



**KINERGY ADVANCEMENT BERHAD**

GROUP OF COMPANIES

**GLOBAL ESG  
RECOGNITION  
F4GBM, F4GBMS  
INDEX**



Sustainability Report

2023

# TABLE OF CONTENTS

## ABOUT OUR SUSTAINABILITY REPORT 2023

# 1

### Sustainability Report

About the Sustainability Report 2023	1
Message from the Group Managing Director	2-5
Message from the Board Sustainability Committee	6
Key Department Representatives	7
Overview of Kinergy Advancement Berhad	8-23
Our Sustainability Framework and Management Approach	24-33
Managing Our Climate and Environmental Impacts	34-49
Managing Our People and Social Impacts	50-61
Managing Our Business Impacts through Good Governance	62-63
Managing Our Supply Chain and Market Presence	64-65
Our ESG Initiatives and Company Events	66-77
GRI Content Index	78-83
KAB Sustainability Performance Report for FY2021 to FY2023	84-85



SCAN QR CODE to download our Annual Report 2023 and Sustainability Report 2023

### STATEMENT OF USE

KAB has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023, whereby the scope covers the Group and all active subsidiaries that is listed in the Group's corporate structure. The Group'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@kinergyadvancement.com](mailto:kabsustainable@kinergyadvancement.com)

### GRI 1 USED

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

### APPLICABLE GRI SECTOR STANDARD(S)

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

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

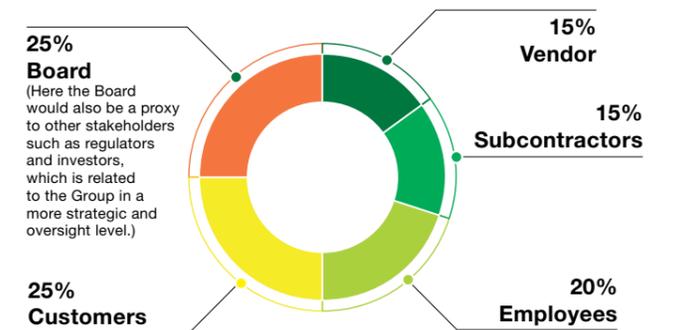
### OUR MATERIAL TOPICS IN 2023

In 2023, 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:



Please refer to page 30 to 33 of this report for the Group's Sustainability topics which covers its processes, management and impact assessment of material topics.

### EXTERNAL ASSURANCE AND RESTATEMENT OF INFORMATION

The Group had contracted Eco-Ideal Consulting Sdn. Bhd. ("Eco-Ideal" or "Consultant") as a third-party consultant to assist the in conducting a quality check/assurance and calculation of the Group's GHG Inventory. Eco-Ideal is a registered consultant under the Malaysia Voluntary Carbon Market (VCM) Directory initiated by Bursa Malaysia and MGTC with more than 20 years of experience in Carbon and Greenhouse Gas (GHG) management. Eco-Ideal is also certified under the GHG Protocol Standard, and provides a wealth of services ranging from compliance in GHG emission disclosure and reporting (e.g., to the GHG Protocol Corporate Accounting and Reporting Standard), quality check/assurance and calculations of GHG inventories, to GHG management, strategy and decarbonisation roadmap. The GHG inventory for FY2021 and FY2022 had been re-calculated and adjusted.

The copy of the report can be reviewed from our website at: <https://www.kinergyadvancement.com/esg>.

# MESSAGE FROM THE EXECUTIVE DEPUTY CHAIRMAN CUM GROUP MANAGING DIRECTOR

## INTRODUCTION

### DEAR VALUED SHAREHOLDERS,

It is with a sense of profound pride and responsibility that I present to you the Annual Report for Kinergy Advancement Berhad (“KAB” or the “Group”) for the financial year ended 31 December 2023 (“FY2023”).



DATO' LAI KENG ONN

This year marks a **transformative period** for KAB, reflecting both strategic rebranding efforts and a renewed commitment to becoming a pioneering force in the energy sector. This pivotal year has positioned us at the forefront of the Sustainable Energy Solutions (“SES”) sector, underlining our successful innovative expansion with sustainability as an integral part of the business and organisation.”

## OVERVIEW

In FY2023, we took a bold step in our corporate journey with an extensive rebranding initiative. This initiative marked a significant phase as we redefined our identity in the market, transitioning from Kejuruteraan Asastera Berhad, an engineering entity to Kinergy Advancement Berhad, an energy-focused company. This rebranding encapsulated our expertise, experience, and innovative spirit to delivering exceptional values to our clients, stakeholders, and the communities we serve. We are excited to continue pushing the boundaries in the energy landscape by pioneering as a One-Stop Energy and Engineering Solutions Provider in Malaysia. KAB's pronounced pivot

towards Sustainable Energy Solutions (“SES”), initiated in 2018, underscores our foresight in the Clean Energy Generation (“CE”), Renewable Energy Generation (“RE”) and Energy Efficient (“EE”) solutions under the realm of SES. As the global push towards sustainable energy sources gains momentum, our diversification and expansion into the SES segment in 2023 responded adeptly to changing market conditions, aligning with emerging new opportunities and addressing various business challenges. We are confident that KAB's evolution aligns closely with Malaysia's National Energy Transition Roadmap (“NETR”), as we contribute to the amplification of the nation's renewable energy capacity and further drive the development of a greener economy.

We are confident that KAB's evolution aligns closely with **Malaysia's National Energy Transition Roadmap (“NETR”)** as we contribute to the amplification of the nation's renewable energy capacity and further drive the development of a greener economy

Proud accreditation attained from the **FTSE4Good Bursa Malaysia Index (F4GBM) and FTSE4Good Bursa Malaysia Shariah Index (F4GBMS)** for our ESG excellence

# MESSAGE FROM THE EXECUTIVE DEPUTY CHAIRMAN CUM GROUP MANAGING DIRECTOR

## We strategically diversified our capabilities while reaffirming our commitment to positively contributing to the global shift towards sustainable energy.

Our exponential growth, built upon our extensive engineering expertise, serves as the foundational strength facilitating a seamless transition into SES. Not only have we become an enabler offering innovative energy solutions, but the decisions made over the past few years have also opened numerous doors for KAB. Our active involvement in sustainable energy projects, including thoughtfully planned investments in biogas and hydropower, alongside significant Engineering, Procurement, Construction, and Commissioning (“EPCC”) endeavours, showcases our competencies in advancing sustainable energy solutions.

Fortified by a series of deliberate acquisitions and partnerships across the ASEAN region, we have expanded the Group's operational reach and solidified our distinct position as both

a pioneer and a leader in the sustainable energy landscape. We strategically diversified our capabilities while reaffirming our commitment to positively contributing to the global shift towards sustainable energy. This aligns with the increasing demand for CE, RE and EE solutions.

Another notable highlight this year is our proud accreditation attained from the FTSE4Good Bursa Malaysia Index (F4GBM) and FTSE4Good Bursa Malaysia Shariah Index (F4GBMS) for our ESG excellence. Our dedicated efforts, spanning less than three (3) years, have been recognised. We are proud to be listed as one of the eleven (11) new inclusions and as a constituent of F4GBM index and F4GBMS indices with three (3)-star ratings.

## DEVELOPMENTS IN FY2023



### SES segment

In FY2023, the Group notably showcased the realisation of the multiple prospects for the SES segment, with the strides set in FY2022 coming to fruition this year. We have kickstarted the development of the 52Mega-watt (“MW”) gas engine power plant at Sipitang Oil & Gas Industrial Park and remain optimistic about meeting the target date of completion in 2026. As KAB has effectively become a joint venture partner with a stake in PETRONAS Gas Berhad's (“PGB”) subsidiary, Sipitang Utilities Sdn. Bhd., our engagement with PGB has been further strengthened through another contract with Pengerang LNG (Two) Sdn. Bhd. on 6 November 2023. This PETRONAS LNG project at Pengerang recognises our robust EPCC capabilities and experience, positioning us to play a crucial role in these key developments. These projects reinforce our strategic contribution to Malaysia's transition towards resilient and advanced energy sector. This includes constructing the country's largest gas engine power plant and supporting the expansion of utilities and infrastructure for new liquified natural gas storage offshore. Additionally, we are facilitating shore power connections for the Floating Storage Unit (FSU).

While we are committed to successfully delivering our on-going projects, the SES segment has made significant strides in expanding its renewable energy portfolio. We have added three (3) strategic acquisitions to our SES portfolio in 2023, broadening our horizons in Southeast Asia and increasing confidence in exploring other regional growth opportunities. The earliest completion acquisition in FY2023 was a rooftop solar PV system owned by Matahari Suria Sdn. Bhd. in Universiti Teknologi Malaysia on 25 July 2023, followed by a mini-hydro plant in Indonesia, PT Inpola Mitra Electrindo on 31 October 2023 and a biogas power plant in Kedah from Future NRG Sdn. Bhd. on 16 November 2023. The Group is pleased to witness the addition of at least two (2) of the prospective solutions within a year – biogas and hydroelectric power – in the SES segment, reaffirming our trust in its bullish prospects. These acquisitions are anticipated to yield positive impacts for the Group, with secured contracts to supply energy to the national grid over an extended period.

These initial ventures symbolise successful transactions that highlight our rapid growth and firmly establish our position as a prominent player

in the sustainable energy space. Our pursuit of expansion across different energy spaces has yielded substantial gains and has left a distinctive mark on the market, achieved within just five (5) years of establishing the segment and less than two (2) years since diversification.

Our ability to set ambitious growth targets has been greatly enhanced through partnerships with reputable industry leaders, such as Agromate Holdings Sdn. Bhd., which have expanded our resource network for future waste-to-energy projects. In addition to this partnership, collaborations with entities like LCS Holdings Inc. for ASEAN energy projects, alongside our educational partnership with Universiti Tenaga Nasional, have bolstered our expertise in sustainable energy. Presently, KAB boasts a portfolio of twenty-seven (27) SES projects, comprising solar, hydropower, biogas, waste heat recovery, cogeneration and energy efficient projects. With strategic financing and a dedication to sustainable development, we are poised for further growth, propelling us towards a greener and sustainable future for Malaysia and ASEAN.

## MESSAGE FROM THE EXECUTIVE DEPUTY CHAIRMAN CUM GROUP MANAGING DIRECTOR



### Engineering Segment

In the wake of our Group's transformative rebranding, KAB's Mechanical and Electrical (M&E) segment—now aptly named the Engineering segment—has demonstrated remarkable resilience and strategic adaptability amid a volatile construction sector. Through judicious management of raw material costs and a relentless focus on operational efficiency, the segment has successfully maintained profitability, a commendable feat that highlights KAB's capacity to navigate fluctuating market conditions, global economic uncertainty and other underlying risks.

As we adopt a more selective approach in tendering projects for the Engineering segment, we conduct diligent reviews and monitor resource allocation. With increased projects and activities across the Group's segments, this process evaluates development progress and talent allocation between segments, ensuring a consistent driving force in achieving operational objectives. We remain vigilant regarding the growth and performance of this segment, aiming to enhance overall profitability with a resilience business plan for long-term robustness and adaptability for present and future integration, as well as potential uncertainties.

We remain  
**vigilant  
regarding the  
growth and  
performance**  
of this segment, aiming to  
enhance overall profitability  
with a resilience business  
plan for long-term  
robustness

### GROUP PERFORMANCE

## KAB's financial performance in FY2023 highlights our successful strategic redirection, characterised by a forward-thinking mindset and a pioneering business model in Malaysia.

The Group achieved a record revenue of MYR199.3 million, making a notable 6.6% increase from the previous fiscal year. The gross profit surged to MYR41.4 million, showcasing an exponential growth of 47.3% from MYR28.1 million reported in FY2022. Particularly noteworthy was the remarkable increase in Profit After Tax as it soared to a new record of MYR27.6 million, fuelled by the stellar performance of the SES segment.

On that note, the SES segment reported a record-high revenue, marking a more than tenfold increase to achieve a segmental result of MYR29.3 million. Most recently, the latest quarter's earnings have surpassed those of the Engineering segment, leading SES segment to become the Group's leading revenue generator. With more contributions from new projects expected in the future, the SES segment is poised to yield a higher-margin profile, thereby further bolstering the Group's financial performance.

Throughout 2023, KAB has demonstrated impressive growth prospects and effective strategic expansion efforts. This places KAB as an appealing investment prospect, consequently increasing investors' confidence in our future performance and capacity to leverage emerging market opportunities.

### CORPORATE EXERCISE

The Group completed three (3) acquisitions in FY2023, the earliest completion was a rooftop solar PV system, owned by Matahari Suria Sdn. Bhd., in Universiti Teknologi Malaysia on 25 July 2023, followed by a mini-hydro plant in Indonesia, PT Inpol Mitra Electrindo on 31 October 2023 and a biogas power plant in Kedah from Future NRG Sdn. Bhd. on 16 November 2023. With the completion of these acquisitions, we anticipate increasing our energy production capacity to 29.7MW starting from 2024. This includes ongoing projects that have not yet contributed to our FY2023 results but are expected to significantly boost our future earnings generation.

The Group has demonstrated forward-thinking financial acumen with successful private placements on 5 October 2023 and 29 January 2024, securing MYR60.95 million in capital. This capital infusion is pivotal for our expansion strategy and signals strong shareholder and regulatory confidence in KAB's growth trajectory and prudent fund management, particularly in advancing our SES growth opportunities.

## MESSAGE FROM THE EXECUTIVE DEPUTY CHAIRMAN CUM GROUP MANAGING DIRECTOR

### FUTURE OUTLOOK

At the core of KAB's ethos is a steadfast commitment to environmental sustainability, which is integral to our comprehensive Environmental, Social, and Governance ("ESG") strategy. Echoing our declarations from FY2022, we have set ambitious targets to reduce our Scope 1 and 2 emissions by 42% by 2030, progressing towards a substantial 90% reduction by 2050, using 2021 as our benchmark year. These goals align seamlessly with our strategic pursuit to become a leading One-Stop Energy and Engineering Solutions Provider and a staunch supporter of sustainability practices.

In 2023, we garnered significant recognition for our strategic ventures and successful diversification into the SES segment. Our esteemed role as an electrical specialist and a trusted energy technical partner sets the tone for the Group as we pursue a strong growth trajectory. The Engineering segment will remain resilient and provide steady recurring revenue for the Group while the SES segment, bolstered by a robust order book and promising pending tenders, is well-equipped to ride the wave of a burgeoning global renewable energy market. The concerted drive for decarbonisation globally is expected to propel this segment forward in 2024.

Furthermore, the Engineering segment anticipates capitalising on Malaysia's infrastructure development renaissance, which will be supported by substantial ongoing projects and a revival in construction activities. In the SES segment, KAB is optimistically positioned to thrive in an industry buoyed by favourable global investment trends and technological advancements. Our portfolio, rich with CE, RE, and EE projects, is set to benefit from a landscape ripe with opportunities for technological innovation and resilient infrastructure. The Engineering segment looks to leverage Malaysia's major infrastructural initiatives can anticipate an influx of foreign direct investment that promises to bolster the domestic construction sector.

While we approach our future growth prospects with enthusiasm, we also understand the importance of agility and vigilance in today's dynamic business landscape. To sustain our momentum and navigate potential challenges, we have embedded a robust risk management framework into our operations, actively diversified our portfolio, and remain vigilant to regulatory changes. Our exceptional performance in 2023 validates our proactive investment strategies, better positioning us to confront challenges head-on. The Group's endeavours are evidenced by successes, including our pursuit of accelerated growth, which aligns closely with the anticipated firm electricity demand and the pace towards global transitioning for a cleaner and greener planet.

### APPRECIATION

I extend my heartfelt appreciation to our esteemed shareholders and business partners for their unwavering faith and support in KAB, embracing our visionary outlook confidently. A special note of gratitude to our dedicated directors, management team, and the entire KAB workforce for their substantial efforts and commitment, which have been pivotal to our transformative journey, particularly during our successful rebranding initiative. This milestone not only marks a new chapter in KAB's legacy but also strengthens our presence as a forward-thinking leader poised to thrive in the energy market.

As we advance, we remain united in our mission to cultivate a business that prioritises sustainability and aims to establish a significant regional footprint. Our collective endeavours are geared towards creating lasting value for stakeholders as well as future generations.

Thank you for being an integral part of our path and for sharing in the success of our distinctive corporate journey.

### Dato' Lai Keng Onn

Executive Deputy Chairman cum Group Managing Director

# MESSAGE FROM THE BOARD SUSTAINABILITY COMMITTEE



Amidst the ever changing economic and business environment, I take pride in affirming that sustainability has become a fundamental pillar of responsible corporate leadership. Our organisation recognises its success is intricately linked to the well-being of our planet and society. Achieving sustainability excellence through the highest standards of governance and standards has prompted KAB to integrate ESG & Sustainability as a core aspect of our organisation.

Setting an example as we forge ahead towards our shared future will define our legacy. We aim to minimise environmental impact, foster social equity and uphold governance standards. I continuously oversee the organisation, ensuring vigilance, agility, and forward-thinking, aiming to leave a positive and lasting impact on our business, the planet and future generations. It is an honour to recognise KAB's commitment. Together with stakeholders, we're shaping a more sustainable future—one marked by prosperity, resilience, and harmony.

## Lu Chee Leong

Chairman of Sustainability Committee  
Independent Non-Executive Director



My extensive involvement in the company's operations has instilled in me a profound sense of purpose as a member of the Sustainability Committee. Understanding the evolving needs and dynamics within the organisation has underscored the significance of driving sustainability objectives and nurturing a culture of environmental stewardship. Beyond mere values, it is crucial to uphold responsibilities and implement sustainable practices, guided by ethical governance and effective communication. Through continuous efforts and initiatives, KAB has made notable strides in this regard, as evidenced by consecutive accolades and recognition.

Securing a position on the FTSE4Good Bursa Malaysia (F4GBM) Index and FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index marked a significant milestone for the organisation in the year 2023.

## Datin Chan Pey Kheng

Sustainability Committee  
Executive Director cum Group Chief Operating Officer



KAB has made significant progress, maintaining momentum in the ESG & Sustainability arena. The rebranding efforts in 2023, along with its SES business model and alignment with the global transition movement, have bolstered the organisation's capability to reduce carbon emissions and enhance the supply of clean energy within its clients' supply chain. KAB has not only excelled in business resilience planning but has also demonstrated its capacity to make substantial contributions to the nation's objective of enhancing the diversified mix of energy sources.

I am proud of KAB's progress and strategic decisions align with its new identity, imbuing a fresh sense of purpose. Everything is falling into place, ensuring the company's ongoing success.

## Tong Siut Moi

Sustainability Committee  
Independent Non-Executive Director

# KEY DEPARTMENT REPRESENTATIVES

## SUSTAINABILITY

### TEAM



# OVERVIEW OF KINERGY ADVANCEMENT BERHAD

# OVERVIEW OF KINERGY ADVANCEMENT BERHAD

## ESG & SUSTAINABILITY AT KINERGY ADVANCEMENT BERHAD

As we continue to progress in our ESG & sustainability agenda since 2020, KAB has effectively integrated these principles into its business operations and expanded its influence within its supply chain, aiming to make a greater impact. In a relatively short period, KAB has advanced this journey significantly, showcasing that its strategic decisions are grounded in the right principles, oversight, and practices. Achieving the highest governance scores across the E, S, and G elements is a testament to its commitment to best practices. The company strives to lead by example, continually pursuing sustainability excellence through innovation, collaboration, and the creation of value through sustainability initiatives.



