thirty (30) days from the date of generation of scheduled waste by using the Second Schedule of the EQ (Scheduled Wastes) Regulations 2005.
- Further notification shall be made when any new waste is identified and upon new process that contribute to scheduled waste generation that has been established.
- Identify the type of scheduled waste before it is stored in the Scheduled Waste Storage Area.

Managing Our Climate and Environmental Impacts

As a One-Stop Engineering and Energy Solutions Provider, we manage energy and emissions both internally through our operations, and externally via our products and services. We do our best to minimise negative impacts and increase positive impacts by both having internal initiatives and also providing the market with better and more efficient energy solutions such as renewable energy with our business relationships (such as vendors and customers) in the value chain.

Internally, we continue to drive the reduction of energy and emissions. All our offices and sites focus on reducing the energy consumption by implementing energy-efficient programmes and practices. We continue with practices to reduce energy consumption by:

- Turning off non-essential electrical appliances including lighting that are not in use such as during lunch breaks and when the employees of the location is required to work from home
- Increasing the use of energy saving LED lights
- Using timers on air conditions in our offices for be more efficient in reducing energy wastage

Externally through our Sustainable Energy Solutions (SES) portfolio, we have several key areas of focus, namely chiller optimisation, co-generation, waste heat generation and solar photovoltaic systems. For the purposes of energy to emissions calculations, the Group uses the Grid Emission Factor of Peninsular Malaysia in 2017 of 0.585 tCO₂/MWh according to the Malaysia Green Technology Corporation's CDM Electricity Baseline for Malaysia.

1. Chiller Optimisation

Chiller Optimisation is a process that optimises chiller plant and HVAC system through a data driven approach. In this technology, the system connects existing mechanical equipment such as chiller plant, ventilators, AHU, FCU and light control. The system collects data from a network of on-site sensors and external data points such as the weather. Thereafter the system will perform calculations based on the data gathered by the sensors and then derive heat/cooling load.

- There are currently four (4) projects in operations throughout Malaysia by 2022
- The of energy saved for these four (4) projects in 2022 comes to a total of 1,234,511 kWh.
- This means that there is an estimated avoidance of 722.19 tCO₂e avoided emissions in 2022 from the reduction of energy consumption in the chiller operations of the buildings in these projects.

Chiller Optimisation Savings	2021	2022
Energy Saved (Electricity)	1,768,570 kWh	1,234,511 kWh

2. Co-generation

Co-generation means simultaneously producing electricity and steam from a single fuel source. Co-generation is relevant for all facilities that requires energy, hot water, cold water or steam. In conventional generation systems, coal is used to move the turbines that causes the generator to generate electricity, while natural gas is used as fuel for the heating unit that produces heat. Co-generation system uses only natural gas to feed into the co-generation unit to directly produce electricity while at the same time fueling the heating unit for heat energy.

Co-generation	2021	2022
Energy Produced (Electricity)	3,328,891 kWh	7,784,290.54 kWh

Managing Our Climate and Environmental Impacts

3. Waste Heat Recovery

What is known as waste heat recovery or more specifically organic Rankine cycle (ORC) power generation uses a carbon-based working fluid with a low boiling point, to capture low-grade heat and convert it into electricity. This technology is similar to traditional steam turbine but the crucial difference is that rather than using water vapour, the system vaporises a high-molecule-mass organic fluid, for excellent electric performance.

- The Group's ORC waste heat recovery facility started operations since July 2020.
- For the year 2022, the project generated a total of 9,909,942.00 kWh, whereby an equivalent of 5,797.32 tCO₂e was avoided compared to fossil-fuel generation.

Waste Heat Recovery	2021	2022
Energy Produced (Electricity)	7,254,829 kWh	9,909,942 kWh

4. Solar Photovoltaic System

Solar PV systems harness the power of the sun to generate electricity. In 2022, we have a total of 4 awarded projects with a total capacity of 5,978.4 kWp output. We will continue to pursue aggressively solar projects that has been proven to be one of the cleanest energy generation technologies to-date.

Solar PV System	2021	2022
Energy Produced (Electricity)	214,572 kWh	5,051,779 kWh

The Group is proud to have increased solar photovoltaic energy generation by more than twenty (20) times from 2021 to 2022. In 2022, the Group has avoided the total of 2,955 tCO₂e through its renewable energy generation.

In totality, the energy consumption within the Group in 2022 includes purchased energy from the national grid, and also natural gas for the generation of electricity in our co-generation project.

Non-renewable – Natural Gas	2019	2020	2021	2022
kWh	0	0	9,525,668	21,687,511.37

Electricity Purchased for Consumption	2019	2020	2021	2022
kWh	95,334	83,701	101,357	108,174

Electricity Sold	2019	2020	2021	2022
Co-generation (kWh)	0	0	3,328,891	7,784,290.54
Waste Heat Recovery (kWh)	0	0	7,254,829	9,909,942
Solar (kWh)	0	0	214,572.94	5,051,779.30
Total (kWh)	0	0	10,690,083.94	22,746,011.84

Managing Our Climate and Environmental Impacts

In accordance to the GRI Standards, the total energy consumption for 2021 is calculated as per the formula:

Total energy consumption within the organisation	Non-renewable fuel consumed
	+ Renewable fuel consumed
	+ Electricity, heating, cooling, and steam purchased for consumption
	+ Self-generated electricity, heating, cooling, and steam, which are not consumed
	- Electricity, heating, cooling, and steam sold

Description	kWh
Non-renewable fuel consumed (Natural Gas)	21,687,511.37
Renewable fuel consumed	0
Electricity purchased for consumption	108,174
Self-generated electricity which are not consumed	0
Electricity sold (-)	(22,746,011.84)
Total Energy Consumption (Net)	(950,326.47)

The total energy consumption shows that the Group has produced more than it has consumed energy in 2022, to the amount of 950,326.47 kWh.

While managing our energy mix and energy balance, the Group is also focusing on reducing our emissions.

For the initial stages, we have begun focusing on energy and Scope 1 and Scope 2 emissions throughout the Group, in line with our Environmental Policy and our Net Zero Commitments. The Group is aspiring to achieve its Scope 1 and Scope 2 emission Net Zero goals by 2050. In the later stages of our planning, a more comprehensive list of Scope 3 emissions would be identified for upstream and downstream activities, whereby our Net Zero goals would include our Scope 3 emissions.

- Scope 1 emissions are direct GHG emissions that occur from sources that are owned or controlled by the Group, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.
- Scope 2 emissions are energy indirect emissions from the generation of acquired and consumed electricity, steam, heat, or cooling.
- Scope 3 emissions are indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organisation, including both upstream and downstream emissions.

We base all our management and calculation of emissions data based on the GRI Standards and also the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition). The consolidation approach for emissions of our boundaries is where we have full or significant equity share of the entity.

For the purposes of our calculations, the global warming potential (GWP) values, when necessary, shall be based on the IPCC Fifth Assessment Report 2014 (AR5), while the emission factor for energy, i.e. 0.585 tCO₂/MWh, is according to Malaysia Green Technology Corporation's CDM Electricity Baseline for Malaysia (2017) – Peninsular Grid.

Managing Our Climate and Environmental Impacts

Scope 1 Emissions

In 2022, the Group has begun tracking the fuel consumption for all Group-owned vehicles, separated in detailed monthly reports for both Petrol and Diesel fuel. The emissions factor used for Petrol is 0.002162 tCO₂e/litre and Diesel is 0.002558 tCO₂e/litre, in accordance with Carbon Trust's Energy and Carbon Conversion 2022 Update.

In 2021, the Group began tracking its Scope 1 related to Group-owned vehicles, however there were in data with regards to Petrol consumption (which was based on distance assumptions and on Carbon Trust's emissions factors). Hence the increase in the emissions of Group-owned vehicles in 2022 was due to the addition of diesel in our GHG accounting.

Group-owned Vehicles	Litres	Emissions (tCO ₂ e)
Petrol	26,230.94	56.71
Diesel	1,179.00	3.02
Total	-	59.72

Group-owned Vehicles	2019	2020	2021	2022
Emissions (tCO ₂ e)	32.6	30.1	54.3	59.72

Since September 2021, we have an addition of emissions from co-generation as a result from the combustion of natural gas. This project continued in 2022, but was in operation only for eight (8) months of the year, at the usage of 21,687,511.37 kWh of natural gas. The Group has also applied the latest emission factor in accordance with Carbon Trust's Energy and Carbon Conversion 2022 Update, i.e. 0.00018254 tCO₂e/kWh. The difference and increase in emissions is because of increase natural gas consumption in the co-generation operations in the period of 2022.

Stationary Combustion – Natural Gas	2022
Emissions (tCO ₂ e)	3,958.84

Stationary Combustion – Natural Gas	2021	2022
Emissions (tCO ₂ e)	1,702	3,958.84

Hence the total of Scope 1 emissions for the year 2022, including both owned transport and natural gas combustion, is 4,018.56 tCO₂e. The year 2021 has been set as the base-year of the Group. From the consumption in 2022, there is an increase in Scope 1 compared to the base-year. The Group is aware of this increase, which is significantly due to the contribution from natural gas consumption in our co-generation operations, the Group continues to look into better solutions to manage Scope 1 emissions.

Total Scope 1 of the Group	2021	2022
Emissions (tCO ₂ e)	1,756	4,018.56

Managing Our Climate and Environmental Impacts

Scope 2 Emissions

For the reporting period from January to December 2022, our purchased electricity was 108,174 kWh.

Energy indirect – Purchased Electricity	2019	2020	2021	2022
Emissions (tCO ₂ e)	55.8	49.0	59.3	63

Electricity consumption and the related Scope 2 emissions had a significant drop from 2019 to 2020 due to the COVID-19 pandemic disruptions in business operations. However, 2021 emissions returned to pre-pandemic levels, whereby 2021 was set as the base-year of the Group's Net Zero commitment. By 2022, emissions began to rise as a result of increased purchase electricity linked to the expansion and increase in business activities.

The Group considers this increment a guiding indicator for its plan to utilise renewable energy in its own operation and at the same time explore Renewable Energy Certificates (REC) to reduce its Scope 2 emissions.

Scope 1 and Scope 2 Emissions

Total Scope 1 and Scope 2 of the Group	2021	2022
Emissions (tCO ₂ e)	1,815.3	4,081.56

The Group is currently giving significant attention to the reduction of its combined Scope 1 and Scope 2 emissions, taking note that there is more than two (2) times increase when compared between 2021 and 2022. This does not mean that the Group is increasing direct and indirect emissions intentionally, but is part of the Group taking on customer-side emissions in its expansion of co-generation business. Nevertheless, the Group would continue being transparent on its Net Zero journey, and will be putting in place significant measures by 2023 to reduce these emissions.

Scope 3 Emissions

Since 2021, the Group has begun to track air travel in our business which is a part of Category 6: Business Travel in accordance with GHG Protocol. This category includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. However due to the pandemic, business travel is increasingly limited not to mention severe restrictions on air travel.

For business travel (air travel) calculations, 2021 has been set as the base-year moving forward, as reported in the previous year's Sustainability Report. Estimation is based on airport-to-airport flight distance estimations. From 2022, emissions factor of the Group refers to the Carbon Trust's Energy and Carbon Conversion 2022 Update for short haul flights based on passenger kilometres (pkm). A total number of 12,568.00 pkm was estimated for the year 2022.

Category 6: Business travel – air travel	2019	2020	2021	2022
Emissions (tCO ₂ e)	4.4	1.2	1	1.93

In 2022 the Group continues to track significant Scope 3 emissions that come from our employee commuting (Category 7: Employee Commuting), whereby 2021 has been set as the base-year. The average data method in accordance to GHG Protocol is used as the base for calculations, with parameters including two hundred sixty-one (261) working days (average five (5) working days a week) in Malaysia in 2021 and assumption that employees use private passenger cars, and an average of 20km round-trip per day for commuting to work.

Managing Our Climate and Environmental Impacts

Scope 3 Emissions

According to the GHG Protocol Technical Guidance for Scope 3 Emissions: "Companies may use average secondary activity data to estimate distance travelled and mode of transport. This may include using:

- Average daily commuting distances of typical employees
- Average modes of transport of typical employees
- Average number of commuting days per week and average number of weeks worked per year."

Emissions conversions are based on Carbon Trust's Energy and Carbon Conversion 2022 Update for Medium 1.4-2.0 liter petrol passenger transport.

Category 7: Employee commuting	2021	2022
Emissions (tCO ₂ e) – Passenger Cars	19.65	19.55

The total amount of Scope 3 Emissions in 2022, including both Categories 6 and 7, is 21.48 tCO₂e.

Total Scope 3 Emissions (Category 6 and 7)	2021	2022
Emissions (tCO ₂ e)	20.65	21.48

BEING RESPONSIBLE FOR OUR WATER IMPACTS

Through understanding its water use, the Group can assess the impacts it has on water resources that benefit the ecosystem, other water users, and the Group itself. The Group uses relevant information for effective water management.

Employees, workers, supplier, contractors and customer workers need to adhere to the Environmental Policy. Water usage at sites is monitored, water wastage is reduced by minimising leakages in water distribution, e.g. pipes and faucets. The Group works with local water authorities and local contractors whenever necessary to minimise non-revenue water (NRW). The Group's sites also practice shared water resource with other parties at the same site, as much as it is possible.

Water consumption and usage increases proportional to the increase of headcount in the workplace. Targets will be set as to the average water use per employee, in order to track the reduction of water.

The Group currently does not engage in operations at water-stressed areas and areas with high water-related risks, and at present does not have financial quantification of water-related risks. The Group does not have any withdrawal from natural sites, nor has any water and effluent discharge at natural site (only to the national sewerage system).

Potable water consumption				
Year	2019	2020	2021	2022
(m ³)	411	412	433	822

Managing
Our

PEOPLE AND SOCIAL IMPACTS



As evident from our Sustainability strategy and approach, we believe that the only way to grow is to be responsible to our people and create positive impacts together that contributes to Sustainable Development. People centric areas such as occupational health and safety, customer experience including the health and safety of customers, training and competency building, employment policies and practices, and upholding human rights and fair labour practices, are all at the top of our Materiality list because not only does our business requires us to focus on these areas, the areas that impacts our Stakeholders.

In our Sustainability journey, we continue to be responsible for people throughout our business operations, from our corporate headquarters, to our subsidiaries locally and overseas, and to our various ongoing project sites, where all our impacts occur. Our Board and management have central oversight and measures of all people-related matters throughout the entire organisation through various committees including Sustainability Committee and Sustainability Team. Even though we have cross-country operations, we ensure that all people-related matters comply with our Group policies, the respective local legislations, and international principles and standards.

As seen in the Group's Sustainability strategy and approach, our specific policies such as our Sustainability Policy and Human Rights Policy enables the Group to manage our people and social impacts effectively, while tracking the performance of the Group year after year.

Managing Our People and Social Impacts

OCCUPATIONAL HEALTH AND SAFETY STANDARDS AND PRACTICES

The Group implements its Workplace Environment, Occupational Safety and Health Policy throughout its activities and operations in its headquarters and subsidiaries. To achieve our goals and responsibilities in terms of occupational safety and health, The Group has been implementing its Occupational health and safety management system (OH&S), that is in compliance with Occupational Safety and Health Act 1994 (Act 514) and Regulations, Factories and Machinery (Building Operation and Works of Engineering Construction) (Safety) Regulations 1986, and in accordance to the Group's Workplace Environment Occupational Safety and Health Policy. In addition to regulations, the occupational safety and health management system at project sites that we are involved in also follow globally recognised standards such as ISO 45001:2018.