Please scan this QR Code for full version of our Annual Report 2023

*"Together, let's build a brighter, more sustainable tomorrow. One Step At a Time."*

### KAB'S SUSTAINABILITY FRAMEWORK AND MANAGEMENT APPROACH

#### VISION

To position KAB as a holistic One-Stop Solutions Provider for Sustainable Energy Solutions while fostering a sustainable future

#### MISSION

To continuously improve our engineering competencies to new heights while reducing global carbon footprint by providing a cleaner and sustainable alternatives which promotes energy efficiency and performance

#### 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



#### SUSTAINABLE GOALS

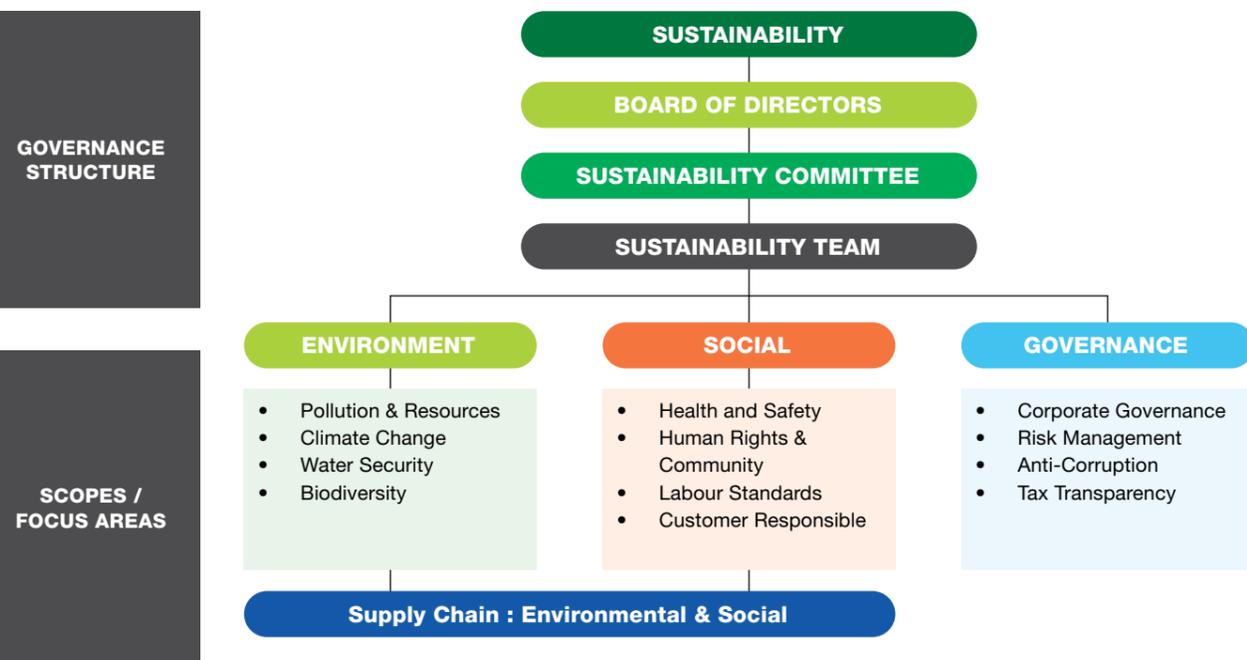


#### ACHIEVEMENT



A constituent of FTSE Bursa Malaysia EMAS (FBM EMAS) Index in 2021, 2022 & 2023

Listed in FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index on December 2023



**MATERIAL TOPICS AND MANAGEMENT APPROACH**

In 2023, the Group had conducted the stakeholder and material assessment which resulted in ten (10) material topics:

- Training, education, and competency building
- Responsible Supply Chain Management
- Corporate governance, ethics, and compliance
- Anti-corruption and anti-bribery
- Responsible procurement and sustainable supply chain
- Occupational health and safety standards and practices
- Reducing materials and waste
- Economic performance and business resilience
- Market presence and local economic development
- Responsible marketing and communications, and fair dealing

The Group had established a comprehensive suite of policies, charter and codes, terms of reference, procedures and standard practices, which provide a systematic guide on the expected behaviours and practices in all interactions with and within the Group as well as managing the aspects and impacts of the Group. These documents are reviewed, approved and registered into the Integrated Management Systems (IMS) of the Group and readily accessible on the Group's Corporate Governance portal: <https://www.kinergyadvancement.com/corporategovernance.html>

**EXTERNAL VALIDATION / ASSURANCE**

KAB had been assessed and obtained four (4) ISO certifications from NQA Malaysia:

- ISO14001:2015** Environmental Management Systems
- ISO9001:2015** Quality Management Systems
- ISO45001:2018** Occupational Health & Safety Management Systems
- ISO37001:2016** Anti-Bribery Management Systems

KAB's Green House Gas Inventory for Year 2021, 2022 and 2023 had been reviewed and audit assessment had been completed on 20 March 2024 by an external party, Eco-Ideal Consulting Sdn. Bhd., a qualified and competent consultant, whom specialised in carbon management and advisory service.

**REPORTING STANDARDS**

Global Reporting Initiatives (GRI) Standards

# OVERVIEW OF KINERGY ADVANCEMENT BERHAD

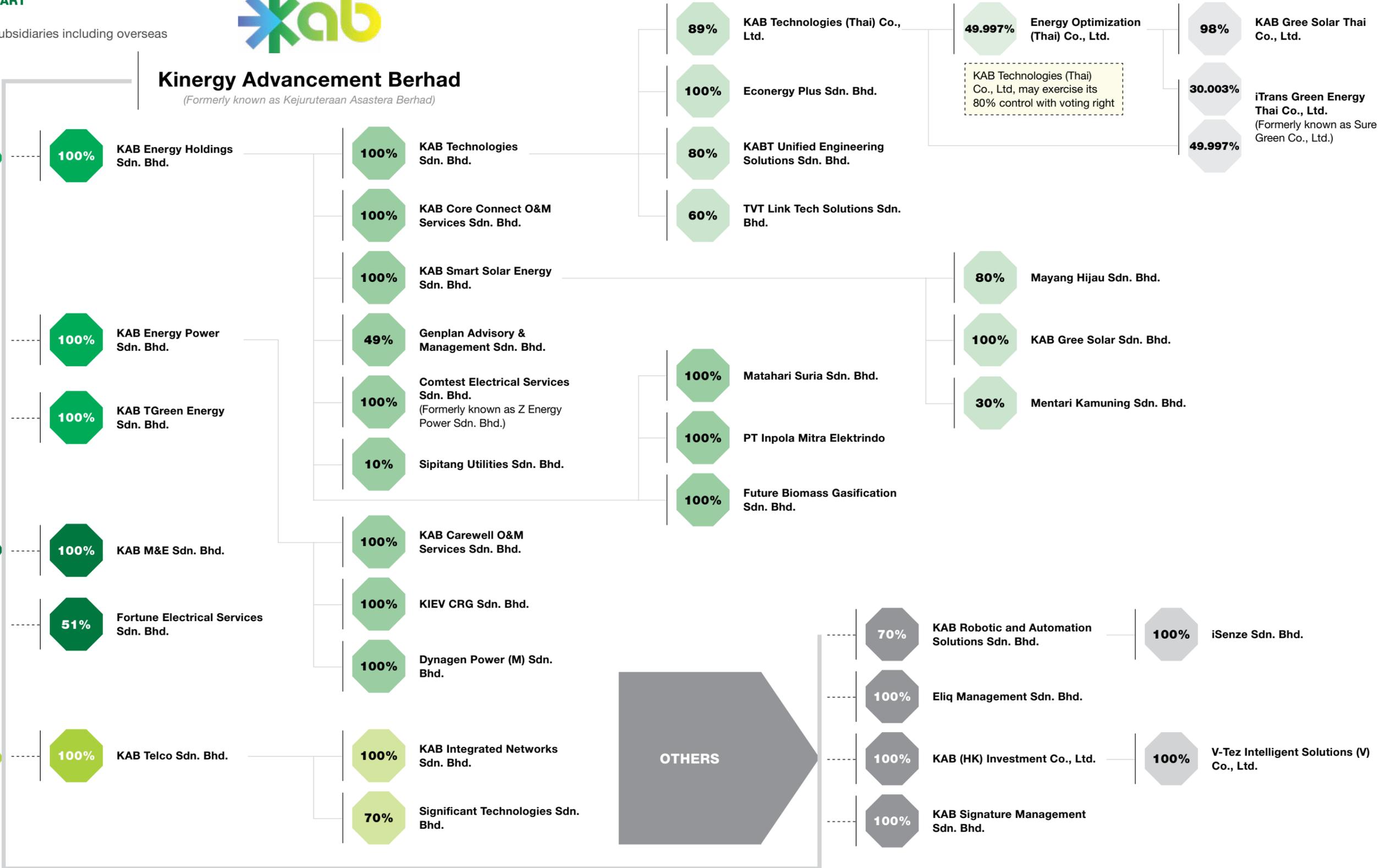
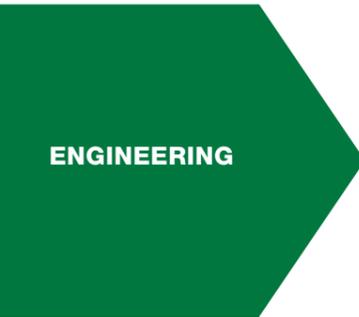
## ORGANISATIONAL CHART

For KAB Group and its subsidiaries including overseas



### Kinergy Advancement Berhad

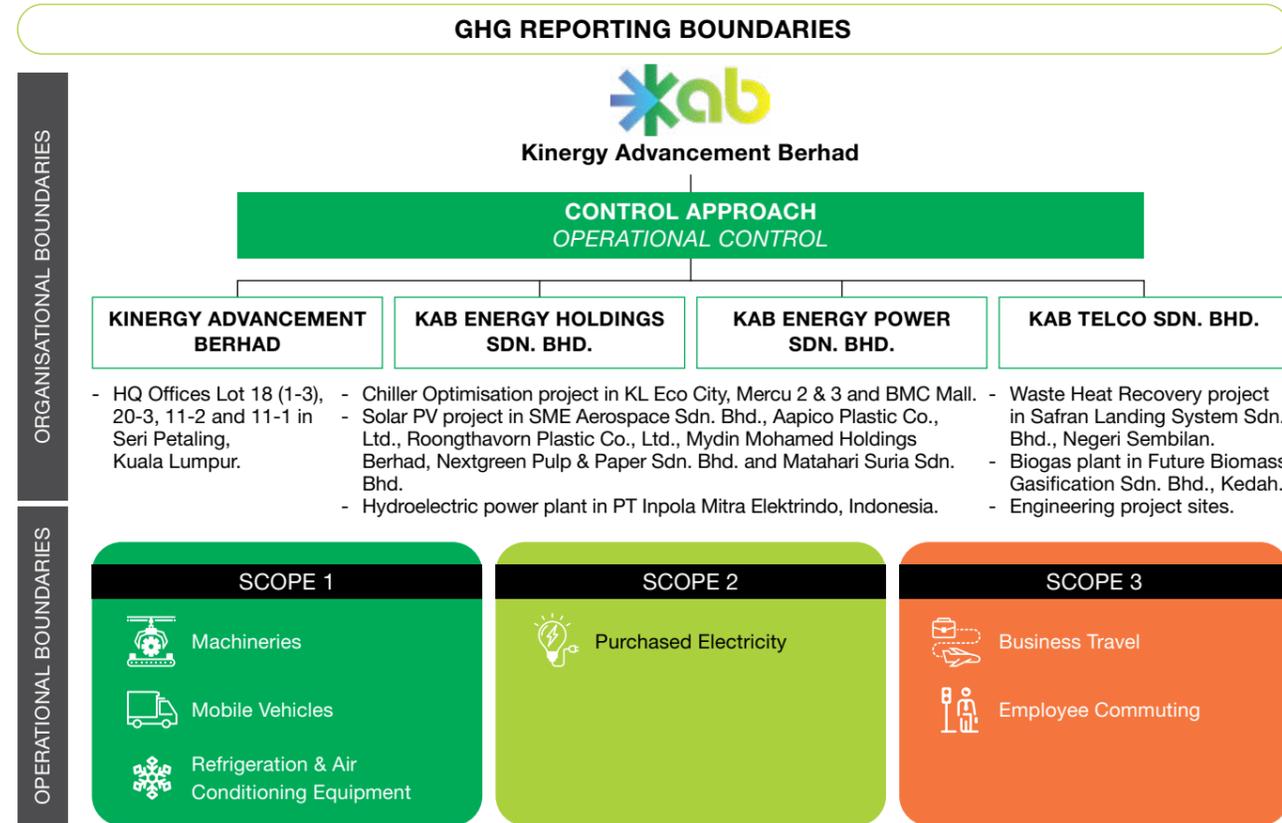
(Formerly known as Kejuruteraan Asastera Berhad)



# OVERVIEW OF KINERGY ADVANCEMENT BERHAD

# OVERVIEW OF KINERGY ADVANCEMENT BERHAD

## ORGANISATIONAL BOUNDARIES



### Organisational Boundaries

The Operational Control Approach was adopted for our GHG inventory. Under the operational control approach, KAB accounts for 100% of emissions from operations over which it or one (1) of its subsidiaries has operational control.

The reporting coverage of KAB including KAB HQ office at Bandar Baru Sri Petaling; Sustainable Energy Solutions (SES) and Engineering.

### Operational Boundaries

Scope	Details
<b>Scope 1 emission</b>	Refers to the direct GHG emissions that occur from sources that are owned or controlled by the Company and it is divided into three (3) categories: <ul style="list-style-type: none"> <li>• Stationary Combustion – co-gensets</li> <li>• Mobile Combustion - all vehicles owned or controlled by KAB</li> <li>• Fugitive Emissions - leaks from air conditioning units</li> </ul>
<b>Scope 2 emission</b>	Refers to indirect emissions account for GHG emissions from the generation of purchased electricity.
<b>Scope 3 emission</b>	Refers to the consequence of the activities of the Company but occur from sources not owned or controlled by the Company and it is divided into two (2) categories: <ul style="list-style-type: none"> <li>• Business Travel by Road and Air</li> <li>• Employee Commuting – commuting from home to work</li> </ul>

The other categories have been excluded principally due to the decision to take a phased approach and data readiness (e.g. limitations/constraints for complete, accurate, and reliable data sets).

# OVERVIEW OF KINERGY ADVANCEMENT BERHAD

## Green House Gases Inventory

Type	Gases
<b>GHGs that are accounted</b>	Carbon Dioxide (CO <sub>2</sub> ) Methane (CH <sub>4</sub> ) Nitrous Oxide (N <sub>2</sub> O) Hydrofluorocarbons (HFCs)
	<i>Note: CH<sub>4</sub>, N<sub>2</sub>O, and HFCs were converted into CO<sub>2</sub> equivalents based on their global warming potential from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) published in 2021.</i>
<b>GHGs that are not accounted</b>	Nitrogen trifluoride (NF <sub>3</sub> ) Sulfur hexafluoride (SF <sub>6</sub> ) Perfluorocarbons (PFCs)
	<i>Note: These GHGs are not accounted for in this reporting as these GHGs are not emitted in the reporting value chain.</i>

## Emission Factor

Country	Emission Factor (EF)/ Reference
<b>Malaysia</b>	0.758 tCO <sub>2</sub> /MWh published by ST (latest by 2021)
<b>Thailand</b>	0.569 tCO <sub>2</sub> /MWh published by IGES Grid EF 2023
<b>Indonesia, Sumatera Utara</b>	0.770 tCO <sub>2</sub> /MWh published by IGES Grid EF 2023

## Global Warming Potential (GWP)

GHGs	Global Warming Potential
<b>Carbon Dioxide (CO<sub>2</sub>)</b>	1
<b>Methane (CH<sub>4</sub>)</b>	27.9
<b>Nitrous Oxide (N<sub>2</sub>O)</b>	273

The above GWP is based on latest IPCC AR6, 2021.

## SUSTAINABILITY COMMITMENTS

The five (5) key Sustainability commitments of the Group are:

1. To grow our Sustainable Energy Solutions (SES) segment into different regions with the objective to reduce carbon footprint through building sustainable cities and communities;
2. To be a long-term constituent in the world recognised FTSE4Good Index or any Global Indices;
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 empower the supply chain, stakeholders and community the importance of sustainability through continuous sustainability awareness training and activities.

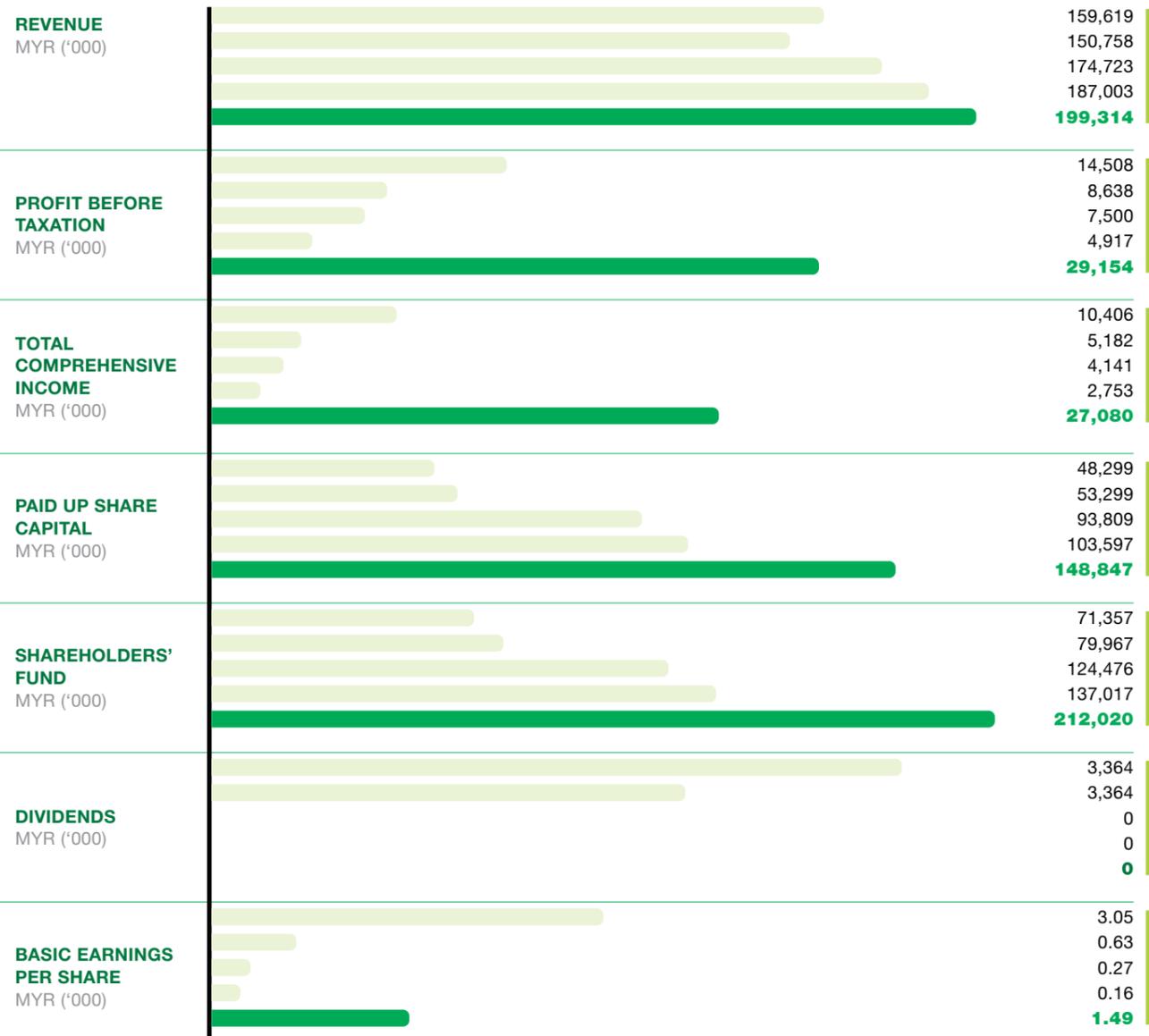
## OUR BUSINESS VALUE CHAIN



## OVERVIEW OF KINERGY ADVANCEMENT BERHAD

### FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended Dec-31	2023 MYR ('000)	2022 MYR ('000)	2021 MYR ('000)	2020 MYR ('000)	2019 MYR ('000)
Revenue	199,314	187,003	174,723	150,758	159,619
Profit/(Loss) Before Taxation	29,154	4,917	7,500	8,638	14,508
Total Comprehensive Income	27,080	2,753	4,141	5,182	10,406
Paid Up Share Capital	148,847	103,597	93,809	53,299	48,299
Shareholder's Fund	212,020	137,017	124,476	79,967	71,357
Dividends	-	-	-	2,307	3,364
Basic Earning Per-Share (Sen)	1.49	0.16	0.27	0.63	3.05



## OVERVIEW OF KINERGY ADVANCEMENT BERHAD

### OUR EMPLOYEES AND WORKERS

As of 31 December 2023, the Group had a total of **145 employees** across the Group's entities and business operations.

The employee demography of the Group is presented in the table below:

Year of Reporting	2021	2022	2023		Total
	Malaysia	Malaysia	Malaysia	Indonesia	
Total employees	216	215	124	21	145
<b>By Categories</b>					
Executives	139	146	58	3	61
Non-executives	77	69	66	18	84
<b>By Employment type</b>					
Permanent Employees	211	209	107	7	114
Non-Permanent Employees	5	6	17	14	31
<b>By Gender</b>					
Male	155	152	83	21	104
Female	61	63	41	0	41
<b>By Age Groups</b>					
Below 30	91	74	39	10	49
Between 30-50	103	120	67	11	78
Above 50	22	21	18	0	18

Note:

1) The employee data for Indonesia region was added only in FY2023 is due to the acquisition of subsidiary PT IME, Indonesia was completed in August 2023.

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.

The total of workers based on location are distributed as per follows:

State	2022		2023	
	Engineering	SES	Engineering	SES
Kuala Lumpur	569	-	509	-
Selangor	33	27	50	5
Johor	6	-	-	-
Pahang	-	9	-	9
<b>Total</b>	<b>608</b>	<b>36</b>	<b>559</b>	<b>14</b>

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.

# OVERVIEW OF KINERGY ADVANCEMENT BERHAD

## OUR GOVERNANCE STRUCTURES

### The Board of Directors and Board Committees

The Board of Directors (“the Board”) of KAB remains committed and continues to uphold to the highest standard of corporate governance in managing the affairs of KAB and its subsidiary companies (the “Group”), guided by the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”).

The Board, the highest governance body, is responsible for strategic planning, oversight, and the overall management and business affairs 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 five (5) Board Committees are established:

	MEMBERS	RESPONSIBILITY	MEETING FREQUENCY
<b>BOARD OF DIRECTORS</b>	<ul style="list-style-type: none"> <li>Eight (8) Directors which comprises four (4) Executive Directors and four (4) Independent Non-Executive Directors appointed in line with MMLR</li> </ul>	<ul style="list-style-type: none"> <li>Strategic planning, oversight, and the overall management and business affairs</li> </ul>	Quarterly
<b>AUDIT COMMITTEE</b>	<ul style="list-style-type: none"> <li>Comprises three (3) Independent Non-Executive Directors</li> </ul>	<ul style="list-style-type: none"> <li>Review internal audit and controls</li> <li>Oversee external audit</li> </ul>	Quarterly
<b>RISK MANAGEMENT COMMITTEE</b>	<ul style="list-style-type: none"> <li>Comprises two (2) Independent Non-Executive Directors and one (1) Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>Oversight risk management policy, frameworks and processes</li> </ul>	Half Yearly
<b>NOMINATING COMMITTEE</b>	<ul style="list-style-type: none"> <li>Comprises two (2) Independent Non-Executive Directors</li> </ul>	<ul style="list-style-type: none"> <li>Oversight nomination of Board members, succession planning and board evaluation</li> </ul>	Yearly
<b>REMUNERATION COMMITTEE</b>	<ul style="list-style-type: none"> <li>Comprises two (2) Independent Non-Executive Directors</li> </ul>	<ul style="list-style-type: none"> <li>Oversight remuneration and benefits arrangement</li> </ul>	Yearly
<b>SUSTAINABILITY COMMITTEE</b>	<ul style="list-style-type: none"> <li>Comprises two (2) Independent Non-Executive Directors and one (1) Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>Oversight environmental, social and governance (ESG) frameworks, policies and activities</li> </ul>	Half Yearly

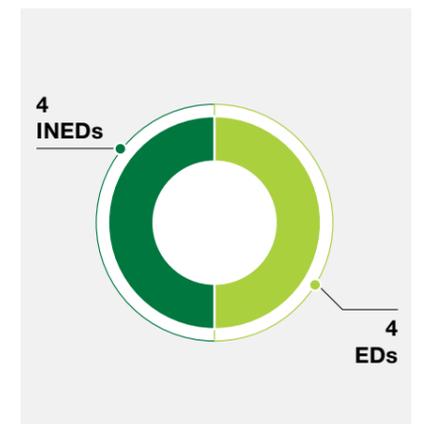
The approved TORs can be reviewed from our website at: <https://www.kinergyadvancement.com/corporategovernance.html>

# OVERVIEW OF KINERGY ADVANCEMENT BERHAD

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. As at the date of this report, the Board comprises eight (8) members of whom four (4) members are Independent Non-Executive Directors as follows:

Name	Status of Directorship
<b>Datuk Dr. Ong Peng Su</b>	Independent Non-Executive Chairman
<b>Dato’ Lai Keng Onn</b>	Executive Deputy Chairman cum Group Managing Director
<b>Choong Gaik Seng</b>	Executive Director (Competent/QC Division)
<b>Datin Chan Pey Kheng</b>	Executive Director (Competent/QC Division)
<b>Jonathan Wu Jo-Han</b> <i>(Appointed w.e.f 18 March 2024)</i>	Executive Director (SES Chief Operating Officer)
<b>Ts Dr. Amanda Lee Sean Peik</b> <i>(Appointed w.e.f 18 March 2024)</i>	Independent Non-Executive Director
<b>Lu Chee Leong</b>	Independent Non-Executive Director
<b>Tong Siut Moi</b>	Independent Non-Executive Director



All four (4) Independent Non-Executive Directors fulfil the criteria of independence, as defined in the Main LR of Bursa Securities. A brief profile of each Director is presented in the Profile of Directors section of our Annual Report 2023.

In 2023, the Board’s attendance of meetings are as follow:

Name	Status of Directorship	Attendance	%
<b>Datuk Dr. Ong Peng Su</b>	Independent Non-Executive Chairman	7/7	100
<b>Dato’ Lai Keng Onn</b>	Executive Deputy Chairman cum Group Managing Director	7/7	100
<b>Choong Gaik Seng</b>	Executive Director (Competent/QC Division)	6/7	85
<b>Datin Chan Pey Kheng</b>	Executive Director (Group Chief Operation Officer)	7/7	100
<b>Goh Kok Boon</b> <i>(Resigned w.e.f 6 March 2024)</i>	Executive Director (Project/Contract Division)	7/7	100
<b>Jonathan Wu Jo-Han</b> <i>(Appointed w.e.f 18 March 2024)</i>	Executive Director (SES Chief Operating Officer)	N/A	N/A
<b>Ts Dr. Amanda Lee Sean Peik</b> <i>(Appointed w.e.f 18 March 2024)</i>	Independent Non-Executive Director	N/A	N/A
<b>Lu Chee Leong</b>	Independent Non-Executive Director	7/7	100
<b>Tong Siut Moi</b>	Independent Non-Executive Director	7/7	100

The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth of KAB.

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.

## OVERVIEW OF KINERGY ADVANCEMENT BERHAD

### Nomination and selection of the Board

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) is responsible to nominate, interview, deliberate and select the chair and member of the highest governance body. Besides, NC monitors that there is an appropriate balance of expertise and ability.

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 diversity of the board, independence, conflict of interest and/or core competencies relevant to the impacts of the Group.

The nomination and selection process are shown as per below:



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.

During the FY2023, the composition of the NC and the meeting attendance are as follows:

Name	Status of Directorship	Attendance	%
Tong Siut Moi (Chairperson)	Independent Non-Executive Director	1/1	100
Lu Chee Leong	Independent Non-Executive Director	1/1	100

### Chair of the highest governance body and its role

In 2023, Datuk Dr Ong Peng Su being the Group's Chairman of the Board, is an independent non-executive chairman, which his independence had been declared in page 40 of Corporate Governance Report 2023. Datuk Dr Ong Peng Su is not a member of the executive in the Group.

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.

The Board and senior executives of the Group develops, approves, and updates the organisation's purpose, value or mission statements, strategies, policies, and goals related to sustainable development, including overseeing the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people. The Board delegates the stakeholder's engagement to the senior executives and assists by Sustainability team (SusTeam), where they would conduct stakeholder exploration, mapping, communication method, analysis and report the results and review the effectiveness to the Board on yearly basis.

In accordance with 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.

All Independent Non-Executive Directors do not participate in the daily operations and management of the Group. There are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgment. They are pivotal in bringing impartially and scrutiny to the Board's deliberation and decision-making process.

For further disclosures on the Group's governance and governance structure in accordance with regulatory requirements, kindly refer to the Group's Annual Report 2023.

## OVERVIEW OF KINERGY ADVANCEMENT BERHAD

### Delegation of responsibility for managing impacts

The Board delegates the responsibility for managing the organisation's impacts on the economy, environment, and people to the Board Committees and the management team of the Group. The management team would report the impacts to the Board Committees for their review prior presenting to the Board, on a half yearly basis.

### Roles of highest governance body in sustainability reporting

The Board responsible for reviewing and approving the reported information, including the organisation's material topics. The Board has established a Sustainability Committee (SC) to support the Board's review and approval process. The Board also reviews the sustainability budget and adequacy of the Group's internal controls to strengthen the integrity and credibility of the Group's sustainability reporting.

### Conflict of interest

The Group believes that conflicts of interest in the boardroom can undermine trust, transparency, and accountability among directors, shareholders, and stakeholders. It can also jeopardise the reputation, performance, and governance of the Group. Therefore, it is essential for the Board to identify, disclose, evaluate and manage any potential or actual conflicts of interest that may arise in their roles.

The Group had established Code of Ethics in 2017 adopted by the Board to attain best corporate governance practices and compliance with legislation governing Director's duties in discharging their duties to achieve corporate objectives including managing the conflict of interest.

The Board Committees are encouraged to practise transparency and disclose to the Board in the event that they have any potential conflict of interest, which includes cross-board membership, cross-shareholding with suppliers and other stakeholders, existence of controlling shareholders, related parties, their relationships, transactions, and outstanding balances with the Group.

The potential or actual conflict of interest after it has been identified shall be disclose and report to the Board. Then Board would then evaluate the impact of the conflict of interest and further develop a plan to manage the conflict of interest.

Below is the process for identifying and mitigating conflict of interest:



### Communication of critical concerns

The Board had established a Whistleblowing Committee to address the critical concerns particularly on the organisation's potential and actual negative impacts on stakeholders. The Whistleblowing Committee currently consisting of three members and is chaired by an Independent Director, has been established to oversee the implementation our whistleblowing and grievance mechanisms, to manage and handle any critical concerns, 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.

*In 2023, there is no critical concern being raised or received during the reporting period.*

## OVERVIEW OF KINERGY ADVANCEMENT BERHAD

### Collective knowledge of the highest governance body

The Board has been constantly updated with the sustainable knowledge and development through inhouse and external trainings organised by the Group. In 2023, the Group had organised sustainable-related trainings as follow:

Director	Date	Type	Training Programme	Organiser
<b>Dato' Dr Ong Peng Su</b>	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
<b>Dato' Lai Keng Onn</b>	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
	13-14.12.2023	Training	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
<b>Datin Chan Pey Kheng</b>	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
	19.09.2023	Webinar	Hard Time Leadership: 4 Strategies for Leading Through Difficult Times	Asia Pacific Institute for Strategy
	13-14.12.2023	Training	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
<b>Choong Gaik Seng</b>	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
	05-06.02.2024	Training	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
<b>Goh Kok Boon</b> <i>(Resigned w.e.f 6 March 2024)</i>	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.

## OVERVIEW OF KINERGY ADVANCEMENT BERHAD

Director	Date	Type	Training Programme	Organiser
<b>Lu Chee Leong</b>	08.05.2023	Webinar	A New Approach to Risk Assessment ISA 315 (Revised 2019)	Malaysia Institute of Accountants
	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	18.07.2023	Webinar	Putting People, Profit and Planet on Par: Shifting Business Priorities for a Better World	Asso. of Chartered Certified Accountants
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	04.09.2023	Virtual Event	The Arrival of ISSB Standards and the Continued Relevance of Integrated Reporting	Malaysia Institute of Accountants
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
	30.11.2023	Training	Preparation and Implementation of 'e-Invoice' in Malaysia	Asso. of Chartered Certified Accountants
	11-12.12.2023	Training	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
	<b>Tong Siut Moi</b>	28.06.2023	Training	TCFD Climate Scenario Analysis
11.07.2023		Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
24.08.2023		Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
14.10.2023		Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.

Note: The Board members may have attended trainings or workshops organised on their personal capacity in which would be reported in the above table.

### Evaluation of performance of 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. In addition, the NC also conduct yearly assessment on the performance and 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.

All directors are required to complete the Directors' Self/Peers Evaluation Form 2023 by evaluating himself/herself or peers 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

Upon completion of evaluation, NC would propose and recommend to the Board for any improvement or mitigation plan if deem necessary. The NC had completed the evaluation of the Board performance for FY2023 on 29 February 2024.

## OVERVIEW OF KINERGY ADVANCEMENT BERHAD

### Remuneration policy

The Remuneration Committee (RC) is designated to conduct a periodic or yearly review on the remuneration package of Key Senior Management, Directors and Group Managing Director. The Remuneration Committee would communicate the new changes or amendments of the criteria to the Board of Directors.

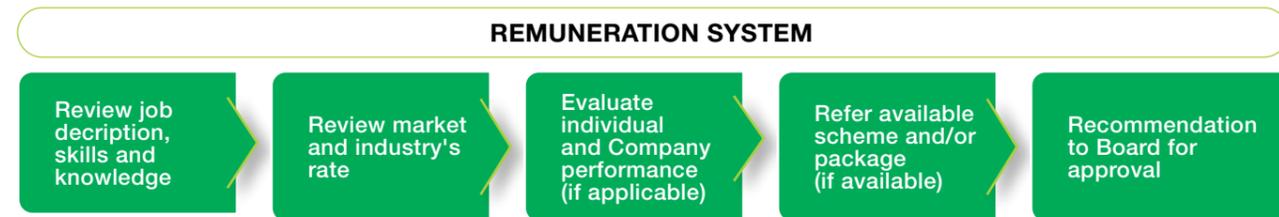
The remuneration of the Board is guided by the Group's Directors' and Key Senior Management Remuneration Policy. This policy is designed to determine the level of remuneration package as well as to attract and retain high performing Directors and Key Senior Management. This policy further supports the organisation's strategy and contribution to sustainable development and align with stakeholders' interests.

The policy defines remuneration in accordance with the following:

- |  |   |
|--|---|
| <p>1) <b>Fixed Remuneration for Executive Directors and Key Senior Management</b> The fixed salary is set according to:</p> <ul style="list-style-type: none"> <li>The nature of job, scope of works and responsibilities;</li> <li>The level of skills and experience;</li> <li>The individual's overall contribution to the Company's strategy, operations and overall performance including managing the Company's impacts on the economy, environment, people and governance.; and</li> <li>Market and industry's rate.</li> </ul> <p>2) <b>Bonus</b><br/>Bonus is granted to reflect the Directors' and Key Senior Management's performance as well as Company's performance. An assessment is made to ensure that all factors are considered in determining the bonus entitlement.</p> | <p>3) <b>Director Fee</b> for Non-Executive Directors</p> <ul style="list-style-type: none"> <li>The level of skills and experience;</li> <li>On par with the rest of the market; and</li> <li>The extend of the duty and responsibilities in managing the Company's impacts on the economy, environment, people and governance.</li> </ul> <p>4) <b>Other Benefits and Allowances</b><br/>The Executive Directors are entitled for benefit in kind such as Company's motor vehicle, company's mobile phone, petrol and driver. Any expenses incurred in the course of their duties are reimbursable. The Key Senior Management is entitled for benefit in kind subject to the recommendation by Group Managing Director and approval by the Board of Directors.</p> <p>5) <b>Clawback</b><br/>The Board of Directors and/or Management reserve the rights to request for repayments of previously received compensation by the board member or key senior management if certain conditions of employment or goals are not met.</p> |
|--|---|

### Process to determine remuneration

An internal systematic process flow has been adopted to determine the directors and key senior management remuneration which illustrated as follows:



For executive directors and key senior management remuneration, RC would review and recommend to the Board for final approval. For non-executive directors' remuneration, RC would recommend to the Board and would be tabled in Company's general Meeting for shareholders' approval.

During the FY2023, the composition of the RC and the meeting attendance are as follows:

Name	Status of Directorship	Attendance	%
<b>Tong Siut Moi (Chairperson)</b>	Independent Non-Executive Director	1/1	100
<b>Lu Chee Leong</b>	Independent Non-Executive Director	1/1	100

The 2023 director fees for non-executive directors had been tabled out in 26th virtual Annual General Meeting (AGM) on 30.05.2023 and obtained shareholders' approval with a voting result of 99.9638%.

Full AGM's Results can be viewed at: <https://www.kinergyadvancement.com/newsroom.html>

## OVERVIEW OF KINERGY ADVANCEMENT BERHAD

### Annual Total Compensation Ratio

In 2023, 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 69.82.

Year of Reporting	2021	2022	2023
Annual total compensation ratio	32.81	31.32	<b>69.82</b>

Note:

- The highest-paid individual is referring to Dato' Lai Keng Onn, Executive Deputy Chairman cum Group Managing Director.
- The above ratio is calculated based on the Company employees' gross salary which includes resigned staff while excludes contractual and part-time employees.

### 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:

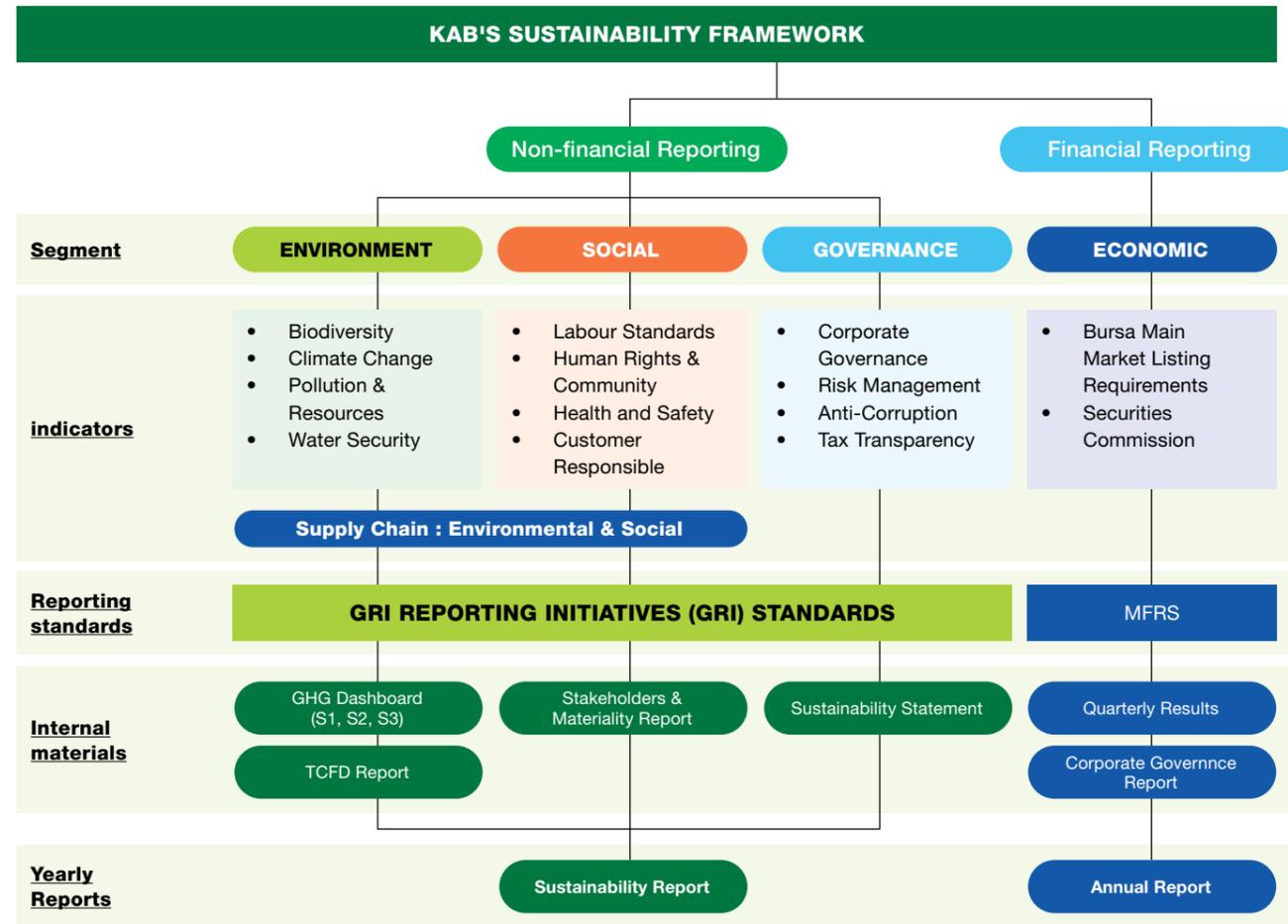
- Against the law or represents a failure by the Group to comply with any legal or regulatory obligations;
- Unethical or in breach of the Group's Code of Conduct or other policies;
- Dishonest, fraudulent or corrupt;
- Coercion, harassment, victimisation or discrimination;
- Misleading or deceptive, 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@kinergyadvancement.com](mailto:kabwhistleblow@kinergyadvancement.com)
- Ethics Helpline whereby employees and third parties may also anonymously report issues via by dialling the telephone number: +603-90553812.
- Postage/By Hand  
Employees and third parties may report issues anonymously by sending a letter marked "Private & Confidential" by hand or postage to the address as shown below:

Kinergy Advancement Berhad  
18, Jalan Radin Bagus 9,  
Bandar Baru Sri Petaling,  
57000 Kuala Lumpur, Malaysia.

# OUR SUSTAINABILITY FRAMEWORK AND MANAGEMENT APPROACH



## NET ZERO COMMITMENT

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. 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.

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 are to focus on our Scope 1 and Scope 2 emissions.