The safety goals of every contract that is signed between KAB and its main contractors and sub-contractors are:

1. Zero (0) fatal accidents
2. Zero (0) dangerous incidents
3. Accident Frequency Rate (AFR) of less than 60 serious accidents per one thousand (1,000) workers per year

The OH&S management system in principle covers all levels of employees, activities and workplaces within the Group's operations. The OH&S management system also achieves continual improvements in overall OH&S performance, by integrating practises such as 5S - sort, set in order, shine, standardise and sustain.

The OH&S management system of the Group encompasses roles and responsibilities that are defined clearly for all key persons to implement the Group's policies.

1. Safety and Health Manager

The Safety & Health Manager is tasked to lead on safety issue and matters at project sites. The Safety & Health Manager reports to the Deputy General Manager of the Group.

Main Responsibilities:

- To ensure that safety briefings at site are conducted properly.
- To prepare related safety reports for submission to main contractor.
- To prepare daily site diary.
- To prepare and update safety policy when there is new update or requirement from ISO 45001 OH&S.
- To prepare safety manuals.
- To brief and update internal staff and sub-contractors' workers on safety matters.
- To oversee workmanship and ensure personal protection equipment are available for all staff and workers.
- To ensure Hazard Identification, Risk Assessment and Risk Control (HIRARC) and Safety Risk Control is practiced for project site compliance.

2. Safety & Health Officer / Site Safety Supervisor / Safety Engineer / Junior Site Safety Supervisor

Main Responsibilities:

- To conduct safety briefing at site
- To prepare monthly safety report and submit to main contractor.
- To prepare daily site diary
- To prepare and update safety policy when there is new update or requirement from ISO 45001 OH&S.
- To assist prepare safety manual.
- To brief and update internal staff and/or sub-contractor worker on safety matter.
- To overseeing workmanship and personal protection equipment are available for all the KAB staff and worker.
- To attend safety / tools box meeting
- To prepare HIRARC and Safety Risk Control for project site

Managing Our People and Social Impacts

The Group implements its Hazard Identification, Risk Assessment and Risk Control (HIRARC) rigorously and diligently to ensure processes are used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimise risks. The Group's HIRARC criteria have been reviewed and updated in 2022 in line with its IMS.

The HIRARC Procedure of the Group was also established, to provide actions and guidance to achieve ongoing hazard identification, risk assessment and determination of necessary controls, and planning for the development of risk control. The procedures are also to evaluate and identify non-tolerable and tolerable risks and create the framework for establishment of the OH&S improvement programs.

For the purposes of HIRARC, hazard identification means:

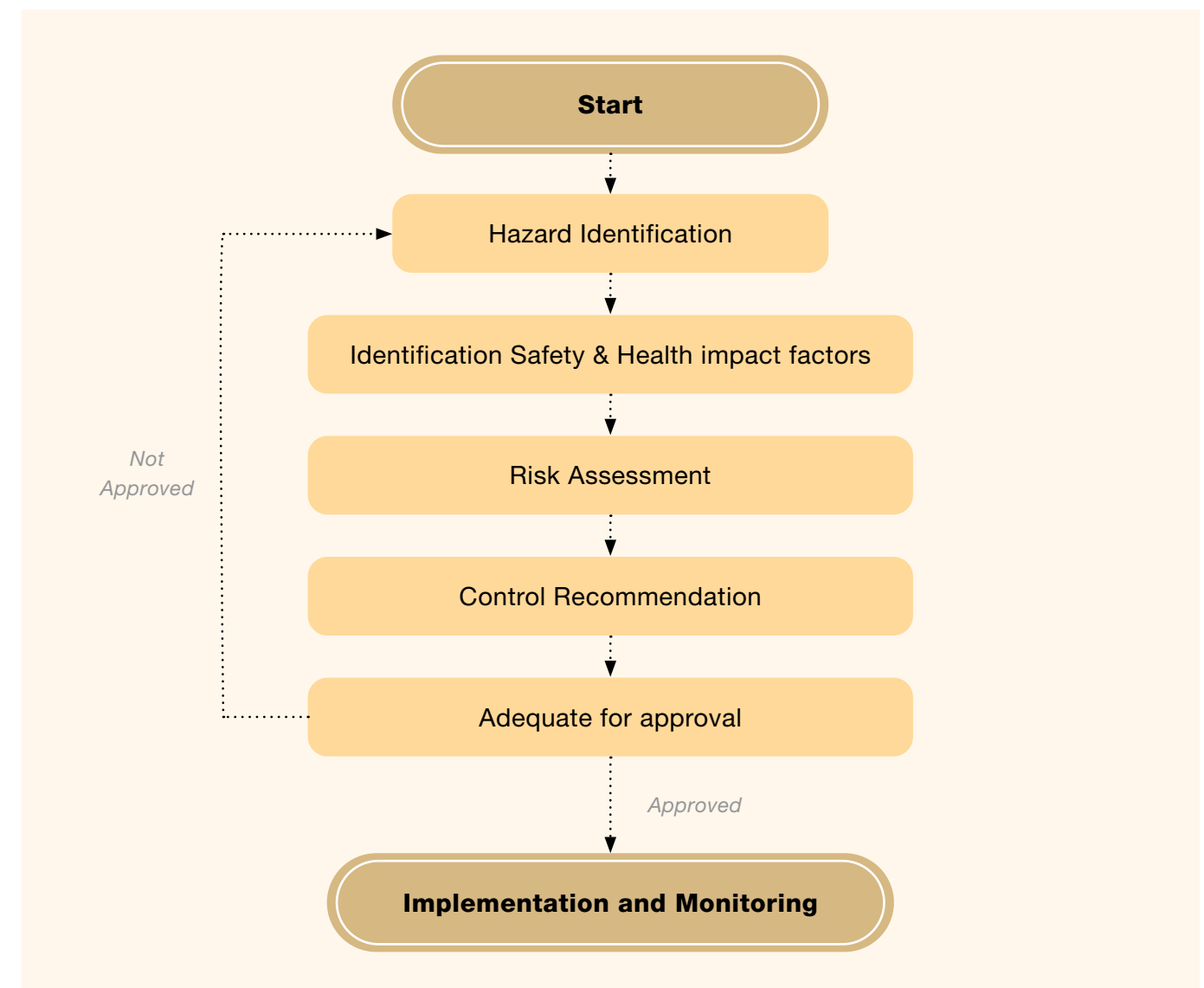
1. For any construction works, the hazards for all Job Activities that are carried out or to be carried out (as planned in the Construction Program / Master Work Schedule) need to be identified at the initial stage.
2. The Job Activities shall be categorised as Routine & Non-routine, where:
 - a. Routine – activities that is carried out at least five (5) days a Week
 - b. Non-routine – activities that is carried out once a month or less
3. The identified of hazard shall consider the emergency situations.
4. For office, hazards are identified by the ad-hoc condition and also the environment of the working place/station.
5. To facilitate the process of identifying the hazards, each job task for the activity should be determined in order to identify all the possible hazards. Other source of information such as Method Statement may be used in the process.

The safety and health impact caused by hazard occurrence are such as injury (injury on hand, leg, neck, ankle / elbow spring, etc.), disability (deafness, blindness, etc.), illness (fever, dengue, disease, lung infections, etc.), permanent disability or fatality.

The following methods can be considered as to facilitate the process of identifying the hazard and accessing the risk at the work place:

1. Review of work activities for all occupants; and/or
2. Review of inspection report analysis; and/or
3. Review of accident/incident analysis: and/or
4. Review of change to risk control measure; and/or
5. Review of operating procedures and method statement; and/or
6. Review of applicable regulation, codes and standards; and/or
7. Review of OH&S management system audit findings; and/or
8. Review of OH&S management system audit findings; and/or
9. Review of materials safety data sheet and chemical health risk assessment (CHRA)
10. Consultation/communication with workers.

Managing Our People and Social Impacts



The Group maintains and updated HIRARC Register Master List that covers areas such as welding, conduit installation, electrical works, scaffolding, ceiling light installation, and housekeeping, whereby Hierarchy of Control includes elimination, substitution, engineering, administrative, signage, standard operating procedures and PPE.

In order to promote health in the Group, employees are covered under general medical expenses according to the Employment Act & Labour Law of Malaysia as per Clause 60(F). The Group facilitates employees' access to non-occupational medical and healthcare services by providing annual medical expenses to eligible employees in accordance to their work grades in the organisational structure.

In addition to annual expenses, insurance plans are also provided for employees to cover the following:

- In-Hospital Care (Hospital Room and Board)
- Ambulatory Care
- Temporary Disability
- Permanent Disability
- Life Insurance

Managing Our People and Social Impacts

While taking full responsibility and care over the safety and health of our employees and workers, the Group also seeks to prevent and mitigate OH&S impacts that are linked to our business relationships and projects. We work very closely with our subcontractors to ensure that any OH&S impacts are well managed. To start off, contract provisions require subcontractors to prepare, implement and monitor safety plans, while at the same time subcontractors have to ensure that their own subcontractors also comply with these safety plans. Education and training are also coordinated with our subcontractors that relate to safety regulation, safety patrol, safety committee meetings, and safety instructions.

Additionally, the Group conducts Environmental, Safety and Health (ESH) induction on ESH requirements for new joiners. This is implemented at workplaces and Toolbox talks are held on a weekly basis at sites which covers specific topic relevant to events to be conducted. A record of the Toolbox talks that are conducted including any photographic evidence taken must be submitted into WhatsApp's Safety Group.

1 Environmental, Safety & Health Induction Briefings

- (a) All staff (Head Office) and Site Personnel shall undergo KAB Safety Induction briefing before commencement of work.
- (b) Induction is one of pre-emptive actions taken as preventive measures.
- (c) To control potential incidents/accident from happening at workplace.
- (d) To creating safe and healthy working environments.
- (e) To developing safety skill on the job tasks
- (f) To promoting safety & health awareness.
- (g) All staff are mandatory to possess CIDB Green card.

2 Toolbox Talk

- (a) Toolbox talk needs to be conducted before the start site of activity.
- (b) Site Safety Supervisor briefs safe-working procedure to all workers with Safety & Health guideline and regulation
- (c) Project person-in-charge should submit photocopy of passport/CIDB copy to Safety Division for record.
- (d) KAB Safety Division shall assist and monitor the program from time to time.
- (e) It is mandatory for all site staff to possess CIDB Green card.

Communication, Participation & Consultation Procedure for employees and workers are established by the Group to establish an effective communication with internal employees, external interested parties, public, customers, authorities related to the Group's key initiatives and commitment to the Group's Environment, Health and Safety Management System.

1 Communication Mechanism

- (a) Internal communication techniques to disseminate information to various departments and levels within the organisation includes:
 - i) E-mails
 - ii) Meetings
 - iii) Memos
 - iv) Briefing and training
 - v) Via physical or Microsoft Teams
- (b) External communication techniques to divulge information to interested parties, statutory and regulatory authorities include
 - i) Submissions to regulatory bodies
 - ii) Site visits and tours
 - iii) Briefing and meeting
 - iv) Display of safety signage at the entrance and suitable location visibility to the public
 - v) Media releases (if applicable)

2 Types of communication

- (a) Internal communication includes
 - i) Promoting ESH policy and management programs
 - ii) Exchanging information regarding ESH performance
 - iii) Understanding site ESH issues
- (b) External communication includes
 - i) Dealing with regulatory authorities
 - ii) Handling any public concerns
 - iii) Responding to enquiries from interested parties (media, sub-contractors, Suppliers)

Managing Our People and Social Impacts

3 Top-Down approach of communication

- (a) Notice board / e-mail communication
- (b) Head of Project, Safety and Health Officer and Site Project Team shall compile and publish important ESH related information using the site notice board and e-mails to all workers employees and sub-contractors at monthly interval.

4 Information that published should include but not limited to:

- i) ESH policy
- ii) ESH programmes
- iii) ESH rules & regulations update;
- iv) ESH awareness news / information;
- v) ESH organisation structure (site organisation chart, ERP team, emergency contact number)

5 Transmittal Note/ Memo Communication, as when needed Project Team may use site transmittal note/ memo in communication ad-hoc ESH information.

6 Meetings / Briefing Communication

- ESH committee meeting – Participation and Consultation
- i) ESH committee through Teams Calendar shall invite top management for three (3) month once ESH meeting.
 - ii) ESH committee shall discuss issues & progress of its ESH management system.
 - iii) Agenda discussed should include but not limited to:
 - ESH policy
 - ESH objectives review and progress
 - ESH issues (including sub-contractors)
 - ESH incidents/ accidents/ near misses
 - ESH complaints/ feedbacks (from internal & external)
 - ESH projects

All employees and workers in the Group in 2022 are covered by the OH&S management system.

For the purposes of calculation, the GRI standards require rates to be based on either 200,000 or 1,000,000 hours worked. Standardised rates allow for meaningful comparisons of statistics, for example between different periods or organisations, or help account for differences in the number of workers in the reference group and the number of hours worked by them. A rate based on 200,000 hours worked indicates the number of work-related injuries per one hundred (100) full-time workers over a one-year timeframe, based on the assumption that one full-time worker works 2,000 hours per year. We have chosen 200,00 hours to for our calculation, due to the current size of the organisation and projects.

Generally, there are no major incidents or accidents that have occurred during the year involving our employees and workers.

Description	2018	2019	2020	2021	2022
Fatality Cases	0	0	0	0	0
Lost Workday Cases	0	0	0	0	0
Restricted Workday Cases	0	0	0	0	0
First Aid Cases	0	0	0	0	0
Near Miss / Close Call Cases	0	0	0	0	0
Dangerous Occurrence Cases	0	0	0	0	0
Fire Cases	0	0	0	0	0
Property Damage Cases	0	0	0	0	0
Vehicle Accident Cases	0	0	0	0	0
No. of Days Lost	0	0	0	0	0

Managing Our People and Social Impacts

As the number of our projects continue to grow, we continue to uphold our responsibilities in terms of safety and health in all our project sites to contribute to ensuring zero (0) incidents with our contractors' workers and any member of the public. Where there are any incidents involving fatalities or high-consequence work-related injuries that are not suffered by our own employees and workers, but are suffered by our contractor's workers or any member of the public that are involved in our project sites, our management and safety committee shall provide full cooperation in any engagements and investigations with the relevant authorities.

Specifically, for all our employees in 2022:

Description	Number of Incidence(s)	Rate
Fatalities due to Work Related Injuries	Zero incident	0.0
High Consequence Work Related Injuries (excluding fatalities)	Zero incident	0.0
Recordable Work-Related Injuries	Zero incident	0.0
Main Types of Work-Related Injuries	Death, amputation of a limb, laceration, fracture, hernia, burns, loss of consciousness, and paralysis, etc.	
Number of Hours Worked	200,000	

For all workers who are not employees but whose work and/or workplace is controlled by the Group in 2022:

Description	Number of Incidence(s)	Rate
Fatalities due to Work Related Injuries	Zero incident	0.0
High Consequence Work Related Injuries (excluding fatalities)	Zero incident	0.0
Recordable Work-Related Injuries	Zero incident	0.0
Main Types of Work-Related Injuries	Death, amputation of a limb, laceration, fracture, hernia, burns, loss of consciousness, and paralysis, etc.	
Number of Hours Worked	200,000	

"High Consequence Work Related Injuries" relates to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six (6) months.

"Recordable Work Related Injuries" refers to work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

CUSTOMER EXPERIENCE, AND HEALTH AND SAFETY OF CUSTOMERS

As a One-Stop Engineering and Energy Solutions Provider, our customers are not end-consumers or users of the facilities such as industrial or commercial facilities. Besides owning our own SES facilities and equipment, our customer comprises of main contractors or owners of premises whereby the project teams of the Group hand over mechanical and electrical (M&E) and SES systems to, after the proper commissioning process have been completed.

Because projects of the Group include electricity and energy, customer experience during the project development and completion project, and the related health and safety aspects of the customer when the project is handed over, are all very crucial and important to the Group. Project teams of the Group are required to follow regulatory and customer requirements to the fullest without any compromise because health and safety is of the utmost importance.