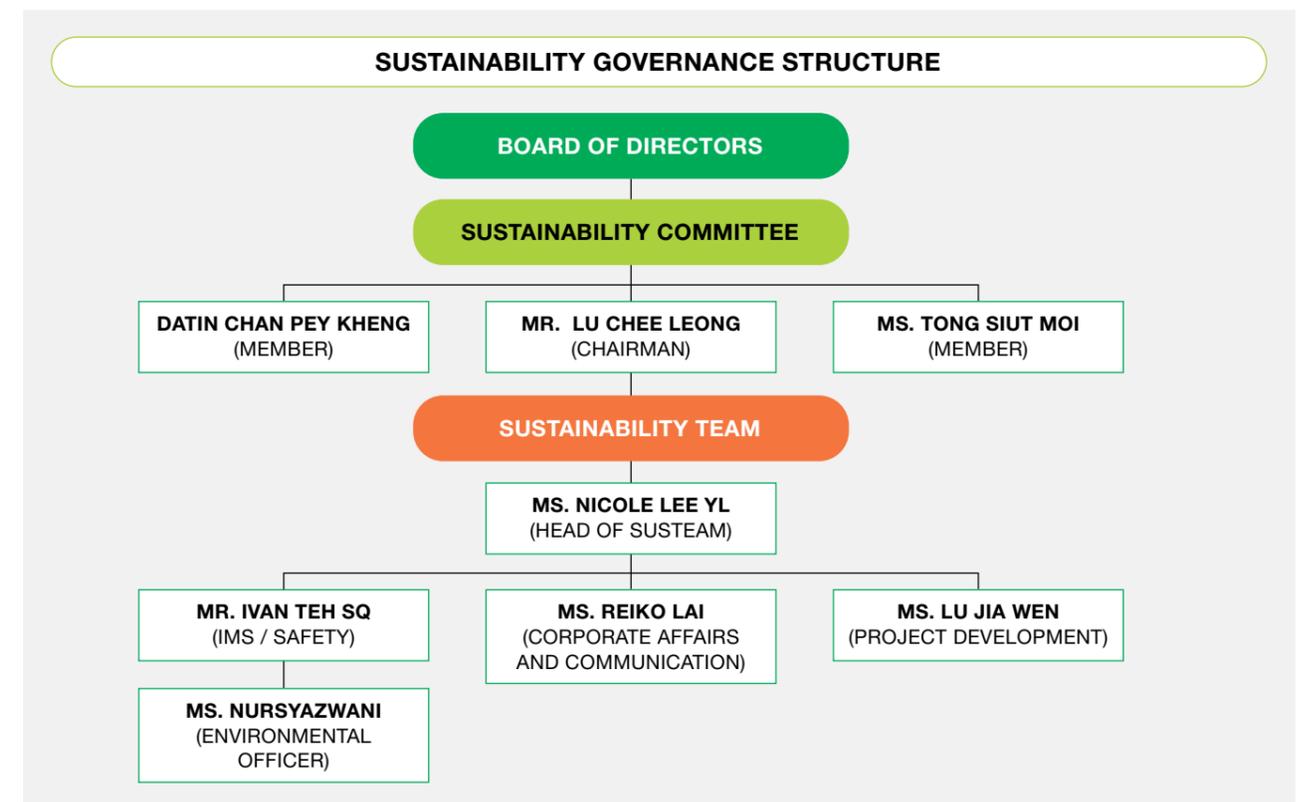
In following the GHG Protocol framework, recalculation may be necessary when changes to base-year emissions would exceed the Group's established significance threshold. This happens when we restructure our business operations – including acquisition/divestments/mergers, discover calculation errors, or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

# OUR SUSTAINABILITY FRAMEWORK AND MANAGEMENT APPROACH

## SUSTAINABILITY GOVERNANCE STRUCTURE

### Sustainability Committee and Sustainability Team

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:



The Board of Directors (“the Board”) determines and approves the Company’s overall Sustainability strategy, annual budget, quantitative and qualitative targets for the year.

The Sustainability Committee (the “SC”), comprising three board members and chaired by Mr. Lu Chee Leong, an independent non-executive 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.

The Sustainability Team (the “SusTeam”) of the Group, comprising five (5) members from different business units, delegated to assist the SC, 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.

## OUR SUSTAINABILITY FRAMEWORK AND MANAGEMENT APPROACH

The principal objectives of the SC are to assist the Board 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 SC 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.

The SC 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 SC 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 GHG Scope 1 and Scope 2 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.

The approved TOR for SC can be reviewed from our website at: <https://www.kinergyadvancement.com/corporategovernance.html>

### POLICY COMMITMENTS

The Group had established few policy commitments for responsible business conduct, including the commitment to respect human rights. These commitments are set out in stand-alone policy and approved by SC.

In 2022, the sustainable-related policies that had been approved and adopted by the Group are as follows:

1. Sustainability Policy
2. Human Rights Policy
3. Environmental Policy
4. Workplace Occupational Safety & Health Policy

On February 2023, the SC had approved and adopted the Sustainability Due Diligence Policy.

These policies are set out in accordance with United Nations (UN) Guiding Principles on Business and Human Rights and equally applied to the entire Group including all activities and business relationship. These policies shall be reviewed from time to time by SC where deem necessary in accordance with the needs of the Company and/or Listing Requirements or any other regulatory requirements enforced at the time being. The approved policies also communicated to internal and external stakeholders via training and awareness programmes.

#### Sustainability Policy

The Group's Sustainability Policy ("Policy") is established in 2022 and aligned with United Nation Sustainable Development Goals (UN SGDs) and it 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 and approves the Company's overall Sustainability strategy, annual budget, quantitative and qualitative targets for the year.
2. The Sustainability Committee (the "Committee"), comprising three (3) 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 (the "SusTeam") 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.

## OUR SUSTAINABILITY FRAMEWORK AND MANAGEMENT APPROACH

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

The Group also established the Sustainability Due Diligence Policy, tools and methodology. The Committee and the Sustainability Team shall conduct sustainability due diligence process in accordance with stakeholder groups, onboarding of new business relations, the beginning of any new projects, or periodical review of projects and operational activities. The Committee and the Sustainability Team shall respond 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 full version of Sustainability Policy can be reviewed from our website at: <https://www.kinergyadvancement.com/corporategovernance.html>.

#### 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.

The Group had launched the Human Rights Policy in 2022 to reflect the Group's 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

The full version of Human Rights Policy can be reviewed from our website at: <https://www.kinergyadvancement.com/corporategovernance.html>.

## OUR SUSTAINABILITY FRAMEWORK AND MANAGEMENT APPROACH

### Environmental Policy

As part of its commitment to Sustainability, the Group has established its Environmental Policy in 2022. 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.

This Environmental 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
2. Energy
3. Greenhouse Gas Emissions (GHG Emissions)
4. Water
5. Biodiversity
6. Waste

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 [kabsustainable@kinergyadvancement.com](mailto:kabsustainable@kinergyadvancement.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.

The full version of Environmental Policy can be reviewed from our website at: <https://www.kinergyadvancement.com/corporategovernance.html>.

### Workplace Occupational Safety & 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:

1. To comply with the Occupational Safety and Health Act 1994 or any amendments that follow;
2. 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;
3. To prevent of physical and mental harm, and promote of employees' and workers' health;
4. To plan, support, operate, and continually evaluate the effectiveness of the occupational health and safety management system and programs;
5. To include hazard identification, risk assessment, worker training, and incident identification and investigation in the occupational health and safety management system.
6. To engage employees and workers in the development, implementation, and performance evaluation of an occupational health and safety policy, management system and programs.
7. 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
2. Hazard identification, risk assessment, and incident investigation
3. Occupational health services
4. Employee participation, consultation, and communication on occupational safety and health
5. Training on occupational safety and health
6. Promotion of employee health

Employees or any 3rd party may anonymously report any feedback related to this policy via the Group's e-mail at [kabwhistleblow@kinergyadvancement.com](mailto:kabwhistleblow@kinergyadvancement.com) or [kabsustainable@kinergyadvancement.com](mailto:kabsustainable@kinergyadvancement.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.

The full version of Workplace Occupational Safety & Health Policy can be reviewed from our website at: <https://www.kinergyadvancement.com/corporategovernance.html>.

## OUR SUSTAINABILITY FRAMEWORK AND MANAGEMENT APPROACH

### COMPLIANCE/MEMBERSHIP ASSOCIATIONS/ COLLECTIVE BARGAINING

In 2023 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.

In 2023, 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.

The Group has 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.

### STAKEHOLDERS ENGAGEMENT

#### Our Approach to 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.

Stakeholder Groups	Interest & Concerns	Our Response
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Governance matters</li> <li>• Climate-related risk and opportunities</li> <li>• Sustainability performance</li> <li>• Sustainable financing and capital opportunities</li> <li>• Sustainability ratings and indices</li> <li>• Employees Diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with regulations and legislations on all governance matters</li> <li>• Work with external professional to build internal Sustainability (governance, environmental, social) competencies, policies, and processes</li> <li>• Improve our sustainability performance to improve sustainability ratings and target to be on FTSE4Good Index</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Climate-action, green, energy saving related projects that positively impact the environment and business</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with regulations and legislations on all governance matters</li> <li>• Aggressively pursue business opportunities in the power generation business segments</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Privacy and data protection</li> <li>• Human rights and labour relations</li> <li>• Training and education</li> <li>• Employment practices, diversity, non-discrimination and inclusion</li> <li>• Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010</li> <li>• Human Rights Policy</li> <li>• New training sessions on Sustainability in 2023</li> <li>• Improvements in employment practices</li> <li>• Workplace Environment Occupational Safety and Health Policy</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Privacy and data protection</li> <li>• Products and services that achieve Sustainability targets</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace Environment Occupational Safety and Health Policy</li> <li>• Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010</li> <li>• Sustainable Energy Solutions</li> </ul>
<b>Suppliers and Contractors</b>	<ul style="list-style-type: none"> <li>• Price fluctuations</li> <li>• Safety measures</li> </ul>	<ul style="list-style-type: none"> <li>• Managing procurement practices</li> <li>• Compliance with government regulations</li> <li>• Strict compliance to our safety and health standards, policies and regulations</li> </ul>
<b>Consultants</b>	<ul style="list-style-type: none"> <li>• Price fluctuations</li> <li>• Compliance with regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Managing procurement practices</li> <li>• Compliance with government regulations</li> <li>• Strict compliance to our safety and health standards, policies and regulations</li> </ul>
<b>Government / Local Authorities</b>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Climate Change and Renewal Energy Policies</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with government regulations</li> <li>• Strict compliance to our safety and health standards, policies and regulations</li> <li>• Participation in Sustainable Energy Solution targets to meet National Determined Contribution (NDC) of different governments</li> </ul>

## OUR SUSTAINABILITY FRAMEWORK 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 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 2023, there were a number of **one hundred seventy (170) 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.

## MANAGING OF MATERIAL TOPICS

### PROCESS AND LIST OF MATERIAL TOPICS

#### Materiality – The process and impact assessments

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.

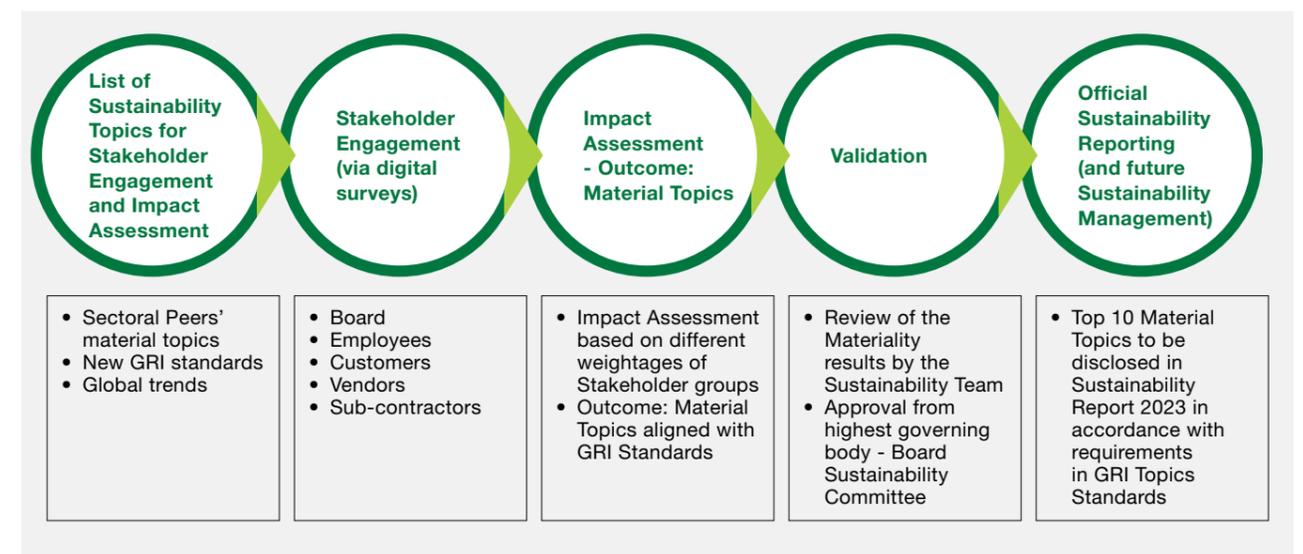
It is also important to note that the management of Sustainability and related economic, environmental and social impacts, is independent of the consideration of financial implications. The Group understands that material topics cannot be deprioritised on the basis of not being considered financially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



## MANAGING OF MATERIAL TOPICS

The Materiality process is carried out by the Group every two years, or sooner when there is significant change 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.

### List of Material Topics

In 2023 a list of twenty (20) Sustainability topics were listed out compared to nineteen (19) Sustainability topics in 2022, based on the Group's sector and position in the market, covering economic, environmental and social aspects:

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

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:

Rank	Material Topics
1	Training, education, and competency building
2	Responsible Supply Chain Management
3	Corporate governance, ethics, and compliance
4	Anti-corruption and anti-bribery
5	Responsible procurement and sustainable supply chain
6	Occupational health and safety standards and practices
7	Reducing materials and waste
8	Economic performance and business resilience
9	Market presence and local economic development
10	Responsible marketing and communications, and fair dealing

## MANAGING OF MATERIAL TOPICS

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 company 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 SC 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.

All results of the stakeholder engagement, impact assessment materiality process is documented in the Group's Stakeholder Engagement and Materiality Report 2023.

# MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS



## WATER AND EFFLUENTS

### Water Consumption

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).

With population growth, expansion of industry, increasing levels of development activity, and the potential for climate change impacts there is increasing pressure placed on the province's water resources. Therefore, Group emphasises on water conservation in all premises and project sites.

The Group assessed the water impacts through understanding the water usage and uses the relevant information for effective water management. The Group practices the following preventive measures to decrease the water use and help conservation efforts:

1. Routine check and repair for leaks;
2. Awareness training on water usage and conservation; and
3. Awareness signage at suitable locations.

The Group committed to sustainable practices that contribute to the well-being of our planet. As part of our ongoing efforts to conserve water resources and minimise our environmental footprint, in 2022, we have set a bold short term target for 2023, that is to achieve a 5.0% reduction in water consumption compared to year 2022. This ambitious goal reflects our dedication to responsible stewardship and aligns with our broader sustainability objectives.

Besides the above quantifiable target, the Group had set an unquantifiable target, that is to promote a culture of water conservation and mindfulness within the Group by encouraging employees to reflect on their personal water usage habits and strive to minimise unnecessary wastage. This target focuses on fostering behavioral change and awareness for reducing water consumption.

By implementing innovative water-saving initiatives, optimising our processes, and promoting awareness among our employees and stakeholders, in 2023, the Group manage to reduce the water consumption by 84m<sup>3</sup>, which is equivalent to 10.22% reduction from 2022.

Year	2021	2022	2023
Water Consumption (m <sup>3</sup> )	433	822	738

The Group recognise that achieving this goal will require concerted efforts from all levels of our organisation, as well as collaboration with partners and suppliers. Therefore, the Group looking forward to work with local water authorities and local contractors whenever necessary to minimise non-revenue water (NRW), which is a critical issues according to National Water Services Commission (SPAN) of Malaysia. The Group's sites also practice shared water resource with other parties at the same site, as much as it is possible.

## WASTE AND MATERIALS MANAGEMENT

### Responsible waste and materials management

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. 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 2023, among the thirty-five (35) operational project sites, a total of thirty-one (31) project sites had contributed to the consumption of cables. These are non-renewable materials that are sourced from our suppliers:

- A total of 1,484,420 meter of cables were used in 2023 as compared to 2,627,944 meter in 2022.
- The calculation of the consumption of cables were from direct measurements across all thirty-one (31) project sites.
- Cables supplies are delivered to the various sites at periodical schedules, whereby a record across all sites is 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 2023, including for the functions of the headquarters and active subsidiaries:

<p>264 rims of A4 (70g) paper, with each rim consisting of 500 sheets.</p> <p><b>The total usage of A4 paper used in 2023 is 9,240 kg.</b></p>	<p>36 rims of A3 (80g) paper, with each rim consisting of 500 sheets.</p> <p><b>The total usage of A3 paper used in 2023 is 1,440 kg.</b></p>	<p>The total usage of paper in 2023 comes to a total of <b>10,680 kg.</b> which recorded a <b>huge reduction of 47.7%</b> as compared to 20,425 kg in FY2022.</p>
--	---	---

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.

The Group has signed up with a vendor, who specialised in remanufactured carbon neutral computers, in 2019, 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 and five (105) units of remanufactured laptop remanufactured desktops which are on rental basis.

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.



## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

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.

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.
- 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.
- 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.
- 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

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

Materials / Wastes	Preventive Measures
<b>Plastic</b> PVC Conduit Package material	Keep separated in designated areas on-site. Keep separate for reuse by on-site construction or by site employees.
<b>Timber</b> Drum Cable	Keep separated in designated areas on-site. Recycle with waste Management.
<b>Scrap Metal</b> Trays Trunkings	Keep separated in designated areas on-site. Keep separate for reuse by on-site construction or by site employees.
<b>Scrap Cable</b>	Keep separated in designated areas on-site; Management will keep at storage Keep separate for reuse by on-site construction or by site employees
<b>Paper</b>	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 disposed 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 sent 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.

## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

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.

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.

Management of scheduled wastes:

- Allocate an area within the workplace for Scheduled Waste Storage Area.
- Scheduled waste generated on-site shall be stored in appropriate receptacles/containers with the proper labelling. The containers shall be labelled appropriately, and the label should be affixed to the containers in a visible position containing the following information (as required by DOE).
- Label of the scheduled waste - Refer to Third Schedule of EQ (Scheduled Wastes) Regulations 2005.
- Type and Code of the scheduled waste - Refer to First Schedule of EQ (Scheduled Wastes) Regulations 2005).
- Environmental Officer or appointed representative in charge of storage and collection of scheduled waste shall keep an up-to-date record. The records shall be used for inventory purposes.
- Scheduled waste shall not be stored on site for more

than six (6) months or twenty (20) metric tonnes (whichever comes first). Storage more than six (6) months or twenty (20) metric tonnes shall require written approval from the Director General of the Department of Environment.

Disposal of scheduled wastes:

- Scheduled waste is only to be collected and transported out by DOE-approved contractor and shall be disposed off at DOE licensed prescribed premises. The contractor's license should be verified at periodic intervals.
- Collection of scheduled waste by the contractor (transporter) shall be done under the supervision of the Environmental Coordinator or his/her appointed assistant.
- Waste card shall be provided for each type of scheduled waste.
- Consignment note for each scheduled waste disposal shall be retained at site.

In 2023, the Group had obtained the ISO14001:2016 Environmental Management System certification and begun to track its waste more targeted in accordance with the ISO standards. The internal audit was conducted twice yearly based on the international standard by the Group's internal team while the surveillance audit was conducted by NQA, a third party or independent organisation on a yearly basis.

The Group, in line with its IMS implementation and certification, puts more detailed emphasis on the significant waste related impacts it has on the environment, whereby the Group has established its Environmental Aspects Impacts Register.



# MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

# MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

ENVIRONMENTAL ASPECTS AND IMPACTS REGISTER																							
Company: Kinergy Advancement Berhad Department: Project Site																							
No.	Activities	Condition: Normal (N) / Abnormal (A) / Emergency (E)	Aspect Identification		Impact Assessment												Operational Control (Reference Document / Existing Control Measures)	Legal Requirements, Other Requirement and Compliance Obligations Code	Responsibility	3R (Reduce, Reuse, Recycle)			
			Environment Aspect [Element of an Organisation's Activities, Products or Services that can interact with the Environment]	Environmental Impact [Any Change, Wholly or Partially, Adverse or Beneficial Resulting from Organisation Environmental Aspects]	Adverse Impact						Beneficial Impact												
					Adverse Impact Evaluation		Score	Adverse Impact Significant		Beneficial Impact Evaluation		Score	Beneficial Impact Significant										
					Severity (S)	Probability (P)		Company Image (C)	S	X	P		X	C	Not Significant (No Priority)	Significant (Low Priority)					Significant (Med Priority)	Significant (High Priority)	Beneficial (B)
<b>Mechanical &amp; Electrical Work</b>																							
1	Hacking works	N	2. Generation of non-scheduled waste	3A. Soil and land contamination	3	2	1	6	/									Concrete waste will be collect and dispose to MC disposal bin	L15	Project Site Team	NA		
			4. Generation of noise, vibration	9A. Noise pollution	3	2	1	6	/									Wear ear plug as protective measure	L27	Project Site Team	NA		
			4. Generation of dust	1A. Air pollution	3	2	1	6	/									Manually water spray practice when necessary or during hacking works activity is not prolonged. Provide N95 to workers	L4	Project Site Team, SSS	NA		
2	Mobilisation and unloading UPVC pipe using forklift	N	1. Use of natural resources (fuel)	1A. Air pollution	3	2	1	6	/									Operate forklift when necessary only	L6	Project Site Team, forklift operator	NA		
			4. Generation of noise, smoke		3	2	1	6	/														
3	Installation of UPVC pipe	N	1. Use of natural resources	18A. Depletion of natural resources	3	2	1	6	/									Wastage will be collect and dispose to MC disposal bin	L15	Project Site Team	NA		
			2. Generation of non-scheduled waste	3A. Soil and land contamination	3	2	1	6	/														
			6. Disposal of non-scheduled waste																				
4	Connecting UPVC pipe using glue	N	1. Use of natural resources	18A. Depletion of natural resources	3	2	1	6	/									SW409 generated (glue) and disposal will be manage by MC. Project site team to key in Waste Disposal Form for internal record	L5	SSS	MC to dispose at prescribed premises only by authorised transporter		
			3. Generation of scheduled waste	3A. Soil and land contamination	3	3	3	27	/														
			7. Disposal of scheduled waste																				
5	Installation of trunking or cable tray	N	1. Use of natural resources	18A. Depletion of natural resources	3	2	1	6	/									Wastage will be collect and dispose to MC disposal bin	L15	Project Site Team	NA		
			2. Generation of non-scheduled waste	3A. Soil and land contamination	3	2	1	6	/														
			6. Disposal of non-scheduled waste																				
6	Painting trunking, tray and bracket	N	1. Use of natural resources	18A. Depletion of natural resources	3	2	1	6	/									SW409 generated (paint) and disposal will be manage by MC. Project site team to key in Waste Disposal Form for internal record	L5	SSS	MC to dispose at prescribed premises only by authorised transporter		
			3. Generation of scheduled waste	3A. Soil and land contamination	3	3	3	27	/														
			7. Disposal of scheduled waste																				
7	Welding activity	A	1. Use of natural resources	18A. Depletion of natural resources	2	2	1	4	/									NA	L4	Project Site Team	NA		
			4. Generation of dust, smoke	1A. Air pollution	2	2	1	4	/														
8	Cable pulling and installing	N	1. Use of natural resources	18A. Depletion of natural resources	3	2	1	6	/									Scrap cable will be collect and manage by Project Site Team. Submit Material Transfer Form to management for arrangement scrap cable out from site	L15	Project Site Team	NA		
			2. Generation of non-scheduled waste	3A. Soil and land contamination	3	2	1	6	/														
			6. Disposal of non-scheduled waste																				
9	Marking using spray paint	N	1. Use of natural resources	18A. Depletion of natural resources	3	2	1	6	/									SW409 generated and disposal will be manage by MC. Project site team to key in Waste Disposal Form for internal record	L5	SSS	MC to dispose at prescribed premises only by authorised transporter		
			3. Generation of scheduled waste	3A. Soil and land contamination	3	3	3	27	/														
			7. Disposal of scheduled waste																				
10	Installation of light fittings	N	1. Use of natural resources	18A. Depletion of natural resources	3	2	1	6	/									SW110 generated (faulty bulb) and disposal will be manage by MC. Project site team to key in Waste Disposal Form for internal record	L5	SSS	MC to dispose at prescribed premises only by authorised transporter		
			3. Generation of scheduled waste	3A. Soil and land contamination	3	3	3	27	/														
			7. Disposal of scheduled waste																				
11	Transportation of material by KAB's lorry	N	1. Use of natural resources (fuel)	1A. Air pollution	3	2	1	6	/									Conduct regular maintenance and services schedule	L6	HR, lorry driver	NA		
			4. Generation of noise, smoke		3	2	1	6	/														
12	Housekeeping	N	2. Generation of non-scheduled waste	3A. Soil and land contamination	3	2	1	6	/									Conduct regular housekeeping before and after start work, and practice waste segregation. Dispose recyclable waste at MC recycle bin (if any)	L15	Project Site Team	Recycle		
			4. Generation of dust	1A. Air pollution	3	2	1	6	/														
			8. Recycling of recycable materials (paper, plastic)	3B. Protection/ Prevention/ Improve Soil/ Land Contamination						3	2	3	18	/									

# MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

# MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

## ENVIRONMENTAL ASPECTS AND IMPACTS REGISTER

**Company:** Kinergy Advancement Berhad  
**Department:** HQ

No.	Activities	Condition: Normal (N) / Abnormal (A) / Emergency (E)	Aspect Identification		Impact Assessment												Operational Control (Reference Document / Existing Control Measures)	Legal Requirements, Other Requirement and Compliance Obligations Code	Responsibility	3R (Reduce, Reuse, Recycle)		
					Adverse Impact						Beneficial Impact											
					Adverse Impact Evaluation			Score	Adverse Impact Significant			Beneficial Impact Evaluation			Score	Beneficial Impact Significant						
					Severity (S)	Probability (P)	Company Image (C)		S	X	P	X	C	Beneficial (B)		Probability (P)					Company Image (C)	B
			(1-5)	(6-25)	(26-45)	(46-100)				(1-5)	(6-25)	(26-45)	(46-100)									
1	Hacking works	N	1. Use of natural resources (electricity)	18A. Depletion of natural resources	3	2	1	6	/								All staff had been brief on awareness of energy saving measures during refresher briefing	L15	All staff	NA		
			3. Generation of scheduled waste	2B. Reuse/ Reduce/ Recycle of the equipment								3	2	3	18	/		All staff 's laptop will be send back to supplier as it is rental laptops. KAB's owned laptop or other E-Waste (faulty) will be send to EARTH for disposal	L5	EO, HR	Recycle	
2	Use of air conditioning	N	1. Use of natural resources (electricity)	18A. Depletion of natural resources	3	2	1	6	/								Setting air cond temperature between 23 -26 degree celcius	L16	All staff	NA		
3	Use of printer / photocopy machine	N	1. Use of natural resources (electricity)	18A. Depletion of natural resources	3	2	1	6	/								All staff had been brief on awareness of energy saving measures during refresher briefing	L27	All staff	NA		
			8. Recycling of recycable materials (paper)	3B. Protection/ Prevention/ Improve Soil/ Land Contamination								3	3	3	27	/		- Use both sides of paper to reduce paper consumption. - Take paperless notes. Use emails instead of paper memos.	L27	All staff	Reuse & Reduce	
4	Use of lights	N	1. Use of natural resources (electricity)	18A. Depletion of natural resources	3	2	1	6	/								All staff had been brief on awareness of energy saving measures during refresher briefing	L27	All staff	NA		
5	Change of lights (if any)	A	3. Generation of scheduled waste	3A. Soil and land contamination	3	3	3	27	/								SW110 generated (faulty bulb) and notified to DOE	L5	Maintenance, EO	Disposed of at prescribed premises only by authorised transporter		
			7. Disposal of scheduled waste																			
6	Housekeeping / cleaning	N	2. Generation of non-scheduled waste	3A. Soil and land contamination	3	2	1	6	/								Refer Environmental Management Plan	L15	All staff	Recycle		
			8. Recycling of recycable materials (paper, plastic)	3B. Protection/ Prevention/ Improve Soil/ Land Contamination								3	2	3	18	/						
7	Travelling to work	N	1. Use of natural resources (fuel)	18A. Depletion of natural resources	3	2	1	6	/								NA	L27	All staff	NA		
			10. Release of emission from vehicles (CO)	1A. Air pollution	3	2	1	6	/													
8	Emergency Event (Fire)	E	4. Generation of smoke, fire, heat	3A. Soil and land contamination	3	3	3	27	/								Attend Fire Drill Training	L27	All staff	NA		
			4. Generation of noise	9A. Noise pollution	3	3	3	27	/													
9	Use of toilet	N	1. Use of natural resources (water)	2A. Water pollution	3	2	3	18	/								All staff had been brief on awareness of water saving measures during refresher briefing	L27	All staff	NA		
10	Refilling plotter cartridge	N	3. Generation of scheduled waste	3A. Soil and land contamination	3	3	3	27	/								SW418 generated (discarded ink) and notified to DOE	L5	EO	Disposed of at prescribed premises only by authorised transporter		
			7. Disposal of scheduled waste																			

## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

### Waste Management Programme

The Group had implemented waste management practices since 2022. However, for the past two years, the Group has been practicing these measures to ensure that all employees are familiar with and can easily adapt to the changes. The Group recognises the importance of proper waste management in reducing the impact on the environment.

Therefore, three (3) types of waste management implemented:

Type of Waste	Description	Collection Schedule
<b>General Waste</b>	Waste that cannot be recycled or reused, and proper disposal aims to reduce the environmental impact.	Three (3) times per week
<b>Recycle Waste</b>	Non-Hazardous Waste which consists of plastics and papers	Twice per month
<b>Scheduled Waste</b>	Hazardous Waste which consists of:- SW110 e-Waste; SW409 Contaminated Container; SW418 Discarded Inks; and SW429 Discarded Chemicals	Every six (6) months

The Group's has registered with the Department of Environment (DOE) for Schedule Waste collection, which occurs every six (6) months. The Group used of a DOE-licensed transporter for Schedule Waste collection ensures that the waste is disposed of properly and in compliance with DOE regulations. DOE license transporter that the Group used to collect scheduled waste are:

- Lapangan Kualiti
- Kualiti Alam

In 2023 the Group had generated waste from its operations or project sites and recorded as follow:

Type of Waste	2023		2023	
	HQ		Sites	
	Waste Generated	Waste Disposed	Waste Generated	Waste Disposed
Recycle Waste	0.675 mt	0.675 mt	-	-
Scheduled Waste SW110 e-Waste	0.255 mt	0.255 mt	0.383 mt	0.383 mt
Scheduled Waste SW409 Contaminated Container	0.010 mt	0.006 mt	0.106 mt	0.050 mt
Scheduled Waste SW418 Discarded Inks	0.005 mt	0.003 mt	-	-
Scheduled Waste SW429 Discarded Chemical	0.005 mt	0.003 mt	0.410 mt	0.210 mt

Remarks:  
mt = metric ton

There was a total of 0.675mt of recycle waste are e-waste and disposed to recycling centre. Meanwhile, the accumulated scheduled waste of 0.910 mt were disposed at premises licensed by the Department of Environment only as per Environmental Quality (Scheduled Waste) Regulations 2005.

The Group recognised the critical need to address waste generation and minimise our ecological footprint, we hereby declare our short-term goal for 2024 is to reduce waste generation by five-percent (5%) from the levels recorded in the year 2023. The Group also promote a culture of waste reduction and responsible consumption habits within the Group by encouraging employees on the principles of reduce, reuse, recycle and upcycle, while also fostering a sense of environmental stewardship as a part of long-term sustainability goals.

Furthermore, the Group recognised the importance of transparent reporting and accountability. The Group will regularly monitor our progress towards this target, assess the effectiveness of our initiatives, and adjust strategies as necessary to ensure meaningful and measurable results.

## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

### EMISSIONS

#### Managing Our Energy Consumption and Emissions Footprint

Being a significant player in the electrical engineering sector, it is obvious that environmental matters evolving around "energy" would be significantly material to us. Our business model, business strategy and our stakeholders through our stakeholder engagements have shown that energy matters are deeply rooted in our identity and growth trajectory. While energy is at the core of our business, the generation, distribution and use of energy is the main contributor to climate change through greenhouse gas emissions. Hence, the Group along with its stakeholders view that both the management of energy and energy-related emissions is inseparable.

The impacts of energy and emissions are present in every organisation and operational boundary, as long as we consume energy or electricity one way or another. The burning of coal, natural gas, and oil for electricity and heat is the largest single source of global greenhouse gas emissions. Hence, we link our approach to energy and emissions by using the GHG Protocol Corporate Accounting and Reporting Standard as a key guidance and reference, where our calculations use the location-based method across our headquarters and active subsidiaries.

As a One-Stop Energy and Engineering 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, solar photovoltaic systems, biogas energy and hydroelectric power. For the purposes of energy to emissions calculations, the Group uses the 2021 Peninsular Malaysia Grid Emission Factor of 0.758 tCO<sub>2</sub>e/MWh as published by the Malaysian Energy Commission.

Year	2021	2022	2023
<b>Energy Saved</b>			
Chiller Optimisation (kWh)	758,709	1,236,330	556,059

Year	2021	2022	2023
<b>Electricity Purchased</b>			
Electricity - For own consumption (kWh)	477,515	778,385	709,895
Natural Gas - For projects (kWh)	9,601,204	21,894,276	-
<b>Electricity Produced / Sold</b>			
Co-generation (kWh)	3,437,100	7,785,387	-
Waste Heat Recovery (kWh)	7,254,829	9,909,942	10,972,302
Solar Photovoltaic System (kWh)	232,687	5,051,779	8,287,887
Biogas Energy (kWh)	-	-	951,525
Hydroelectric Power (kWh)	-	-	55,864,066

## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

### 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 2023.
- The total energy saved for these projects in 2023 comes to a total of 556,059 kWh.
- This means that there is an estimated avoidance of **421 tCO<sub>2</sub>e avoided emissions** in 2023 from the reduction of energy consumption in the chiller operations of the buildings in these projects.

### 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 fuelling the heating unit for heat energy.

There is no operation of co-generation plant in 2023, therefore, there is no emission recorded under this category.

### 3. Waste Heat Recovery

The 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 2023, the project generated a total of 10,972,302 kWh, whereby an equivalent of **14,475 tCO<sub>2</sub>e was avoided** compared to fossil-fuel generation.

### 4. Solar Photovoltaic System

Solar PV systems harness the power of the sun to generate electricity. In 2023, the Group have a total of seven (7) awarded projects with a total capacity of 8,287,887 kWh output. We will continue to pursue aggressively solar projects that has been proven to be one of the cleanest energy generation technologies to-date.

The Group is proud to have increased solar photovoltaic energy generation of more than 75% from 2022. In 2023, the Group has **avoided the total of 3,388 tCO<sub>2</sub>e** through its renewable energy generation **in Malaysia** and **2,172 tCO<sub>2</sub>e in Thailand**.

### 5. Bioenergy

Biogas is a renewable energy source produced through the anaerobic digestion of organic matter such as agricultural residues, food waste, sewage sludge, and animal manure. Biogas can be used as fuel in gas engines or turbines to generate electricity. This process is often referred to as combined heat and power (CHP) or cogeneration, where both electricity and heat are produced simultaneously. The Group's biogas energy facility began operating in 2023 utilising liquid waste known as palm oil mill effluent (POME). Throughout the year, the project produced a total of 951,525 kWh of electricity whereby the Group has **avoided the total of 721 tCO<sub>2</sub>e** through its renewable energy generation.

### 6. Hydroelectric Power

Hydroelectric power is a method of energy generation that harnesses the force of flowing water to produce electricity. This process is highly significant in regions with access to rivers or water bodies. The Group's hydroelectric power facility commenced operations in 2023. During the year, the project generated a total of 55,864,066 kWh of electricity, contributing to a **reduction of 42,345 tCO<sub>2</sub>e in emissions** through its renewable energy generation in Sumatera Utara, Indonesia.

In accordance with the GRI Standards, the total energy consumption for 2023 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

Year	2021	2022	2023
Non-renewable fuel consumed (Natural Gas)	9,601,204	21,894,276	0
Renewable fuel consumed	0	0	0
Electricity purchased for consumption	477,515	778,385	709,895
Self-generated electricity which are not consumed	0	0	0
(Less) Electricity sold	(10,924,616)	(22,747,108)	(76,075,780)
<b>Total Energy Consumption (Net)</b>	<b>(845,897)</b>	<b>(74,447)</b>	<b>(75,365,885)</b>

The total energy consumption shows that the Group has produced more than that it has consumed energy in 2023, to the amount of (75,365,885) kWh.

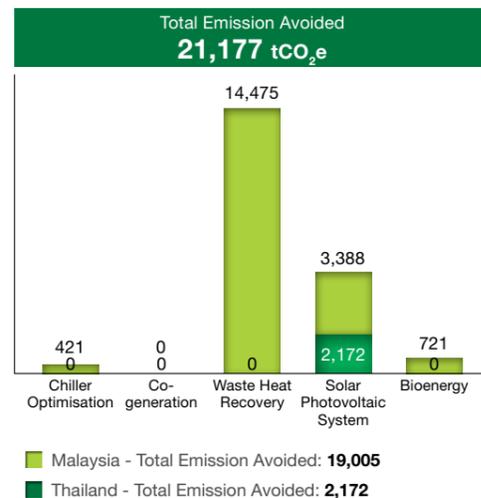
While managing our energy mix and energy balance, the Group is also focusing on reducing our emissions. For the initial stages, we have begun focusing on energy and Scope 1 and Scope 2 emissions throughout the Group, in line with our Environmental Policy and our Net Zero Commitments. The Group is aspiring 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.

Our emissions are managed and calculated in line with the best practices laid out in the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) ("GHG Protocol Standard"), and the IPCC Guideline for National Greenhouse Gas Inventories. We consolidated our emission using the operational control approach as described in the GHG Protocol Standard. As such, in 2023 we have improved and recalculated our GHG emissions by expanding our reporting boundary to include all operations within the operation control of the Group.

For the purposes of our calculations, the grid emission factors, where necessary, shall follow the latest publicly available information:

1. Malaysia Emission Factor: The emission factor for energy, specifically 0.758 tCO<sub>2</sub>e/MWh, is according to Malaysia Energy Commission Grid Emission Factor (2021) – Peninsular Malaysia.
2. Thailand Emission Factor: The emission factor for energy is 0.569 tCO<sub>2</sub>e/MWh, is according IGES List of Grid Emission Factors published in 2023.
3. Indonesia Emission Factor: The emission factor for energy is 0.770 tCO<sub>2</sub>e/MWh for Grid Sumatera Utara, according to IGES List of Grid Emission Factors published in 2023.

#### Total Emissions Avoided By Operations



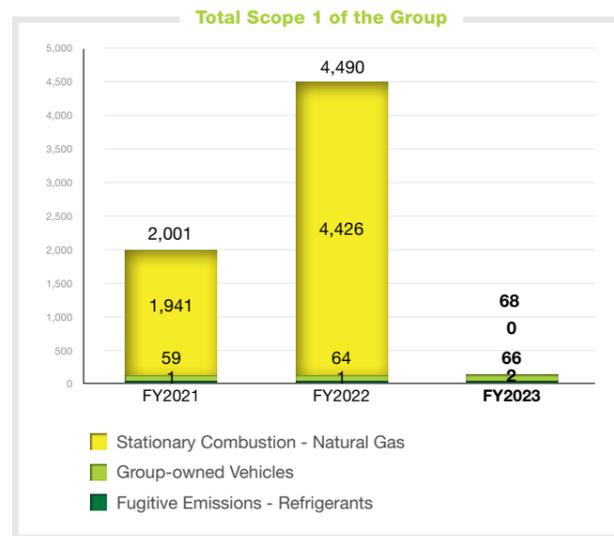
## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

### Scope 1 Emissions

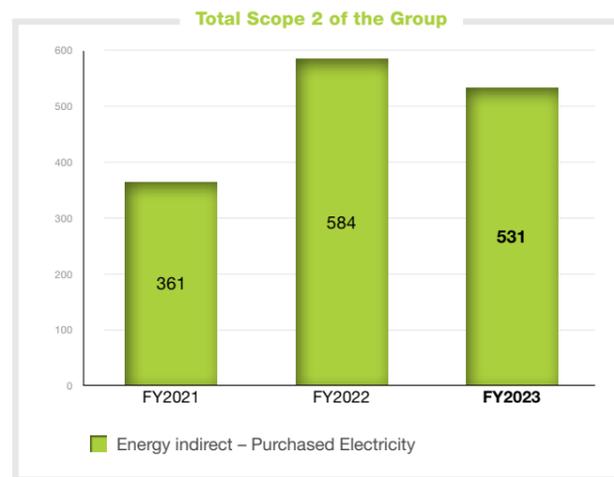
In 2023 the Group had tracked the fuel consumption for all Group-owned vehicles, separated in detailed monthly reports for both Petrol and Diesel fuel. The emissions factor used for Petrol is 0.002365 tCO<sub>2</sub>e/litre and Diesel is 0.002724 tCO<sub>2</sub>e/litre. The emission factors were developed with assistance from a 3rd party GHG emissions consultant, using the GHG Protocol Corporate Accounting and Reporting Standard, and the IPCC Guideline for National GHG Inventories.

In 2023, the Group did not have any emission from the combustion of natural gas. Therefore, there is decrease in emissions as compared to 2022. Hence the total of Scope 1 emissions for the year 2023 is 68 tCO<sub>2</sub>e.



### Scope 2 Emissions

In our previous report, we had reported our GHG emissions of our electricity consumption from only our offices, while in 2023 we have expanded to include electricity consumption from all operations considered under the Group's operational control. Therefore, we have recalculated our scope 2 emissions for 2021 and 2022, as seen in the table below. For 2023, the Group's Scope 2 emissions was 531 tCO<sub>2</sub>e.