When dealing with projects and customers, privacy and data security is just as important as health and safety, therefore the Group complies with the Personal Data Protection Act 2010 and all contractual obligations to maintain the highest integrity in our data security. As a result we did not have any breaches or data losses reported in the year 2022.

Managing Our People and Social Impacts

There are many tools and methods that the Group's project teams and management teams utilise to achieve the objectives of good customer experience and health and safety. These include, among others:

1. Competent Person Checklist

1. Toolbox Meeting

- To brief pre-caution action on the work to be conduct
- To check on their tools and equipment with calibration (if any) [E.g., Test Pen, Drilling Machine, Screwdriver etc..]
- To brief on permit to work (PTW) compliance and standard operating procedure (SOP)
- To brief on emergency response plan (ERP) base on work to be conduct
- To brief on personal protective equipment (PPE) compliance base on work to be conduct

2. Checking On Safety Compliance

- To spot check on worker for PPE compliance
- To ensure Safety Compliance on the actual work activity area [E.g. Electrical Cable for equipment is hang on wall properly, No sharp object on the working area, Work conduct is safe condition]
- Signages are in order on the working area
- Safety Log Out Tag Out (LOTO) / BUDDY System if any on working area
- Found unsafe TEMPORARY SUPPLY do immediate inform superior take photo and project team to take action

3. High Tension Energisation

- Ensure all the related parties has been conduct safety induction before enter the project site
- To request and attend Meeting with Site Team on the Installation on understanding related safety compliance
- Brief Worker on "SAFETY" & "DO & DON'T" During activity of the Equipment
- Ensure all the related parties are wearing PROPER PPE before enter the room
- If PTW is required ensure to get a copy until it "CLOSE" especially when the Incoming is LIVE, Need to Issue Permit to Work (PTW) by Chargeman
- Check with PH/PIC on the Date of Energisation by TNB or Related Parties Providing Incoming Power Supply

- Ensure (together with PH/PIC) Liaise with TNB or Related Parties on their Incoming LANDLORD & TENANT Cable Correct Entry to our Switchgear
- Ensure all our Termination Bolt/Nut at the Switchgear & Transformer Tighten
- Ensure all our Equipment are Clean & Nothing (Tools) Left in the Compartment
- Ensure Equipment Rooms are Clean
- Check Rubber Mat, CPR Chart, Frame Single Line Drawing, Equipment Tools are Available
- Check Ventilation System Function
- Check Fire Fighting System Function & Room c/w CO₂

4. Low Voltage Normalisation

- Ensure all the related parties has been conduct safety induction before enter the project site
- To request and attend Meeting with Site Team on the Installation on understanding related safety compliance
- Brief Worker on "SAFETY" & "DO & DON'T" During activity of the Equipment
- Ensure all the related parties are wearing PROPER PPE before enter the room
- If PTW is required ensure to get a copy until it "CLOSE" especially when the Incoming is LIVE, Need to Issue Permit to Work (PTW) by Chargeman
- Ensure all our Termination Bolt/Nut at the MSB is Tighten
- Ensure all our Equipment are Clean & Nothing (Tools) Left in the Compartment
- Ensure Equipment Rooms are Clean
- Check Rubber Mat, CPR Chart, Frame Single Line Drawing, Equipment Tools are Available
- Check Ventilation System Function
- Check Fire Fighting System Function & Room c/w CO₂

5. Final Checking and Confirmation

- All items listed above have been carried out professionally and properly
- The system is ready to be energised and normalised

2. Safety Handbook Checklist

ESH1	Induction briefing
1	Safety personnel
(a)	Prepare of induction form
(b)	Prepare of toolbox form
(c)	Prepare of attendance briefing form
(d)	Prepare of PPE list form
(e)	Prepare of HIRARC
(f)	Standard operating procedure
(g)	Sample safety signage
2	Foreign worker
(a)	Name list of workers
(b)	Worker passport
(c)	Worker permit
(d)	Worker CIDB green card
(e)	Worker basic personal protective equipment
(f)	Worker certificate / competent (if any)
3	Visitor (supplier / KAB personnel / tester)
(a)	Name list
(b)	I/c
(c)	CIDB green card
(d)	Certificate / competent (if any)
(e)	Basic personal protective equipment
4	Content briefing
(a)	Understand the values and behaviour of the workplace culture
(b)	Safety briefing on first aid and emergency protocols
(c)	Safety briefing on task and responsibilities
(d)	Log Out Tag Out (LOTO) system briefing
(e)	Signages
(f)	Emergency response plan
(g)	Group policy
(h)	Hazard briefing
(i)	Key person duties

ESH2	Activity briefing by project team (if any)
(a)	To bring the worker to meet project team after induction
(b)	To take note on worker activity area
(c)	To take note on scope and sequence of worker
(d)	To take note what kind of signage to be prepare
(e)	To take note on Log Out Tag Out (LOTO) system from project team
ESH3	Toolbox meeting
(a)	To brief pre-caution action on the work to be conduct
(b)	To check on their tools and equipment with calibration (if any) [e.g. Test pen, drilling machine, screw driver etc..]
(c)	To brief on Permit To Work (PTW) compliance and sop
(d)	To brief on ERP base on work to be conduct
(e)	To brief on PPE compliance base on work to be conduct
ESH4	Monitor / routine site walk on safety compliance
(a)	To spot check on worker for pee compliance
(b)	To ensure safety compliance on the actual work activity area [e.g. Electrical cable for equipment is hang on wall properly, no sharp object on the working area, work conduct is safe condition]
(c)	Signages are in order on the working area
(d)	Safety Log Out Tag Out (LOTO) / buddy system if any on working area
(e)	To ensure the work that require PTW, ensure the project team are request the PTW and during the site walk safety personnel shall verify the compliance on working area
(f)	Found unsafe temporary supply do immediate inform superior take photo and project team to take action
(g)	To impose penalty to worker / any related parties who against the safety compliance
(h)	Any high-risk work shall by standby supervision by safety personnel. [e.g. Hot work, electrical live work etc...]

ESH5	TNB substation safety compliance
(a)	Ensure all the related parties has been conduct safety induction before enter the project site
(b)	If PTW is required ensure to get a copy until it "close"
(c)	Ensure all the related parties are wearing proper PPE before enter the room
(d)	Ensure the person in charge and competent person is available and attend to the site before allow enter the room
(e)	Ensure cardiopulmonary resuscitation CPR chart/ TNB signage prepared
(f)	Safety personnel to get know who is the person in charge of the room with key holder
ESH6	High Tension switchgear & transformer room
(a)	Ensure all the related parties has been conduct safety induction before enter the project site
(b)	If PTW is required ensure to get a copy until it "close"
(c)	Ensure all the related parties are wearing proper PPE before enter the room
(d)	Ensure the person in charge and competent person is available and attend to the site before allow enter the room
(e)	Ensure CPR chart/ TNB signage prepared
(f)	Safety personnel to get know who is the person in charge of the room with key holder
ESH7	High Tension switchgear & transformer delivery
(a)	Arrange meeting to brief site team on the preparation related safety compliance
(b)	Ensure access is ready for the delivery with safety compliance
(c)	Ensure to get a copy of logistic plan of delivery from project team
(d)	Ensure to get a copy of loading / unloading plan of delivery including lifting procedure from project team
(e)	Standby supervision during delivery process

ESH8	High Tension switchgear installation
(a)	Ensure all the related parties has been conduct safety induction before enter the project site
(b)	To request and attend meeting with site team on the installation on understanding related safety compliance
(c)	Brief worker on "safety" & "do & don't" during installation of the equipment
(d)	Ensure all the related parties are wearing proper PPE before enter the room
(e)	If PTW is required ensure to get a copy until it "close" especially when the incoming switchgear is live, need to issue PTW by chargeman
ESH9	High Tension transformer installation
(a)	Ensure all the related parties has been conduct safety induction before enter the project site
(b)	To request and attend meeting with site team on the installation on understanding related safety compliance
(c)	Brief worker on "safety" & "do & don't" during installation of the equipment
(d)	Ensure all the related parties are wearing proper PPE before enter the room
(e)	If PTW is required ensure to get a copy until it "close" especially when the incoming is live, need to issue PTW by chargeman
ESH10	High Tension switchgear & transformer testing & calibration
(a)	Ensure all the related parties has been conduct safety induction before enter the project site
(b)	Request to attend meeting for a briefing by chargeman & tester to site & safety team on the testing procedures
(c)	Ensure all the related parties are wearing proper PPE before enter the room
(d)	Ensure the person in charge and competent person is available and attend to the site before allow enter the room
(e)	Request from tester competency certificate.
(f)	Request from tester testing equipment calibration certificate
(g)	To follow up on issue "open PTW" & "close PTW" when testing & calibration done. PTW strictly on daily basis by chargeman

Managing Our People and Social Impacts

ESH11 High Tension energisation

- (a) Ensure all the related parties has been conduct safety induction before enter the project site
- (b) Ensure all the related parties are wearing proper PPE before enter the room
- (c) Ensure the person in charge and competent person is available and attend to the site before allow enter the room
- (d) To follow and comply the "sop for request permit to work on energise or electrical work"

ESH12 High Tension briefing, training & handover to Main-contractor, client

- (a) To request attend together with Project Team on the briefing, training & handover of the electrical room therefore after handover all workers shall not enter to any of the electrical room unless get permission by submitting PTW before allow to enter the electrical room
- (b) To take note who will be holding the electrical room "key"

When managing the well-being of the customers, the Group also ensures that its marketing and communication on products and services are performed with integrity. Especially with the SES segment, the Group ensures that Solar Modules and Gas Engine that it utilises are listed as "MyHIJAU Mark" products. MyHIJAU Mark is Malaysia's official green recognition scheme endorsed by the Government of Malaysia that brings together certified products and services that meet environmental standards under one single mark.

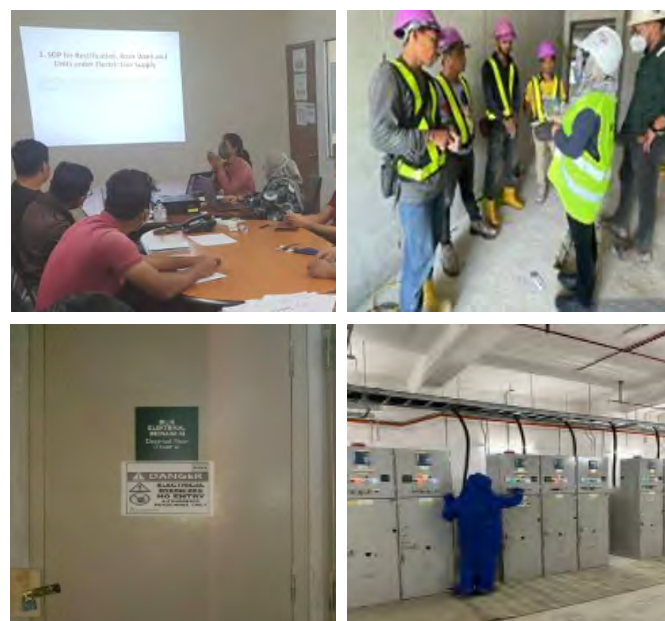
The Group has also been developing its material catalogue and sample process to ensure that correct material or equipment used is confirmed and approved by engineering consultants prior to procurement and submission.

In 2022 there were no reported incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of products and services provided by the Group, including those resulting non-compliance with regulations resulting in a fine or penalty, non-compliance with regulations resulting in a warning, or non-compliance with voluntary codes. There were also no incidents of non-compliance as such, concerning information of our products and services, labelling, and marketing communications.

Safety of Health Activity

The safety and health of employees is a top priority for the Group. In order to maintain a safe work environment and minimise the risk of accidents or injuries, the Group ensures that ESH activities are implemented smoothly by providing regular refreshers on ESH requirements to employees. The Group also provides proper orientation to new employees and ensures that all competent persons wear proper personal protective equipment (PPE) when handling switching or energisation of power supply. Additionally, clear signage is displayed to alert employees to any potential hazards or unsafe work areas.

Other important measures include conducting regular safety audits, providing ongoing training and education opportunities, and maintaining emergency response plans. Project teams and competent personnel are responsible for enforcing safety protocols and leading by example in their adherence to PPE and other safety requirements. By prioritising the safety and well-being of all employees, the Group can maintain a productive and positive work environment.



Managing Our People and Social Impacts

TRAINING, EDUCATION, AND COMPETENCY BUILDING

The development of our employees through training, education and competency building programs are part of how the Group manage our social impacts. This is because the Group values human capital development and understands that social development begins within the organisation as well.

The Group has established its training policies and procedures across its business units to ensure training needs are identified in line with the achievement for competency of all personnel. The following are considered when identifying training needs:

- (a) Job performance
- (b) Level of skill/education
- (c) Requirements of specific jobs

Time spent on employee development training to enhance knowledge or individual skills in 2022 has largely increased. In 2021, the tracked training hours amount to an average of 2 hours per employee. However, in 2022, the total hours of training for employees (including directors) is 3,254 hours, this comes to an average of 15 hours of training, education and competency building.

Average hours of training per year per employee - By Gender

SR Year	SR2022			
	Total Employee		Total Percentage	
	Local	Foreign	Local	Foreign
No. of Male Employees	152	-	70.70%	-
No. of Female Employees	63	-	29.30%	-
Total Employees	215	0	100.00%	0.00%
Total no. of trainings hours provided to employee	3,254 pax			
Average training hours per employee	15.13 hour			
Total no. of trainings hours - Female employee	1,087			
Average training hours per female	17.25 hour			
Total no. of trainings hours - Male employee	2,167			
Average training hours per male	14.26 hour			

Average hours of training per year per employee - By Category

SR Year	SR2022			
	Total Employee		Total Percentage	
	Local	Foreign	Local	Foreign
No. of Permanent Employees	211	-	98.14%	-
No. of Non-Permanent Employees	4	-	1.86%	-
Total Employees	215	0	100.00%	0.00%
Total no. of trainings hours provided to employee	3254 pax			
Average training hours per employee	15.13 hour			
Total no. of trainings hours - Permanent employee	3254			
Average training hours per permanent employee	15.42 hour			
Total no. of trainings hours - Non-permanent	0			
Average training hours per non-permanent employee	0 hour			

Percentage of employees receiving regular performance and career development reviews in 2022.

SR Year	SR2022			
	Total Employee		Total Percentage	
	Local	Foreign	Local	Foreign
No. of Male Employees - Permanent	146	0	69.86%	0.00%
No. of Female Employees - Permanent	63	0	30.14%	0.00%
Total Employees - Permanent	209	0	100.00%	0.00%
No. of Male Employees - Non-Permanent	6	0	100.00%	0.00%
No. of Female Employees - Non-Permanent	0	0	0.00%	0.00%
Total Employees - Non-Permanent	6	0	100.00%	0.00%
Total Employees - Grand total	215	0	0.00%	0.00%

EMPLOYMENT, HUMAN RIGHTS AND FAIR LABOUR PRACTICES

The Group in totality abides and complies with its Human Rights Policy as the central part of its employment management. All policies and practices on employment have to be anchored on the Human Rights Policy and also the Sustainability Policy (including the Group's Sustainability due diligence) so that social impacts with regards to employment is managed and addressed adequately.

Additionally, the Employee Handbook of the Group serves as a crucial policy and guidance for all matters directly involving employment and labour relations. Matters that are covered include location of employment, working hours, probation, promotion, transfer/secondment, termination, remuneration etc.