### Scope 3 Emissions

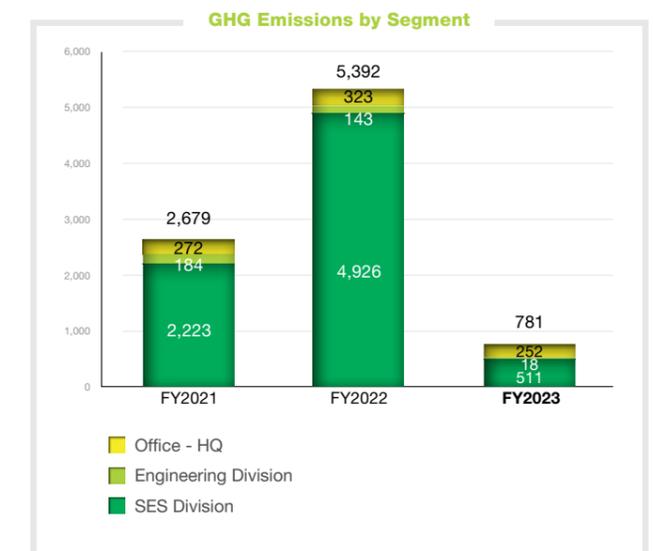
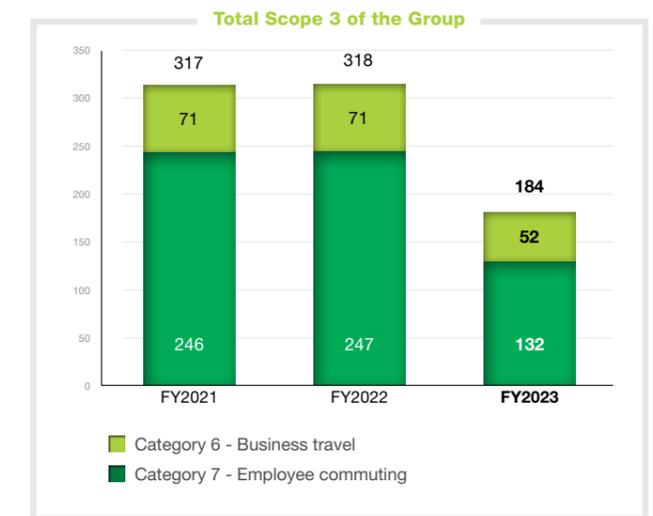
Since 2021, the Group has begun to track air travel in our business which is a part of Category 6: Business Travel in accordance with GHG Protocol. This category includes emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.

Starting in 2023, as we improve our GHG emission calculation, we have recalculated our Category 6: Business Travel emission by including emissions from car-related business travel. Estimations for our business travel (air travel) is based on airport-to-airport flight distance estimations. The Group refers to the UK Government Department for Energy Security & Net Zero 2023 Government Greenhouse Gas Conversion Factors for Company Reporting for the business travel (air travel) emission factor (tCO<sub>2</sub>e/passenger km). Whereas for business travel (automobile) we refer to an emission factor of 0.00025 tCO<sub>2</sub>e/km for petrol vehicles. The emission factor for business travel (automobile) was developed with the assistance of a third-party GHG consultant, in accordance with the GHG Protocol Standard and the IPCC Guideline for National GHG Inventories.

In 2023 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. For 2023, we improved our calculation on employee commuting by engaging with a third-party GHG consultant to assist in conducting a survey to collect data on employees' common commuting patterns in terms of distance travelled and modes of transportation used. Further to that, we improved the accuracy of the working days by excluding public holidays and the common leaves taken by employees from the average number of working days per month.

To ensure consistency from the base year 2021, the third-party GHG consultant assisted the Group in recalculating the employee commuting emissions for 2021 and 2022 based on the data collected from the survey and adjusted the working days for each respective year accordingly.

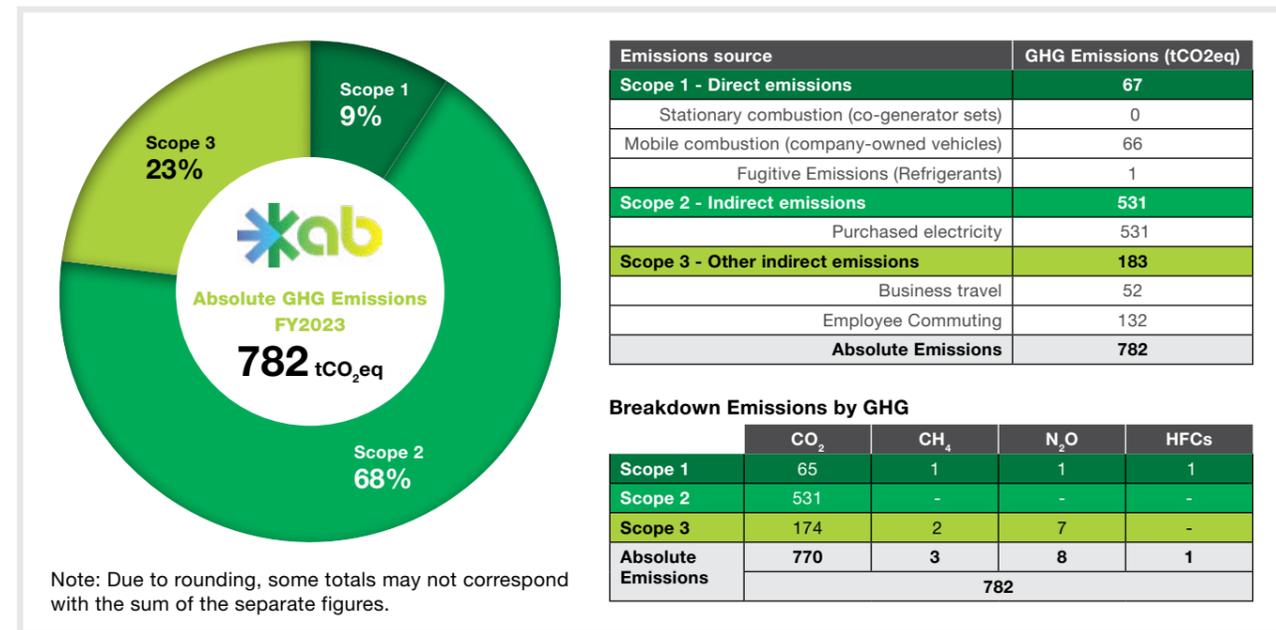
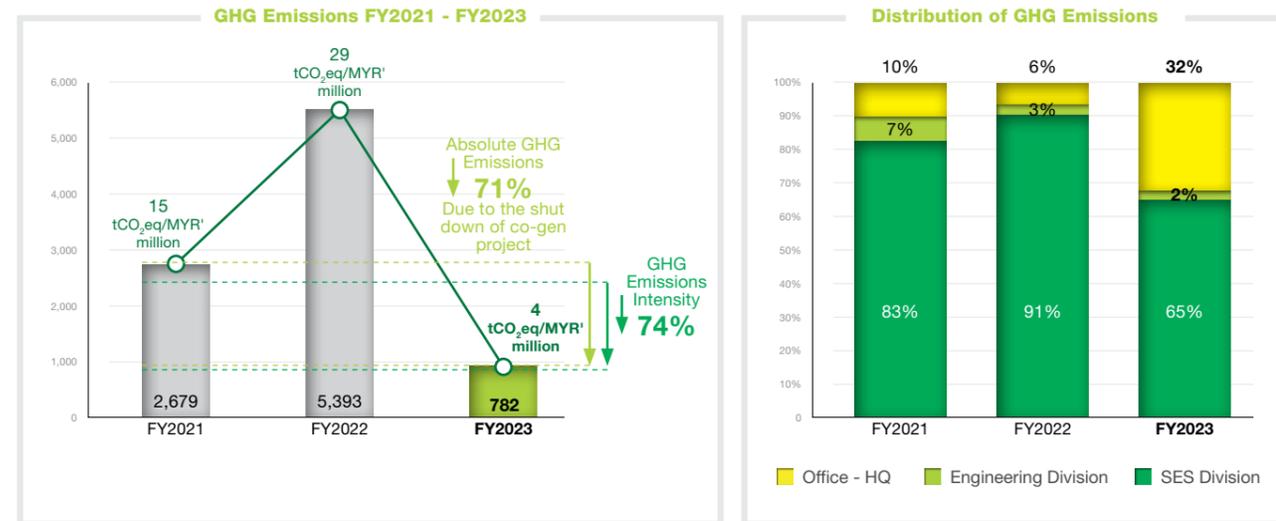
The Scope 3 emissions of the Group are summarised below:



## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

### GHG Emissions Intensity

We are pleased to share that the Group has reduced its greenhouse gas (GHG) intensity by an impressive 74.0% from the base year 2021, which recorded at 4 tCO<sub>2</sub>e/MYR 'million while the absolute GHG emission had marked a massive reduction of 71.0% for the base year of 2021. The primary driver behind this reduction is the shutdown of the co-generation plant.



Besides, our employees have played a pivotal role in driving sustainability initiatives within our company. Through education, engagement, and empowerment, our workforce has embraced sustainable practices and contributed innovative ideas to further reduce our environmental impact.

While the temporary shutdown of the co-generation plant represents a significant reduction in our absolute GHG emissions, we remain committed to continuous improvement, innovation, and exploring additional opportunities to minimise our environmental footprint and create a more sustainable future for all.

## MANAGING OUR CLIMATE AND ENVIRONMENTAL IMPACTS

### BIODIVERSITY

#### Managing Biodiversity and Ecosystem

The Group committed to environmental stewardship and sustainable practices that contribute positively to the ecosystems in which we operate. As part of our dedication to preserving natural habitats and mitigating the impacts of climate change, we are proud to disclose our recent watershed rehabilitation project through extensive tree planting (reforestation) efforts.

In collaboration with local authorities and communities, the Group have undertaken a significant reforestation initiative within the Singkil watershed area, spanning both Kerajaan District and Tinada District in Pakpak Bharat Regency, North Sumatra Province. This project encompasses the restoration of fifty-four (54) hectares of protected forest land, aiming to revitalise and safeguard critical ecosystems within the region.

Key highlights of our watershed reforestation project include:

- Extent of Reforestation:** The project covers a substantial area of fifty-four (54) hectares, strategically selected within the Singkil watershed area to maximise ecological benefits and water resource management.
- Collaborative Approach:** We have worked closely with local stakeholders, including communities, governmental bodies, and conservation experts, to ensure the project's alignment with regional conservation goals and sustainable development objectives.
- Scientific Monitoring and Evaluation:** Throughout the reforestation process, we have established twenty-seven (27) measurement plots distributed across the project site. These plots serve as monitoring stations to assess the growth, biodiversity, and overall ecological impact of the planted trees over time.
- Native Species Restoration:** Emphasising the importance of biodiversity conservation, we have prioritised the planting of native tree species indigenous to the Singkil watershed area. By reintroducing native flora, we aim to enhance habitat suitability for local wildlife and promote ecosystem resilience.
- Long-Term Commitment:** Our commitment to sustainability extends beyond the initial planting phase. We are dedicated to long-term maintenance and stewardship of the reforested areas, ensuring the continued health and vitality of the restored ecosystems.
- Community Engagement and Empowerment:** Recognising the interconnectedness of environmental conservation and community well-being, we have actively engaged local residents in various aspects of the project, including tree planting activities, environmental education, and capacity building initiatives.

Through our watershed reforestation project, the Group aspire to make a meaningful contribution to the conservation of natural resources, the protection of biodiversity, and the enhancement of ecosystem services within the Singkil watershed area. The Group remain steadfast in our commitment to sustainability, and we look forward to continued collaboration with stakeholders to foster a more resilient and harmonious relationship between humanity and the environment. Also, the Group committed to pursuing similar initiatives that promote environmental stewardship and contribute to a greener, more sustainable future for generations to come.



# MANAGING OUR PEOPLE AND SOCIAL IMPACTS



## MARKET PRESENCE

### Market presence and local economic development

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.

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 2023, 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.

Total amount invested in the communities

**MYR52,039.85**

and total volunteered hours

**188 hours**

in 2023

## EMPLOYMENT

The Group's newly hire employees and turnover ratings are recorded as per table below:

Year of Reporting	2021	2022	2023	
Employees - Newly Hire by Age	TOTAL	TOTAL	TOTAL	RATE %
Below 30	51	32	26	17.93%
Between 30-50	34	25	54	37.24%
Above 50	6	1	9	6.21%
	91	58	89	61.38%

Employees - Newly Hire by Gender	TOTAL	TOTAL	TOTAL	RATE %
Female	20	16	45	31.03%
Male	71	42	44	30.34%
	91	58	89	61.38%

Employees - Newly Hire by Region	TOTAL	TOTAL	TOTAL	RATE %
Malaysia	91	58	87	60.00%
Foreign	0	0	2	1.38%
	91	58	89	61.38%

Employees - Turnover by Age	TOTAL	TOTAL	TOTAL	RATE %
Below 30	30	41	55	37.93%
Between 30-50	26	39	119	82.07%
Above 50	3	3	12	8.28%
	59	83	186	128.28%

Employees - Turnover by Gender	TOTAL	TOTAL	TOTAL	RATE %
Female	22	20	66	45.52%
Male	37	63	120	82.76%
	59	83	186	128.28%

Employees - Turnover by Region	TOTAL	TOTAL	TOTAL	RATE %
Malaysia	59	83	186	128.28%
Foreign	0	0	0	0.00%
	59	83	186	128.28%

The turnover rate had increase which marked at 128.28% in FY2023 was caused from the reduction in employees' headcount due to completion of about twelve (12) engineering projects.

## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

The Group also provides parental leave for employees. In 2023, fourteen (14) employees were entitled to parental leave, while one (1) female employee was given parental leave after delivering their new-borns. For female employees, they are given ninety-eight (98) days parental leave in accordance with regulations.

Year By Gender / By Region	2021		2022		SR2023			
	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign
No. of Male Employees	155	0	152	0	83	21	66.94%	100.00%
No. of Female Employees	61	0	63	0	41	0	33.06%	0.00%
<b>Total Employees</b>	216	0	215	0	124	21	100.00%	100.00%
No. of Male Employees - Taken PL	4	0	6	0	14	-	93.33%	-
No. of Female Employees - Taken ML	0	0	1	0	1	-	6.67%	-
<b>Total Employees</b>	4	0	7	0	15	0	100.00%	0.00%
No. of Male E'yee - Return to work after PL	4	0	6	0	14	-	93.33%	-
No. of Female E'yee' - Return to work after ML	0	0	1	0	1	-	6.67%	-
<b>Total Employees</b>	4	0	7	0	15	0	100.00%	0.00%
No. of Male E'yee - Retention rate	100%	0%	100%	0%	100%	0%	-	-
No. of Female E'yee' - Retention rate	N/A	N/A	100%	0%	100%	0%	-	-

Legend:  
PL = Paternity Leave  
ML = Maternity Leave

### DIVERSITY AND EQUAL OPPORTUNITY

A Gender Diversity policy was adopted in 2018 accordance with the best practices of MCGG. This policy is designed to provide a framework for the Group to achieve:

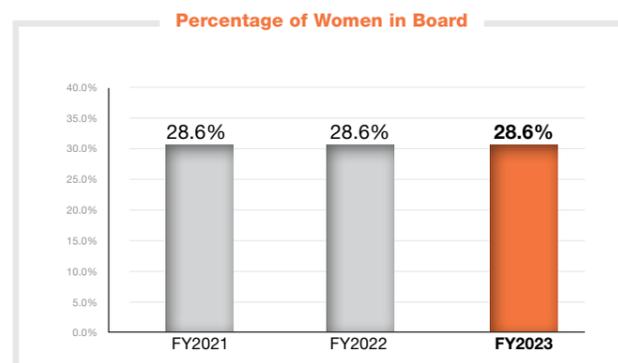
- a diverse and skilled workforce, leading to continuous improvement in service and achievement of Company goals;
- career development opportunities and improved employment for women;
- a workplace that value and utilise the contribution of employees with diverse backgrounds and exposures through awareness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

In 2023, the Board comprised two (2) female Directors out of seven (7) Directors, representing 28.6% of the total Board members.

The Group comprises women in their workforce in which marked an increase to 3.4% and 7.6% in top management and management level respectively. Below table shows the women proportion by different roles in the Group:

Year of Reporting	2021	2022	2023
Percentage of Women in Board	28.6%	28.6%	28.6%
Percentage of Women in Top Management	2.3%	2.3%	3.4%
Percentage of Women in Managerial roles	3.7%	4.2%	7.6%

The Board, through Nominating Committee, shall monitor the scope and applicability of this policy, from time to time. The management is responsible for implementing, monitoring and reporting on the progress of achieving the objectives.



## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

### OCCUPATIONAL HEALTH AND SAFETY

#### Occupational Health and Safety Management System

The Group had implemented the ISO45001: 2018 Occupational Health and Safety Management System ("OH&S") and obtained from NQA in February 2023 which is monitored by NQA.

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 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.

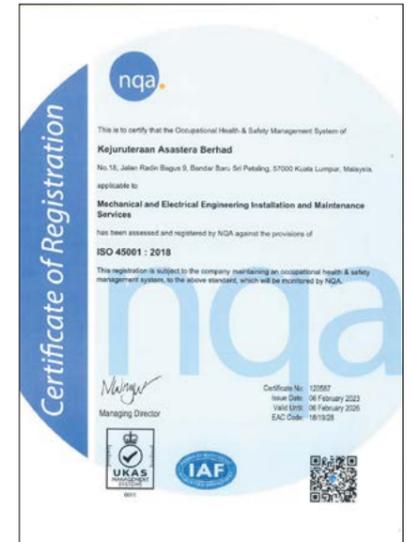
The safety goals of every contract that is signed between KAB and its main contractors and sub-contractors are:

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

In view of the impact assessment, the Group maintained its safety goals as per above-mentioned (regardless of short-term, medium-term, or long-term) due to the impact of each accident or incident would have a serious consequence to the Group. 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.

Designation	Reports to	Roles & Responsibilities
<b>Safety and Health Manager</b>	Deputy General Manager (IMS & Safety)	<ul style="list-style-type: none"> <li>To ensure that safety briefings at site are conducted properly.</li> <li>To prepare related safety reports for submission to main contractor.</li> <li>To prepare daily site diary.</li> <li>To prepare and update safety policy when there is new update or requirement from ISO 45001 OH&amp;S.</li> <li>To prepare safety manuals.</li> <li>To brief and update internal staff and sub-contractors' workers on safety matters.</li> <li>To oversee workmanship and ensure personal protection equipment are available for all staff and workers.</li> <li>To ensure Hazard Identification, Risk Assessment and Risk Control (HIRARC) and Safety Risk Control is practiced for project site compliance.</li> </ul>
<b>Safety &amp; Health Officer / Site Safety Supervisor / Safety Engineer / Junior Site Safety Supervisor</b>	Safety and Health Manager	<ul style="list-style-type: none"> <li>To conduct safety briefing at site</li> <li>To prepare monthly safety report and submit to main contractor.</li> <li>To prepare daily site diary</li> <li>To prepare and update safety policy when there is new update or requirement from ISO 45001 OH&amp;S.</li> <li>To assist prepare safety manual.</li> <li>To brief and update internal staff and/or sub-contractor worker on safety matter.</li> <li>To overseeing workmanship and personal protection equipment are available for all the KAB staff and worker.</li> <li>To attend safety / tools box meeting</li> <li>To prepare HIRARC and Safety Risk Control for project site</li> </ul>



## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

### Hazard identification, risk assessment, and incident investigation

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 2023 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.

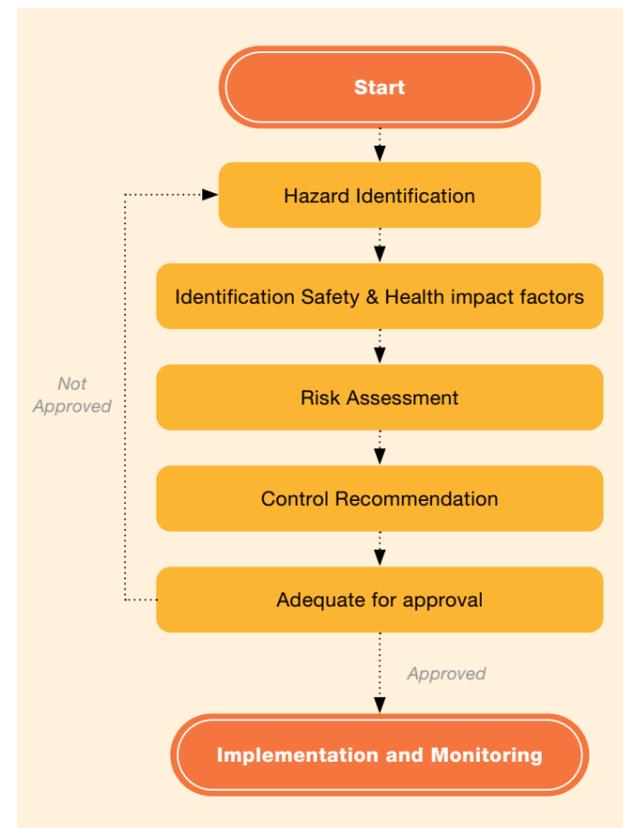
The procedures are also to evaluate and identify non-tolerable and tolerable risks and create the framework for establishment of the OH&S improvement programs. For the purposes of HIRARC, hazard identification means:

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 workplace:

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 with their work grades in the organisational structure.

### Group's Occupational Health Services

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

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.

### Communication and Training on OH&S

In our current practice, contract provisions require subcontractors to prepare, implement and monitor safety plans, while at the same time subcontractors have to ensure that their own subcontractors and workers are 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.

Below is the headcount for OH&S measures conducted in 2023:

Occupational Health & Safety Measures	Employees (Percentage)	Employees (Headcount)
Communication of OH&S Policies and Procedures	100%	145
Training of OH&S Policies and Procedures	100%	145

The Group's IMS & Safety Department works together with Human Resource Department to design the annual training schedule after conducting the training needs assessment based on the following five (5) major components:

- i) Identifying the purpose and goals;
- ii) Collecting data through various methods;
- iii) Analysing the data;
- iv) Identifying training gaps and priorities; and
- v) Reporting the findings and recommendations.

The Group also 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.

## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

In 2023, the Group conducted a series of OH&S training programmes and briefings to employees and workers who are not employees. Below are the trainings:

Topic of OH&S Trainings	Mode	Organizer/Trainer	Attendees	Frequency
ESH Induction programme	Physical	KAB Inhouse*	New joiner	When necessary
ESH Refresher Briefing	Online/Physical	KAB Inhouse*	All Employees	3 times per year
Hazard Identification, Risk Assessment and Risk Control Awareness	Online/Physical	KAB Inhouse*	All Employees	3 times per year
Environmental Aspects Impacts Register Awareness	Online/Physical	KAB Inhouse*	All Employees	3 times per year
Chemical and Scheduled Waste Awareness Briefing	Online/Physical	KAB Inhouse*	All Employees	3 times per year
Global Health Issues	Online/Physical	KAB Inhouse*	All Employees	3 times per year
Fire Drill	Physical	KAB Inhouse*	Safety Committee	Annually
Safety and Health Officer Enrichment Programme	Physical	External (NIOSH)	Safety Personnel	Annually
Authorised Entrant & Standby Person For Confined Space	Physical	External (NIOSH)	Selected Employees	When necessary
Oil And Gas Safety Passport Refresher	Physical	External (NIOSH)	Selected Employees	When necessary
Working Safely At Height	Physical	External (NIOSH)	Selected Employees	When necessary
Schedule Waste Emergency Management	Physical	External	Environmental Officer	When necessary
Basic Fire Fighting & Emergency Response Plan Training	Physical	External	Selected Employees	When necessary
Basic Occupational First Aid, CPR & AED Training	Physical	External	Selected Employees	When necessary
Toolbox Talks - Safety related topics (Site)	Physical	Safety Personnel	Site Staff & Workers	Weekly
Chemical and Scheduled Waste Awareness Briefing (Site)	Physical	Environmental Officer	Site Staff & Workers	Quarterly

\*Note: These trainings are mandatory for all employees to attend and conducted by KAB's Safety & Health Manager and/or competent personnel.

### Global Health Issues

The Group committed to prioritising the health and well-being of our employees and communities worldwide. We recognise the global health challenges we face and are dedicated to implementing proactive measures to safeguard against them.

In 2023, the Group had arranged a series of awareness talks on global health issues focusing ergonomic, malaria, tuberculosis, HIV, covid-19, influenza and dengue. Through ongoing education, support for preventative measures, and collaboration with local health clinics, we strive to foster a culture of wellness and resilience.

All trainings are properly documented and training evaluation would be conducted to assess the employees on the effectiveness of the training after two (2) months of the training date. This is to ensure that the training conducted achieve its goal while to review if re-training is required to improve the knowledge, skill and performance of the employee.

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.

## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

### 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)

### 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:

- a) ESH policy
- b) ESH programmes
- c) ESH rules & regulations update;
- d) ESH awareness news / information;
- e) 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:

- a) ESH committee through Teams Calendar shall invite top management for three (3) months once ESH meeting.
- b) ESH committee shall discuss issues & progress of its ESH management system.
- c) 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

### Prevention and Mitigation of OH&S Impacts

The Group practises the following measurements to manage the OH&S risks and mitigate the negative impacts that are directly linked to the Group:

- i) Clearly communicate OH&S policy to all stakeholders
- ii) Deal with hazards without delay
- iii) Make health and safety part of the Group's culture
- iv) Equip employees for health and safety skills and knowledge

All employees and workers in the Group in 2023 are covered by the OH&S management system. The internal audit was conducted twice yearly based on the international standard, i.e., ISO45001:2018 OH&S management system. The surveillance audit was conducted by NQA, a third party or independent organisation.

## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

### Work-related injuries

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 use 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.

Type of Cases	2021	2022	2023
Fatality Cases	0	0	0
Lost Workday Cases	0	0	0
Restricted Workday Cases	0	0	0
First Aid Cases	0	0	0
Near Miss / Close Call Cases	0	0	0
Dangerous Occurrence Cases	0	0	0
Fire Cases	0	0	0
Property Damage Cases	0	0	0
Vehicle Accident Cases	0	0	0
No. of Days Lost	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2023:

Description	Number of Incidence(s)	Rate
Fatalities due to Work Related Injuries	Zero incident	0%
High Consequence Work Related Injuries (excluding fatalities)	Zero incident	0%
Recordable Work-Related Injuries	Zero incident	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	
Lost-Time Incident Rate	Zero incident	

For all workers who are not employees but whose work and/or workplace is controlled by the Group in 2023:

Description	Number of Incidence(s)	Rate
Fatalities due to Work Related Injuries	Zero incident	0%
High Consequence Work Related Injuries (excluding fatalities)	Zero incident	0%
Recordable Work-Related Injuries	Zero incident	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	
Lost-Time Incident Rate	Zero incident	

## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

"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.

The Group had no cases of work-related ill health that was recorded in 2023.

### LABOUR PRACTICES AND STANDARDS / TRAINING & EDUCATION

#### 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:

- Job performance
- Level of skill/education
- Requirements of specific jobs

Time spent on employee development training to enhance knowledge or individual skills in 2023 has largely increased. In 2022, the tracked training hours amount to an average of fifteen (15) hours per employee. However, in 2023, the total hours of training for employees (including directors) are 3,438 hours, this comes to an average of 23 hours of training, education and competency building.

#### Average hours of training per year per employee - By Gender

Year	2021		2022		SR2023			
	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign
No. of Male Employees	155	0	152	0	83	21	66.94%	100.00%
No. of Female Employees	61	0	63	0	41	0	33.06%	0.00%
<b>Total Employees</b>	<b>216</b>	<b>0</b>	<b>215</b>	<b>0</b>	<b>124</b>	<b>21</b>	<b>100.00%</b>	<b>100.00%</b>
Total no. of trainings hours provided to employee	409	0	3254	0	<b>3438 pax</b>			
Average training hours per employee	1.89	0	15.13	0	<b>23.71 hour</b>			
Total no. of trainings hours - Female employee	278	0	1087	0	<b>2162</b>			
Average training hours per female	4.56	0	17.25	0	<b>52.73 hour</b>			
Total no. of trainings hours - Male employee	131	0	2167	0	<b>1276</b>			
Average training hours per male	0.85	0	14.26	0	<b>12.27 hour</b>			

## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

### Average hours of training per year per employee - By Category

Year By Category / By Region	2021		2022		SR2023			
	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign
No. of Permanent Employees	211	0	209	0	107	7	86.29%	33.33%
No. of Non-Permanent Employees	5	0	6	0	17	14	13.71%	66.67%
<b>Total Employees</b>	216	0	215	0	124	21	100.00%	100.00%
Total no. of trainings hours provided to employee	409	0	3254	0	<b>3438 pax</b>			
Average training hours per employee	1.89	0	15.13	0	<b>23.71 hour</b>			
Total no. of trainings hours - Permanent employee	409	0	3254	0	<b>3438</b>			
Average training hours per permanent employee	1.94	0	15.57	0	<b>30.16 hour</b>			
Total no. of trainings hours - Non-permanent	0	0	0	0	<b>0</b>			
Average training hours per non-permanent employee	0.00	0	0.00	0	<b>0.00 hour</b>			

Percentage of employees receiving regular performance and career development reviews in 2023.

Year By Category / By Region	2021		2022		SR2023			
	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign
No. of Male Employees - Permanent	150	0	146	0	68	7	63.55%	100.00%
No. of Female Employees - Permanent	61	0	63	0	39	0	36.45%	0.00%
<b>Total Employees - Permanent</b>	211	0	209	0	107	7	100.00%	100.00%
No. of Male Employees - Non-Permanent	5	0	6	0	15	14	88.24%	100.00%
No. of Female Employees - Non-Permanent	0	0	0	0	2	0	11.76%	0.00%
<b>Total Employees - Non-Permanent</b>	5	0	6	0	17	14	100.00%	100.00%
Total Employees - Grand total	216	0	215	0	124	21	0.00%	0.00%
	216		215		145			

The Group had no substantiated complaints concerning human rights that was recorded in 2023.

### LABOR/ MANAGEMENT RELATIONS

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.

### NON-DISCRIMINATION

There were also no incidents of discrimination recorded in 2023.

## MANAGING OUR PEOPLE AND SOCIAL IMPACTS

### LOCAL COMMUNITIES / COMMUNITY / SOCIETY

#### Contribution to Local Communities - Malaysia

As part of our commitment to making a positive impact on society, the Group had donated the sum of RM52,039.85 to support various communities. This contribution reflects our dedication to giving back to the communities in which we operate and to addressing pressing social and environmental challenges. Through our CSR efforts, we strive to create a sustainable future and improve the well-being of individuals and communities.

We are proud to highlight the dedication and commitment of KAB's employees who have generously volunteered their time and expertise towards our corporate social responsibility (CSR) initiatives. We take great pride in the 188 hours of volunteering service that our team contributed in 2023.

CSR Initiatives	2021	2022	2023
Monetary Donations	MYR33,069.50	MYR40,994.47	<b>MYR52,039.85</b>
Volunteering Services	-	105 hours	<b>188 hours</b>

Due to COVID-19 in 2021, The Group had suspended the CSR physical activities, prioritising safety and only resume our activities in end of 2022.

Our employees play a crucial role in making a positive impact on society, and their active participation in volunteer activities reflects our collective commitment to giving back to the communities we serve. Through various CSR programs and initiatives, our employees have demonstrated their passion for making a difference in the world. Whether it's participating in community clean-up drives, assisting in food distribution programmes, our team members consistently contribute their time and skills to support causes that align with our values and mission.

The Group believe that corporate responsibility extends beyond monetary donations, and employee volunteering is an integral part of our CSR strategy. By empowering our employees to engage in meaningful volunteer work, we not only strengthen our relationships with local communities but also foster a culture of compassion, empathy, and social responsibility within our organisation.

The Group donated essential groceries and sundries, which our dedicated volunteers helped distribute to nonprofit 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

The Group also sponsored a scholarship to student at University of Tenaga Nasional in alignment with our ESG and UN SDGs objectives. This initiative reflects our commitment to fostering education and sustainability, empowering students to contribute to a better world.

The Group operations in Malaysia did not have any significant actual and potential negative impacts on the local communities.

#### Contribution to Local Communities - Indonesia

For the operation in Indonesia, subsidiary PT Inpola Mitra Elektrindo ("PTIME"), had carried out a watershed rehabilitation project by way of trees planting (reforestation) between August to September 2023. The area covers fifty-four (54) hectare with a total of twenty-seven (27) measurement plots in a protected forest area in the Singkil watershed area in Kerajaan District and Tinada District at Pakpak Bharat Regency, North Sumatra Province.

The activity plan includes planning, implementation and monitoring activities were carried out by the local farmers, Amanat Sukut Nitalun farmer group, in which a total of 4,500 of trees had been planted at Sukaramai Village & Perduhapan Village.

The Group, through PTIME, also sponsored the construction of new road and a mosque, Masjid Al Hidayah, for the communities of Dusun Kutanangka in Village Mahala.

Please refer to page 66 to 77 for more information on our ESG's initiatives and events held in 2023.

### FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The Group have currently no situation where there is any supplier who has established collective bargaining agreements with the Group but would not restrict or limit future possibilities.

### CHILD LABOR

There are also no incidents of child labour within the operations and suppliers in 2023.

### FORCED OR COMPULSORY LABOR

There is also no incident of forced or compulsory labour within the operations and suppliers in 2023.

### SECURITY PRACTICES

The Group does not hire security personnel for office premises.

### RIGHTS OF INDIGENOUS PEOPLES

There is also no incident of violations involving rights of indigenous people within the operations and suppliers in 2023.

# MANAGING OUR BUSINESS IMPACTS THROUGH GOOD GOVERNANCE



## OUR GOVERNANCE APPROACH

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
6. Enterprise Risk Management Framework

The full version of these codes and policies can be viewed from our website: <https://www.kinergyadvancement.com/corporategovernance.html>

## ANTI-BRIBERY & CORRUPTION

In KAB we ensure that our Anti-Bribery and Corruption Policy (“AB&C 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 2023, we have made sure that all levels of the organisation have been involved with anticorruption measures.

In 2023, the Group only conducted anti-bribery and corruption risk assessment for Headquarter office in Seri Petaling, Kuala Lumpur in view of the implementation of the new ISO37001:2016 was only took effective from September 2023 onwards. The bribery risk assessments for other operations and sites shall be conducted in stages in year 2024.

The Group’s Bribery Risk Assessment are conducted based on the following scopes:

- i) Identify Business Unit and Location/Region: Specify the business unit and location/region for which the bribery risk assessment will be conducted.
- ii) Corruption Risk Factors: Evaluate corruption risk factors, including local regulations, business practices, political stability, historical incidents, and other pertinent considerations.

Upholding anti-corruption and anti-bribery in our Group is a core part of maintaining integrity in our business operations and business practices. In 2023, we have made sure that all levels of the organisation have been involved with anti-corruption measures as well as communicated the AB&C policy to our customers, contractors and vendors shown below:

Anti-Bribery & Corruption Measures	Board Members	Employees (Manager & Above)	Employees (Asst. Manager & below)	Customers / Contractors / Vendors
Communication of AB&C Policies and Procedures	100%	100%	100%	100%
Training of AB&C Policies and Procedures	100%	100%	100%	N/A

Year By Category / By Region	2021		2022		2023			
	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign
No. of Permanent Employees	211	0	209	0	107	7	86.29%	33.33%
No. of Non-Permanent Employees	5	0	6	0	17	14	13.71%	66.67%
<b>Total Employees</b>	<b>216</b>	<b>0</b>	<b>215</b>	<b>0</b>	<b>124</b>	<b>21</b>	<b>100.00%</b>	<b>100.00%</b>

In 2023 there were no reported incident of bribery or corruption activity in the Group. 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.

The full version of Bribery Risk Assessment Procedure can be reviewed from our website at: <https://www.kinergyadvancement.com/corporategovernance.html>.

## ANTI-COMPETITIVE BEHAVIOUR

There were also no incidents of any legal actions for anti-competitive behaviour, anti-trust and monopoly practices recorded in 2023.

## RISK MANAGEMENT FRAMEWORK

The Group’s robust risk management is guided by the COSO Enterprise Risk Management framework. This framework ensures a comprehensive approach to identifying, assessing, and addressing risks across our operations. By adhering to COSO ERM principles, we enhance transparency, accountability, and resilience in our risk governance practices. This commitment underscores our dedication to sustainable value creation and effective corporate governance.

## TAX GOVERNANCE

The Group prioritised transparency, integrity, and compliance in all aspects of our operations, including our tax practices. We are committed to upholding the highest standards of corporate governance and accountability, and as such, we strictly adhere to tax regulations in accordance with Malaysian reporting standards.

The Group recognised the importance of fulfilling our tax obligations ethically and in compliance with applicable laws and regulations. Our tax practices are guided by the principles of fairness, honesty, and accuracy, ensuring that we contribute to the sustainable development of the Malaysian economy while maintaining the trust and confidence of our stakeholders. Our adherence to Malaysian reporting standards is a testament to our commitment to good corporate citizenship and our contribution to a transparent and accountable business environment.

The Board together with Audit Committees oversight and continuously monitor changes in tax laws and regulations, proactively adapting our tax strategies and practices to remain compliant and mitigate any potential risks. Through regular stakeholder surveys, internal reviews and engagements with tax authorities and professional advisors, we strive to uphold the highest standards of tax compliance and governance.



# MANAGING OUR SUPPLY CHAIN AND MARKET PRESENCE



## SUPPLY CHAIN MANAGEMENT

### Managing Supply Chain

As part of the Group's commitment to socio-economic responsibility, we are dedicated to supporting local suppliers and businesses throughout our operations. Our sustainability pledge includes a firm commitment to allocate a significant proportion of our spending towards sourcing goods and services from local suppliers across Malaysia. By prioritising local procurement, we aim to contribute to the growth and stability of regional economies, empower local businesses, and reduce the carbon footprint associated with transportation and logistics.

By Category / By Region	2021	2022	2023
Local supplier / vendor	99.3%	96.1%	<b>92.9%</b>
Overseas supplier / vendor	0.7%	3.9%	<b>7.1%</b>
	100.0%	100.0%	<b>100.0%</b>

In 2023 there was an increase on procurement from overseas suppliers which was driven by various factors. There are few reasons for such an increase:

1. Access to Specialized Expertise and Technology: Overseas suppliers that the Group engaged possessed unique expertise, technologies, and/or capabilities that are not readily available domestically.
2. Diversification and Risk Management: Accessing a diverse network of overseas suppliers' spreads risk across multiple geographic regions, reducing dependence on any single source and safeguarding against localised disruptions. Additionally, overseas suppliers may offer alternative supply routes or access to different raw materials, providing additional flexibility and risk mitigation strategies.

The Group noted that while increasing spending on overseas suppliers can offer various advantages, the Group carefully weighed these benefits against potential drawbacks, such as longer lead times, cultural or language barriers, transportation costs, and ethical considerations related to labour practices or environmental impact. Sustainable and responsible sourcing practices would remain a priority of the Group regardless of the geographic location of suppliers.

## CUSTOMER PRIVACY / DATA PRIVACY AND SECURITY

In 2023, the Group had no incident recorded for any substantiated complaints concerning breaches of customer privacy and losses of customer data.

### SUPPLIER ENVIRONMENTAL ASSESSMENT

In 2023, the Group had conducted screening to **five (5) new suppliers** using ESG criteria through the Sustainability Due Diligence processes, which includes assessment on environment, social and governance aspects.

Negative environmental impacts in the supply chain can manifest in various forms, posing risks to ecosystems, natural resources, and the well-being of communities. Some common negative environmental impacts include:

- i) Greenhouse Gas Emissions
- ii) Air Pollution
- iii) Water Pollution
- iv) Deforestation
- v) Resource Depletion

To address these negative environmental impacts in the supply chain, the Group take various actions:

- i) Supplier Pre-qualification Assessments
- ii) Supplier Audits and Review
- iii) Supplier Training Programme

### SUPPLIER SOCIAL ASSESSMENT

The Group believes that supplier social assessment is essential for promoting ethical sourcing, managing risks, meeting stakeholder expectations, enhancing worker welfare, advancing sustainable development goals, gaining competitive advantage, building supply chain resilience, and driving continuous improvement.

In 2023, the Group had conducted screening to **five (5) new suppliers** using ESG criteria through the Sustainability Due Diligence processes, which includes assessment on environment, social and governance aspects.

Negative social impacts in the supply chain can have far-reaching consequences, affecting workers, communities, and broader stakeholders.

Some common negative social impacts include:

- i) Unsafe Working Conditions
- ii) Exploitative Labor Practices
- iii) Discrimination and Harassment
- iv) Lack of Worker Rights

To address these negative social impacts in the supply chain, the Group take various actions:

- i) Supplier Pre-qualification Assessments
- ii) Supplier Audits and Review
- iii) Supplier Training Programme

## PUBLIC POLICY

There is also no record of political contributions within the Group in 2023.

### CUSTOMER HEALTH AND SAFETY

As a One-Stop Energy and Engineering 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 Engineering 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.

There is also no record of incidents of non-compliance concerning the health and safety impacts of our services within the Group in 2023.

### MARKETING AND LABELLING

There is also no record of incidents of non-compliance concerning information, labelling and marketing communications within the Group in 2023.

# OUR ESG INITIATIVES & COMPANY EVENTS

Throughout the year 2023, the Group actively participated in various Environmental, Social, and Governance (ESG) initiatives, particularly focusing on partnerships aligned with global initiatives for sustainable development.

Our engagement in these initiatives reflects our steadfast commitment to advancing sustainability, promoting social responsibility, and upholding high governance standards.

As part of our ongoing efforts to address pressing global challenges, we partnered with organisations and stakeholders to advance shared objectives related to the United Nations Sustainable Development Goals (SDGs) and other key ESG priorities. Through collaborative projects and initiatives, we leveraged our resources, expertise, and influence to drive positive change and contribute to a more sustainable and equitable future.

Specifically, our participation in partnership goals during 2023 encompassed a range of activities aimed at addressing critical environmental, social, and governance issues. These initiatives included but were not limited to:

# OUR ESG INITIATIVES & EVENTS



Celebration of festive season and bonding moment with employees.



14 Jan 2023

## CSR Donation to OKU and orphanage centres

Donation of foods and groceries to the communities around Klang Valley.



10 Mar 2023

## Fire Drill

Promote safety awareness and enhance employee's knowledge in handling emergency situation.



Hari Raya Celebration

15 May 2023



10 Jun 2023

## 26<sup>th</sup> Annual Dinner

Celebration of KAB's 26<sup>th</sup> anniversary with Hawaiian theme and promote sustainability awareness through ESG-inspired games and activities.



## OUR ESG INITIATIVES & EVENTS



26 Aug 2023

### KAB'S 1<sup>ST</sup> ESG CAMPAIGN

On 26<sup>th</sup> August 2023, the Group launched its very first ESG Campaign with the theme **A.S.C.E.N.T.**:-



This markable event not only celebrated the Group's dedication to sustainability but also highlighted the strides we are making towards a more responsible and sustainable future. This event also showcased our unwavering commitment to Environmental, Social, and Governance (ESG) principles.

#### Objective:

- To increase employee engagement in sustainability efforts: The Group has provided the best of sustainable solutions to our clients and contribution to our society, while vigilantly observing responsible and sustainable practices in our very own business operations.
- To assess organisation's business framework, practices and performance on various sustainability and ethical issues.
- To share and promote safety and health culture at workplace and encourage employees to take ownership of the risks present in daily activities.
- To promote awareness following the guidelines towards environment protection including of pollution.