The Board's Sustainability Committee and the Sustainability Team continually reviews the people-related policies, processes and our approach to managing people. Matters are identified on a regular basis and are brought to the attention of the Sustainability Committee or the Board when necessary for decision making. Policies and procedures are reviewed at least once every two years and resulting changes would be made when deemed necessary to keep up with recent developments in standards, conventions, laws and regulations. We also benchmark ourselves with the industry that we are in by learning from peers and also the wider global trends. It comes to show that we are not taking a passive, but an active approach on our employment, labour relations and human rights dimensions.

Our Board, assisted by the Management, is responsible for developing strategies to meet the objectives of employment related policies, as well as monitoring the progress of achieving the objectives such as meeting Malaysia's target to have at least 30% women representation in decision-making positions and at least one female Board member, and zero involvement with forced labour, human trafficking and child labour.

For full time employees, the Group provides benefits that include:

- Group Term Life Insurance
- Group Hospitalisation Insurance
- Group Personal Accident Insurance
- Outpatient Medical Claim

The Group has established commitment and guidelines to provide a diverse workplace as the Group recognises the benefits arising from board and employee diversity. Diversity includes, but not limited to, gender, gender-orientation, age, race/ethnicity, religious, cultural background, and disabilities.

The Group commits to achieving:

- A diverse and skilled workforce, leading to continuous improvement in service and achievement of Group goals;
- Career development opportunities and improved employment for women;
- A workplace that value and utilise the contribution of employees with diverse backgrounds and exposures through awareness of the benefits of workforce diversity.

The Group's strategies include:

- Recruiting from a diverse pool of candidates for all positions;
- Continuously identify any factor and to take into account the recruitment and selection process to encourage gender diversity;
- Periodically review the succession plan to ensure gender diversity is in place.

The application of the Diversity Policy and Human Rights Policy in employment will increase the performance in increasing diversity and reducing discrimination. The Group is moving towards setting targets to improve additional workforce diversity, equal opportunities, or reduce discrimination – on race, religion, gender, gender-orientation, age, nationality and disabilities.

The Group also provides parental leave for employees. In 2022, six (6) employees were entitled to parental leave, while two (2) female employees were given parental leave after delivering their new-borns. For female employees, they are given sixty (60) days parental leave in accordance to regulations.

SR Year	SR2022			
	Total Employee		Total Percentage	
	Local	Foreign	Local	Foreign
No. of Male Employees	152	-	70.70%	-
No. of Female Employees	63	-	29.30%	-
Total Employees	215	0	100.00%	0.00%
No. of Male Employees - Taken PL	6	-	85.71%	-
No. of Female Employees - Taken ML	1	-	14.29%	-
Total Employees	7	0	100.00%	0.00%
No. of Male Employees - Return to work after PL	6	-	85.71%	-
No. of Female Employees - Return to work after ML	1	-	14.29%	-
Total Employees	7	0	100.00%	0.00%
No. of Male Employees - Retention rate	100%	-	-	-
No. of Female Employees - Retention rate	100%	-	-	-

Legend:
PL = Paternity Leave
ML = Maternity Leave

To continue developing our internal competencies to manage people-related impacts, our Board, Management and employees attend trainings with regards to Human Rights in business and the workplace that are conducted by consultants and specialists in the area.

Human Rights training in in 2022:

Hours of training	2 hours
Number of Board Members Trained	5
Number of Senior Management and Management Trained	31
Percentage of Total Employees Trained	28%

While the Board and management have ultimate oversight and governance on people-related and human rights matters, the management also takes the views of the employees when making decisions.

We ensure that timely discussions, consultations and engagements are conducted with employees of different levels when there are any significant operations changes. Unless otherwise stated in the employment contract, policies or government regulations (during emergency situations such as during the pandemic or other forms of crisis), we practice a minimum notice period of two (2) weeks, prior to the implementation of significant operational changes. This minimum notice period would also be present if there are any collective bargaining agreements that arise in the course of our business. Being responsible employers, timely and meaningful consultation allows for the affected parties to understand and be prepared for the impacts of any significant changes.

BUSINESS IMPACTS THROUGH GOOD GOVERNANCE



The Group's Stakeholders have continued to emphasise on anti-corruption, and other governance and integrity matters that ties-in with our economic performance, as part of our Material Topics. All of these matters create impacts to all of our organisational boundaries, from our headquarters to our subsidiaries wherever our operations are.

Our Board, Board committees, and our management teams are deeply involved in preventing negative impacts that arise out of corporate governance and integrity matters, while actively ensuring that all regulations, legislations, standards and guidelines are complied with. While managing these matters internally, we also ensure that there are no negative impacts throughout our business relationships, such as corruption or unethical issues with our suppliers, contractors or customers.

As a Group listed on the Main Board of Bursa Malaysia Securities Berhad and even more so as a constituent of Emas Index, our first responsibility in managing business and economic performance is to meet all Main Market Listing Requirements ("MMLR") as set out by Bursa Malaysia Securities Berhad, and the Malaysian Code of Corporate Governance ("MCCG") as set out by the Securities Commissions Malaysia, along with all laws and regulations that apply.

Managing Our Business Impacts through Good Governance

OUR GOVERNANCE APPROACH

Specifically, we comply with Chapter 15: Corporate Governance of the MMLR that sets out the requirements that must be complied with by a listed issuer and its directors with regard to corporate governance. The requirements include the those that relate to the composition of the board of directors, nominating committee, audit committee, auditors, corporate governance disclosure whereby we, as a listed issuer, must ensure that our board of directors provides an overview of the application of the principles set out in the MCCG in our annual report, internal audit and anti-corruption and whistleblowing.

The MCCG reflects global principles and internationally recognised practices of corporate governance which are above and beyond the minimum required by statute, regulations or those prescribed by Bursa Malaysia. The MCCG is based on three key principles of good corporate governance, which are:

- board leadership and effectiveness;
- effective audit and risk Management; and
- integrity in corporate reporting and meaningful relationship with stakeholders.

In accordance to the MCCG, our corporate governance disclosures in our Annual Report reflects the Comprehend, Apply and Report approach – CARE. Comprehend, Apply and Report or CARE encourages companies to clearly identify the thought processes involved in practising good corporate governance, including providing fair and meaningful explanation of how the Group has applied the practices.

We wish to note that our management of Sustainability is in line with the latest MCCG updates (2021), as per the principle below:

"Effective board leadership and oversight also require the integration of sustainability considerations in corporate strategy, governance and decision-making, as sustainability and its underlying environmental, social as well as governance (ESG) issues become increasingly material to the ability of companies to create durable and sustainable value and maintain confidence of their stakeholders. For companies to be resilient, boards need to take a much more holistic view of the business coupled with proactive and effective measures to anticipate and address material ESG risks and opportunities."

Hence, as a part of effective board leadership and oversight, we have established our Board Sustainability Committee and Sustainability Team to monitor and manage Material Topics in terms of economic, environmental and social dimensions, while the board itself has also been engaging in competency building and actual implementation of sustainability considerations in the strategy, governance and decision-making process.

The Group has a series of codes and policies that expresses our commitments, our procedures and processes on these governance and integrity matters:

1. Code of Conduct and Ethics
2. Ethics and Compliance Whistleblowing Policy and Procedures
3. Insider Trading Policy
4. Anti-Bribery and Corruption Policy
5. Personal Data Protection Policy

Additionally, the updated MCCG further requires that the Group's Sustainability strategies, priorities as well as targets and performance against these targets should be communicated to the internal and external stakeholders of the Group. Employee awareness and understanding of the Group's approach to sustainability ('what we do and why we do it') will keep them engaged on sustainability issues and support actions on sustainability across the Group.

Therefore, we have continued with the Group's Stakeholder Engagements in terms of Sustainability matters. Specifically, we have increased employee awareness and understanding of our approach to Sustainability by conducting topic-specific sustainability trainings throughout our boundaries and also published our very first Sustainability Handbook in 2021 for the guidance of all employees.

Managing Our Business Impacts through Good Governance

The Group's Sustainability Handbook guides us on how to be active contributors in Sustainability – providing the best of sustainable solutions to our customers and contribution to our economy, while vigilantly observing responsible and sustainable practices in our very own business operations. The board has mandated that the Sustainability Handbook serve as a compass and create a shared knowledge reference of Sustainability concepts, rationale and values to all levels of Management and employees.