## OUR ESG INITIATIVES & EVENTS

#### Highlights of the event:

The Group invited distinguished guest speakers to deliver ESG-related talks and sharing their expertise and insights:



**Pn. Ummi Kalthum Binti Shuib**  
 Director of Solid Waste and Public Cleansing Management Corporation, (SW Corp) Malaysia  
**Topic : Memperkasa Budaya Kitar Semula Rakyat Malaysia**



**Pn. Ku Nurfuzana Binti Ku Mohamad Faudzi**  
 Head of the Promotion and Resources Section of Department of Occupational Safety and Health (DOSH), WP Kuala Lumpur & Putrajaya  
**Topic : AKKP (Pindaan) 2022 dan AKJ (Pemansuhan) 2022**



**Dr. Muhamad Hazizi Bin Muhamad Hasani**  
 Occupational Doctor of Health Department of Megaklinik Zahran  
**Topic : Pengenalan Kepada Asas Ergonomi**



**Mr. Darick Wong**  
 Country Director of HOPE Worldwide Malaysia (NGO)  
**Topic : Inspire Greater Hope**



**Ms. Nicole Lee**  
 General Manager (Corporate/HR) / Head of Sustainability Team of KAB  
**Topic : Introduction of Sustainability and ESG**

## OUR ESG INITIATIVES & EVENTS

### Launching of KAB's New ESG Logo

An outstanding Earth-figure (herein after refers as “the Earth”) took the center stage, and the audience was invited to witness the magic unfold launched by Mr. Johnny Lu, Dato’ Lai Keng Onn and Pn. Ku Nur Fuzana (DOSH). With a symbolic push of a button, the Earth began to open, revealing a powerful message. As the Earth unfolded, the new ESG logo of this campaign emerged seamlessly, perfectly symbolising our dedication to nurturing the planet and society.



#### The Cycle of Renewal:

The Earth, constructed entirely from recycled materials, represents the concept of renewal and regeneration. It showcases how discarded items can find new life and purpose, much like our commitment to repurpose resources and reduce waste.

#### Environmental Stewardship:

The Earth serves as a reminder of our responsibility to protect and preserve our planet. It embodies our dedication to minimising our ecological footprint and nurturing the environment for generations to come.

#### Global Collaboration:

Just as the Earth unites continents, our campaign unites communities, organisations, and individuals. It symbolises the global collaboration required to address pressing environmental and social challenges.

#### Creativity and Innovation:

Crafting the Earth from recycled materials demonstrates the boundless possibilities of creativity and innovation in the pursuit of sustainability. It encourages us to think outside the box and find resourceful solutions.

#### Hope and Inspiration:

Above all, the Earth radiates hope. It's a symbol of the positive changes we can achieve when we come together with purpose and determination. It inspires us to envision a brighter, cleaner, and more equitable world.

Aligned with the concept of reduce, repair, refurbish, re-use and recycle, the Earth revealed KABs new ESG logo that representing the company commitments as part of the world ESG ambassador.

## OUR ESG INITIATIVES & EVENTS

### Booth Activities

Aligning with the campaign objectives towards enhancing sustainability efforts, many exciting activities were prepared for participants including booth activities from various organisers that collaborated with the KAB.

There were six (6) booths organisers that collaborated with us during the campaign.



**SWCorp (Solid Waste and Public Cleansing Management Corporation)**  
Aims to create awareness and administer the Solid Waste and Public Cleansing Management



**NIOSH (National Institute for Occupational Safety and Health)**  
Promote enhancement for employers and employees in managing Occupational Safety and Health (OSH)



**ERTH (Electronic Recycling Through Hereos)**  
Government-licensed recycling facility collecting used electronic waste products



**Megaklinik Zahran Bandar Baru Bangi**  
Provide free Health Screening Program 3.0 forage 40 years old and above and conduct basis health screening



**CERT Academy**  
Exploring fun games on emergency responses such as first aid, fire extinguisher handling, and CPR



**HOPE Worldwide Malaysia**  
Charity organisation that ignites hope to the urban poor families through education support, domestic aids, donation campaigns and many more

Prior to the campaign day, the Environmental, Safety and Health (ESH) division had organised Best ESG practice competition across 19 KAB project sites from 19th until 30th July 2023. The criteria of evaluation are based on the site office & site storage tidiness (housekeeping), storage management and disposal of waste management. Besides that, special custom-made plaques were handed to the speakers as a token of appreciation, while fun quizzes and lucky draw were also conducted during the campaign.



## OUR ESG INITIATIVES & EVENTS

### Special Appearance

A special highlight of the KAB ESG Campaign 2023 was the robot's appearance, wowing the audience with its advanced capabilities. We are delighted to introduce you to our newest team member and special usher during the KAB ESG Campaign 2023, Temi Robot! Straight from the KAB's robotics division, Temi was here to usher and escort our esteemed Directors and VIPs to have a visit at the booth sections and make it an unforgettable experience.



## OUR ESG INITIATIVES & EVENTS

### The Committee

"The power of teamwork, where 'teamwork makes the dream work,' fuels our relentless pursuit of success. We understand that to get stronger, we must keep going, for it's through our collective efforts and unwavering determination that we transform dreams into reality."



## OUR ESG INITIATIVES & EVENTS



### KAB's Sustainable Business Ecosystem:

Showcasing KAB's Unique SES Ecosystem at the largest trade event for green technologies and eco solutions in Southeast Asia.



IGEM Exhibition, KL Convention Center

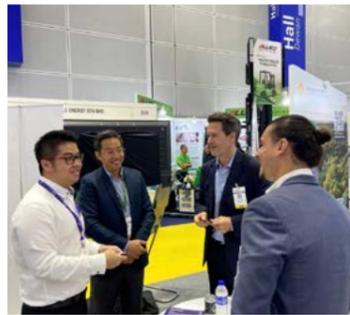
21 Sep 2023

### Strategic Collaboration with Mah Sing and Alliance Bank for Bursa's CSI Platform

#### Supporting ESG Platform Development:

KAB was chosen to participate in Bursa Malaysia Centralised Sustainability Intelligence Platform (CSI) under Mah Sing's Supply Chain Sustainability Improvement Program, making the group one of the few early adopters in the CSI platform Early Adoption Programme.

4 - 6 Oct 2023



6 Oct 2023

### MOU Signing ceremony between KAB and Alliance Bank

#### Cross-Sector Partnerships for ESG Development:

Together with KAB, Alliance Bank aims to support green asset projects and promote sustainable solutions in Malaysia. The partnership involves facilitating the growth of KAB's renewable energy and waste-to-energy initiatives, while also emphasising cross-sector knowledge sharing.



### Brand Efforts made Presence:

Invited to participate in the Jobstore.com's career exhibition to offer career opportunities to energy and engineering talents and provide a platform to introduce KAB's Sustainable Energy Solutions segment to the younger generation.



Career Fair

07-08 Oct 2023



12 Oct 2023

### Audiometry Test

#### Workplace Safety Management:

Provide audiometry test to employees at project site.



## OUR ESG INITIATIVES & EVENTS

### ESG Collaborative Efforts:

Dato Lai Keng Onn (KAB) was invited as an exclusive panel speaker. Event organised by Alliance Bank Malaysia Berhad, UN Global Compact Network Malaysia & Brunei and Monash University Malaysia aimed at enabling collaborative ecosystems for SMEs' ESG transition.



SME ESG Symposium 2023, Monash University

03 Dec 2023

### Charity Fun Run 5KM

#### Community & Team CSR Initiatives:

Supported CSR activity organised by the community and strengthened CSR awareness among employees.



26 Oct 2023



## OUR ESG INITIATIVES & EVENTS

### Voluntary Community Service:

KAB team contributed to distributing food and essential items to B40 families.



HOPE Worldwide's Food Distribution Programme, Free Clinic at Sentul, Kuala Lumpur

28 Dec 2023

09 Dec 2023



### SWCorp Trash to Cash 2023 at Bukit Jalil Stadium, Kuala Lumpur

#### Voluntary Community Service: Unifying Community

KAB team volunteered to promote hygiene and cleanliness awareness while assisting in cleaning up the event area and discouraging littering.



16 Dec 2023

### KAB-UNITEN YCU Merit Scholarship Signing Ceremony

#### Talent Succession:

Student Sponsorship Program.



# GRI CONTENT INDEX

# GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	OMISSION			UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>GRI 1 : Foundation 2021</b>						
GRI 1: Foundation 2021	Statement of use	1	NO OMISSIONS			NOT APPLICABLE
	GRI 1 used	1				
	Applicable GRI Sector Standard(s)	1				
<b>GRI 2 : General disclosures</b>						
GRI 2: General Disclosures 2021	Statement of use		Omission are not permitted for the disclosures			NOT APPLICABLE
	2-1 Organizational details	10, 11, 14				
	2-2 Entities included in the organization's sustainability reporting	12				
	2-3 Reporting period, frequency and contact point	1				
	2-4 Restatements of information	-				
	2-5 External assurance	1				
	2-6 Activities, value chain and other business relationships	13				
	2-7 Employees	15				
	2-8 Workers who are not employees	15				
	2-9 Governance structure and composition	16 - 17				
	2-10 Nomination and selection of the highest governance body	18				
	2-11 Chair of the highest governance body	18				
	2-12 Role of the highest governance body in overseeing the management of impacts	18				
	2-13 Delegation of responsibility for managing impacts	19				
	2-14 Role of the highest governance body in sustainability reporting	19				
	2-15 Conflicts of interest	19				
	2-16 Communication of critical concerns	19				
	2-17 Collective knowledge of the highest governance body	20 - 21				
	2-18 Evaluation of the performance of the highest governance body	21				
	2-19 Remuneration policies	22				
	2-20 Process to determine remuneration	22				
	2-21 Annual total compensation ratio	23				
	2-22 Statement on sustainable development strategy	5, 13				
	2-23 Policy commitments	24				
	2-24 Embedding policy commitments	26 - 28				
	2-25 Processes to remediate negative impacts	23				
	2-26 Mechanisms for seeking advice and raising concerns	23				
	2-27 Compliance with laws and regulations	29				
	2-28 Membership associations	29				
	2-29 Approach to stakeholder engagement	29				
2-30 Collective bargaining agreements	29					
			NO OMISSIONS			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	OMISSION			UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>GRI 3 : Material topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30 - 31	Omission are not permitted for the disclosures			NOT APPLICABLE
	3-2 List of material topics	32 - 33				
<b>Economic performance</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG8 - DECENT WORK AND ECONOMIC GROWTH SDG9 - INDUSTRY, INNOVATION AND INFRASTRUCTURE SDG13 - CLIMATE ACTION
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	14				
	201-2 Financial implications and other risks and opportunities due to climate change	Refer to Group's TCFD Report				
<b>Market presence</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG1 - NO POVERTY SDG8 - DECENT WORK AND ECONOMIC DEVELOPMENT
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	50				
	202-2 Proportion of senior management hired from the local community	50				
<b>Indirect economic impacts</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A	The Group does not involve in infrastructure investments and services supported			SDG8 - DECENT WORK AND ECONOMIC DEVELOPMENT
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported					
	203-2 Significant indirect economic impacts					
<b>Procurement practices</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG8 - DECENT WORK AND ECONOMIC GROWTH SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	64				
<b>Anti-corruption</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	62				
	205-2 Communication and training about anti-corruption policies and procedures	63				
	205-3 Confirmed incidents of corruption and actions taken	63				
<b>Anti-competitive behavior</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	63				

# GRI CONTENT INDEX

# GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	OMISSION			UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Tax</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 207: Tax 2019	207-1 Approach to tax	63				
	207-2 Tax governance, control, and risk management	63				
	207-3 Stakeholder engagement and management of concerns related to tax	63				
<b>Materials</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG8 - DECENT WORK AND ECONOMIC GROWTH
GRI 301: Materials 2016	301-1 Materials used by weight or volume	35				
	301-2 Recycled input materials used	42				SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION
<b>Energy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG7 - AFFORDABLE AND CLEAN ENERGY
GRI 302: Energy 2016	302-1 Energy consumption within the organization	43 - 45				
	302-4 Reduction of energy consumption	43 - 45				SDG8 - DECENT WORK AND ECONOMIC GROWTH
						SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION
						SDG13 - CLIMATE ACTION
<b>Water and effluents</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION
GRI 303: Water and Effluents 2018	303-5 Water consumption	34				
<b>Biodiversity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG15 - LIFE ON LAND
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	49				
	304-2 Significant impacts of activities, products and services on biodiversity	49				
	304-3 Habitats protected or restored	49				
<b>Emissions</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG3 - GOOD HEALTH AND WELLBEING
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	46				
	305-2 Energy indirect (Scope 2) GHG emissions	46				
	305-3 Other indirect (Scope 3) GHG emissions	47				
	305-4 GHG emissions intensity	48				SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION
						SDG13 - CLIMATE ACTION
						SDG15 - LIFE ON LAND

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	OMISSION			UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Waste</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG3 - GOOD HEALTH AND WELLBEING
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	42				
	306-2 Management of significant waste-related impacts	42				
	306-3 Waste generated	42				
	306-4 Waste diverted from disposal	42				
	306-5 Waste directed to disposal	42				SDG8 - DECENT WORK AND ECONOMIC GROWTH
						SDG11 - SUSTAINABLE CITIES AND COMMUNITIES
						SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION
						SDG13 - CLIMATE ACTION
						SDG15 - LIFE ON LAND
<b>Supplier environmental assessment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	65				
	308-2 Negative environmental impacts in the supply chain and actions taken	65				SDG13 - CLIMATE ACTION
						SDG17 - PARTNERSHIP FOR THE GOALS
<b>Employment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG3 - GOOD HEALTH AND WELL-BEING
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	51				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	55				
	401-3 Parental leave	52				SDG5 - GENDER EQUALITY
						SDG8 - DECENT WORK AND ECONOMIC GROWTH
						SDG10 - REDUCED INEQUALITIES
<b>Labor/management relations</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG8 - DECENT WORK AND ECONOMIC GROWTH
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	60				
<b>Occupational health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG3 - GOOD HEALTH AND WELL-BEING
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	53				
	403-2 Hazard identification, risk assessment, and incident investigation	54				
	403-3 Occupational health services	55				SDG8 - DECENT WORK AND ECONOMIC GROWTH
						SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS

# GRI CONTENT INDEX

# GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	OMISSION			UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Occupational health and safety (Cont'd.)</b>						
GRI 403: Occupational Health and Safety 2018 (Cont'd.)	403-4 Worker participation, consultation, and communication on occupational health and safety	55	NO OMISSIONS			SDG3 - GOOD HEALTH AND WELL-BEING  SDG8 - DECENT WORK AND ECONOMIC GROWTH  SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
	403-5 Worker training on occupational health and safety	55				
	403-6 Promotion of worker health	55 - 56				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	57				
	403-8 Workers covered by an occupational health and safety management system	53				
	403-9 Work-related injuries	58				
	403-10 Work-related ill health	58				
<b>Training and education</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG8 - DECENT WORK AND ECONOMIC GROWTH  SDG10 - REDUCED INEQUALITIES
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	59				
	404-2 Programs for upgrading employee skills and transition assistance programs	59				
	404-3 Percentage of employees receiving regular performance and career development reviews	60				
<b>Diversity and equal opportunity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG5 - GENDER EQUALITY
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	52				
<b>Non-discrimination</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG5 - GENDER EQUALITY
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	60				
<b>Freedom of association and collective bargaining</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG3 - GOOD HEALTH AND WELL-BEING  SDG5 - GENDER EQUALITY  SDG8 - DECENT WORK AND ECONOMIC GROWTH  SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	27, 61				
<b>Child labor</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	61				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (PAGE)	OMISSION			UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Forced or compulsory labor</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	61				
<b>Local communities</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG1 - NO POVERTY
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	61				
		413-2 Operations with significant actual and potential negative impacts on local communities	61			
<b>Supplier social assessment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION  SDG13 - CLIMATE ACTION  SDG17 - PARTNERSHIP FOR THE GOALS
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	65				
		414-2 Negative social impacts in the supply chain and actions taken	65			
<b>Public policy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 415: Public Policy 2016	415-1 Political contributions	65				
<b>Customer health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION  SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	54, 65				
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	65			
<b>Marketing and labeling</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION  SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	65				
	417-2 Incidents of non-compliance concerning product and service information and labeling	65				
	417-3 Incidents of non-compliance concerning marketing communications	65				
<b>Customer privacy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	30 - 33	NO OMISSIONS			SDG12 - RESPONSIBLE CONSUMPTION AND PRODUCTION  SDG16 - PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	65				

# KAB SUSTAINABILITY PERFORMANCE REPORT FOR FY2021 TO FY2023

Indicator	Measurement Unit	2021	2022	2023
<b>Bursa (Water)</b>				
Bursa C9(a) Total volume of water used	Megalitres	0.433000	0.822000	0.738000
<b>Bursa (Waste management)</b>				
Bursa C10(a) Total waste generated	Metric tonnes	0.00	0.00	1.85
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	0.00	0.00	1.58
<b>Bursa (Energy management)</b>				
Bursa C4(a) Total energy consumption	Megawatt	10,078.72	22,672.66	709.90
<b>Bursa (Emissions management)</b>				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	2,001.00	4,490.00	68.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	361.00	584.00	531.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	317.00	318.00	184.00
<b>Bursa (Labour practices and standards)</b>				
Bursa C6(a) Total hours of training by employee category				
Director	Hours	133	150	214
Senior Management	Hours	123	190	286
Manager	Hours	64	1,202	1,468
Executive	Hours	86	1,396	1,290
Non-Executive	Hours	5	600	174
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.31	2.79	21.38
Bursa C6(c) Total number of employee turnover by employee category				
Director	Number	2	0	0
Senior Management	Number	0	0	1

Indicator	Measurement Unit	2021	2022	2023
Manager	Number	8	12	57
Executive	Number	29	38	72
Non-Executive	Number	20	33	56
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0

<b>Bursa (Diversity)</b>				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Director Under 30	Percentage	0.00	0.00	0.00
Director Between 30-50	Percentage	28.57	14.29	14.29
Director Above 50	Percentage	71.43	85.71	85.71
Senior Management Under 30	Percentage	20.00	14.29	0.00
Senior Management Between 30-50	Percentage	60.00	71.43	85.71
Senior Management Above 50	Percentage	20.00	14.29	14.29
Manager Under 30	Percentage	9.52	4.17	22.22
Manager Between 30-50	Percentage	80.95	85.42	59.26
Manager Above 50	Percentage	9.52	10.42	18.52
Executive Under 30	Percentage	53.75	48.15	38.30
Executive Between 30-50	Percentage	40.00	48.15	55.32
Executive Above 50	Percentage	6.25	3.70	6.38
Non-Executive Under 30	Percentage	51.22	44.44	43.86
Non-Executive Between 30-50	Percentage	40.24	47.22	50.88
Non-Executive Above 50	Percentage	8.54	8.33	5.26
Gender Group by Employee Category				

Internal assurance External assurance No assurance (\*)Restated

Indicator	Measurement Unit	2021	2022	2023
Director Male	Percentage	71.43	71.43	71.43
Director Female	Percentage	28.57	28.57	28.57
Senior Management Male	Percentage	40.00	57.14	57.14
Senior Management Female	Percentage	60.00	42.86	42.86
Manager Male	Percentage	80.95	79.17	59.26
Manager Female	Percentage	19.05	20.83	40.74
Executive Male	Percentage	70.00	60.49	55.32
Executive Female	Percentage	30.00	39.51	44.68
Non-Executive Male	Percentage	70.73	79.17	92.98
Non-Executive Female	Percentage	29.27	20.83	7.02
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.43	71.43	71.43
Female	Percentage	28.57	28.57	28.57
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	28.57	14.29	14.29
Above 50	Percentage	71.43	85.71	85.71
Number of Board Directors	Number	7	7	7
Number of independent Directors on the board	Number	3	3	3
Number of women on the board	Number	2	2	2

<b>Bursa (Health and safety)</b>				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00	0.00

Indicator	Measurement Unit	2021	2022	2023
Bursa C5(c) Number of employees trained on health and safety standards	Number	216	215	145
Number of work-related employee fatalities, over last 3 years	Number	0	0	0

<b>Bursa (Anti-corruption)</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Director	Percentage	100.00	100.00	100.00
Senior Management	Percentage	100.00	100.00	100.00
Manager	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-Executive	Percentage	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	2.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	Number	0	0	0

<b>Bursa (Supply chain management)</b>				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.30	96.10	92.90

<b>Bursa (Data privacy and security)</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

<b>Bursa (Community/Society)</b>				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	33,069.50	40,994.47	52,039.85
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	71	156
Community Investment	Hours	0	105	188

Internal assurance External assurance No assurance (\*)Restated



***Cheers to Our Team:***

*Making Memories and Making a Difference!*

***Empowering Change Together:***

*Embracing Team Spirit for Sustainable Futures*



SUSTAINABILITY REPORT 2023

**POWERING A SUSTAINABLE TOMORROW**

ONE-STOP ENERGY & ENGINEERING SOLUTIONS PROVIDER