At KAB, we are committed to conducting our business according to the highest ethical, moral and legal standards. Hence in line with this commitment and our commitment to open communication, our whistleblowing and grievance mechanism provides an avenue for employees, third parties and other stakeholders, on an anonymous basis if appropriate, to raise concerns or report any known or potential misconduct, violation of our policies or applicable laws and regulations, without retaliation or retribution.

Economic Related Activity in 2022	Currency (MYR)
Total cost of fines, penalties or settlements in relation to corruption	0
Total costs of environmental fines and penalties during financial year	0
Total fines and settlements specified for ESG issues in audited accounts	0
Total amount of political contributions made	0

Anti-corruption and anti-bribery

In KAB we ensure that our Anti-Bribery and Corruption Policy is in compliance with:

- The Malaysian Anti-Corruption Commission Act 2009
- The Malaysian Anti-Corruption Commission (Amendment) Act 2018
- Any amendments or re-enactments made periodically by the relevant authority

We take a zero-tolerance approach on bribery and corruption. Our Anti-Bribery and Corruption Policy clearly prohibits:

- The offer or promise of a bribe or anything that can be interpreted as a bribe to secure or award an improper business advantage;
- Individuals from requesting or receiving a bribe or anything that may be construed as a bribe from a third party knowing or suspecting it is offered with the expectation that it will obtain a business advantage;
- Anyone from making or accepting facilitation payments or kickbacks of any kind; and
- Associates from engaging in any activity that might lead to facilitation payments or kickbacks being made or accepted.

Upholding anti-corruption and anti-bribery in our Group is a core part of maintaining integrity in our business operations and business practices. In 2022, we have made sure that all levels of the organisation have been involved with anti-corruption measures.

Anti-corruption Measures in 2022	Board Members	Employees in Management Positions	Employees below Management Positions
Communication of anti-corruption policies and procedures	100%	100%	100%
Training on anti-corruption	100%	100%	100%

Besides ensuring that our Board and employees meet our expectations on anti-corruption, we also engage with our suppliers, contractors and customers in this regard.

Anti-corruption Measures in 2022	Suppliers/ Contractors	Customers
Communication of anti-corruption policies and procedures	100%	100%

Managing Our Business Impacts through Good Governance

Any contributions and donations are made in good faith in compliance with the Code of Business Conduct and Ethics and other relevant policies and procedures. Further, there were no contributions or donations that were made for the purposes of political parties or political campaigns.

In 2022, the Group has conducted a series of communication and training about anti-corruption policies and procedures:

SR Year	SR2022			
	Total Employee		Total Percentage	
By Gender / By Region	Local	Foreign	Local	Foreign
No. of Permanent Employees	211	-	98.14%	-
No. of Non-Permanent Employees	4	-	1.86%	-
Total Employees	215	0	100.00%	0.00%

Market presence and local economic development

The Group's employment policy and practices also extend to the commitment towards local employment. Local recruitment and offering jobs to young talent help strengthen the local community where operations are based. In 2022, there is 100% local hiring including engineers and supervisors at all projects.

Throughout our operations in the headquarters and the diverse operational sites, the Group supports local economic development by hiring 100% locally, this means that 100% of senior management is also hired from the local community.

Additionally, the Group abides by Malaysia's Minimum Wage Order (PMG) 2022 that came into effect on 1 May 2022 where all sectors will have to comply with the MYR1,500 minimum pay (exemption were given to employers who employed five (5) staff or below who would need to implement them only on 1 January 2023). All employees within the Group are compensated based on wages subject to minimum wage rules. Hence, 100% entry level employees including both male and female comply with the minimum wage regulations.

Responsible and fair competition

For the first time, the Group's stakeholders have measured the impact that the Group business activities and operations have in terms of responsible and fair competition. This is indeed the case in some areas where market players engage in unfair methodologies such as illegal lobbying, price fixing, or collusion with potential competitors, with the purpose of limiting the effects of market competition.

The Board of the Group, in its decision-making process, is determined to avoid any anti-competitive behaviour throughout the value chain of the Group. Anti-competitive behaviour that the Group avoids, includes:

- Allocating customers, suppliers, geographic areas, and product lines
- Coordinating bids
- Creating market or output restrictions
- Fixing prices
- Imposing geographic quotas

Additionally, the Group also avoids anti-trust and monopoly practice, i.e. actions that can result in collusion to erect barriers for entry to the sector, or another collusive action that prevents competition, these include:

- Abuse of market position
- Anti-competitive mergers
- Cartels
- Unfair business practices

In 2022, there were no legal actions pending or completed regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the Group has been identified as a participant.

OUR VOLUNTEERING PROGRAMS



The Group is committed to making a positive impact on society through our CSR initiatives. One of our key contributions is our ongoing commitment to addressing critical social issues such as children welfare, marginalised groups and poverty alleviation.

Additionally, we have launched employee volunteer programs that encourage our staff to give back to their communities through volunteerism and charitable activities. By prioritising CSR in our business operations, we fulfil our moral obligation to creating a more equitable and just society for all as well as building a more sustainable and responsible business for the future.

Corporate Citizenship - Our Volunteering Programs

November 2022

We took part in a meaningful initiative with HOPE worldwide Malaysia's Free Clinic located in Jalan Sentul, Kuala Lumpur. This involved participating in their food distribution programme, which provided essential support to one hundred and seventy-five (175) low-income families. HOPE worldwide Malaysia is an established international, non-profit, non-governmental and non-religious charity organisation that has been making a positive impact since 2000. Our dedicated volunteers assisted on various aspects of the programme, including setting up tents and counter, managing the registration, unloading and organising of groceries and distributing of groceries and forms. They also went the extra mile by providing assistance to families in carrying their groceries.

We take great pride in the 105 hours of volunteering service that our team contributed in 2022. Looking ahead, we have set an ambitious target of 200 hours of volunteering service for the year 2023. By expanding our efforts, we hope to make an even greater impact on the community and serve those who require support. The Group remains eager to contribute to the betterment of society through our continued volunteering efforts.



January 2023

Our group donated essential groceries and sundries, which our dedicated volunteers helped distribute to non-profit organisations that support orphanages and OKU centres across the Klang Valley region. These centres include:

- ▶ Pertubuhan Kebajikan Insan Istimewa Kuala Lumpur
- ▶ Persatuan Kebajikan Chen Ai OKU
- ▶ Pertubuhan Kebajikan Anak-anak Yatim dan OKU Mesra Petaling Jaya
- ▶ Pertubuhan Kebajikan Rasa Sayang Selangor



KAB Group of Companies actively contributes to NGOs on a monthly basis, donating MYR40,994.47 to the community in 2022 alone. We believe that even small contributions can make a significant impact in improving the lives of those in need. Our Group is dedicated to making a positive difference in the community and will continue to support important causes that positively impact society.

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Location (Page)	OMISSION			UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	6-12	Omission are not permitted for the disclosures			NOT APPLICABLE
	2-2 Entities included in the organisation's sustainability reporting	11				
	2-3 Reporting period, frequency and contact point	36				
	2-4 Restatements of information	37				
	2-5 External assurance	37				
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	2-7 Employees	12-13				
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	2-9 Governance structure and composition	15				
	2-10 Nomination and selection of the highest governance body	16				
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	2-13 Delegation of responsibility for managing impacts	21				
	2-14 Role of the highest governance body in sustainability reporting	21, 36				
	2-15 Conflicts of interest	18				
	2-16 Communication of critical concerns	17-18				
	2-17 Collective knowledge of the highest governance body	Refer to the Group's Annual Report Page 89				
	2-18 Evaluation of the performance of the highest governance body	16				
	2-19 Remuneration policies	17				
	2-20 Process to determine remuneration	17				
	2-21 Annual total compensation ratio	17				
	2-22 Statement on sustainable development strategy	3				
	2-23 Policy commitments	22-31				
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