

STAKEHOLDER IDENTIFICATION AND ENGAGEMENT POLICY

PART I – INTRODUCTION

1.1 Policy Statement

This policy sets out the guidelines governing the identification, management and engagement of internal and external stakeholders of Kejuruteraan Asastera Berhad and its group of companies (KAB or “the Company”). As a responsible company, KAB systematically manages stakeholder relationships and impacts through regular stakeholder engagements as part of the Company’s Environmental, Social and Governance (ESG) responsibilities – technically known as “Sustainability” (Economic, Environmental and Social) commitments.

Details of the Company’s stakeholder identification, stakeholder engagements, and key topics and concerns raised by the stakeholders, will be disclosed in the Company’s Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards.

1.2 Definitions and Overview

i) Stakeholders

“Stakeholders” are defined as entities or individuals that can reasonably be expected to be significantly affected by the reporting organization’s activities, products, or services; or whose actions can reasonably be expected to affect the ability of the organization to implement its strategies or achieve its objectives.

Stakeholders include entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization. Stakeholders also include those who are invested in the organization (such as employees and shareholders), as well as those who have other relationships to the organization (such as other workers who are not employees, suppliers, vulnerable groups, local communities, and NGOs or other civil society organizations, among others).

ii) Stakeholder Engagement

The process of “stakeholder engagement” can serve as a tool for understanding the reasonable expectations and interests of stakeholders, as well as their information needs. The Company initiates different types of stakeholder engagement as part of its regular activities, which can provide useful inputs for decisions on management and reporting. These include routine engagements to inform ongoing organizational or business processes.

Stakeholder engagement based on systematic or generally accepted approaches, methodologies, or principles can be implemented. Other means that can be used include monitoring the media, engaging with the scientific community, or collaborative activities with peers and stakeholders. The overall approach is to be sufficiently effective so that stakeholders’ information needs are properly understood.

Systematic stakeholder engagement, executed properly, is likely to result in ongoing learning within the Company, as well as increased accountability to a range of stakeholders. Accountability strengthens trust between the Company and its stakeholders.



Furthermore, the outcomes of stakeholder engagements are used for the purpose of managing the Company's Sustainability dimensions – the Company is expected to identify a process for taking stakeholders' views into account when determining whether a Sustainability topic is material.

iii) Material Topic

In managing Sustainability, a “material topic” is a topic that reflects the Company's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders. A combination of internal and external factors can be considered when assessing whether a topic is material. These include the organization's overall mission and competitive strategy, and the concerns expressed directly by stakeholders through the process of stakeholder engagement.

For the purposes of Sustainability reporting in accordance with the GRI Standards, the Company is required to report the list of stakeholders, the details of stakeholder identification and stakeholder engagement, and the list of material topics, in its Sustainability Report.

iv) Sustainability Team

The “Sustainability Team” refers to the officially designated committee within the Company that is delegated to assist the Board of Directors (“Board” or “BOD”) in managing Sustainability matters relating to the Company. The Sustainability Team shall be the guiding force behind all recommendations to the Board, and is responsible for the implementation of all strategies, programmes, action plans and management approaches that relate to Sustainability within the Company.

PART II – STAKEHOLDER IDENTIFICATION

- 2.1 The Company shall establish the basis for identifying and selecting stakeholders, with whom to engage. A list of stakeholder groups to be engaged by the organization shall be determined using methodology such as a Stakeholder Identification Worksheet and/or any type of approach which the Company deems appropriate (if any).
- 2.2 There are Internal Stakeholders and External Stakeholders that will be identified related to the organizational or operational boundaries of the Company and its substantial subsidiaries.
- 2.3 The terminology “boundary” is a description of where the impacts occur for a material topic, and the Company’s involvement with those impacts. An organizational boundary could mean a subsidiary of the Company whereas an operational boundary could mean a location where the project of the Company or its subsidiary significantly operates at.
- 2.4 Internal Stakeholders of KAB include those who are invested in the Company, and are conventionally identified to include, inter alia:
- Shareholders
 - Employees
 - BOD
- 2.5 External Stakeholders of KAB will be identified using the Stakeholder Identification Worksheet based on the “P.E.S.T.L.E. analysis”, however, this shall not exclude any type of approach (if any) that may arise in the future. A P.E.S.T.L.E. analysis is a framework to analyse the key factors (Political, Economic, Sociological, Technological, Legal and Environmental) influencing an organisation from the outside. Examples of external influences on the company include:
- Political:
Government regulations, trade restrictions and reform, tariffs, political stability etc.
 - Economic:
Economic growth/decline, interest, exchange, inflation and wage rates – minimum wage, pricing, credit availability etc.
 - Sociological:
Cultural norms and expectations, health and safety, population growth, age distribution, career trends, wage impacts etc.
 - Technological:
New/emerging/existing technologies, disruptive technologies, technological trajectory, technological collaborations etc.
 - Legal:
Changes to legislation impacting employment, access to materials, quotas, resources, imports/exports, taxation, compliances and reporting etc.
 - Environmental:
Global warming and the increased need to switch to sustainable resources; ethical sourcing (both locally and nationally), supply chain intelligence. Pandemics and other emergencies.
- 2.6 The Stakeholder Identification Worksheet will be used to identify stakeholders by utilizing the P.E.S.T.L.E. analysis with the following consideration and prioritization, whereby priority is given to stakeholders related with the most direct influences or impacts:
- Directly Affected by the Company
 - Indirectly Affected by the Company
 - Directly Affects the Company
 - Indirectly Affects the Company



The influences or impacts – direct or indirect, of any stakeholder may change over time, and hence would result in changes to the list of identified stakeholders.

- 2.7 The External Stakeholders of KAB, would include, inter alia:
- Customers
 - Engineering Consultants
 - Energy Authorities
 - Construction Regulators
 - Utility/Infrastructure Providers
 - Suppliers
 - Contractors
 - Government Ministries/Departments
 - Local Municipalities
 - Investment Regulators
- 2.8 The Stakeholder Identification Worksheet shall be completed by Authorised Persons or the management team of each organizational boundary or operational boundary, and thereafter submitted to the Company's Sustainability Team (along with the external ESG/Sustainability Consultant, if any) to be tabulated, processed and recorded; and subsequently the list of identified stakeholders shall be submitted to the Board for approval.
- 2.9 The final list of identified stakeholders is to be used for the purpose of stakeholder management, stakeholder engagement and Sustainability reporting.
- 2.10 It is recommended for the Stakeholder Identification Worksheet to be reviewed and updated (with or without changes) every year with regards to every organizational boundary or operational boundary, as the business, activities and jurisdictional presence of the company grows and expands.
- 2.11 For the purposes of Sustainability reporting according to the GRI Standards, the Company shall report:
- A list of identified stakeholder groups engaged by the organization
 - The basis for identifying and selecting stakeholders with whom to engage, whereby the Company should describe the process for:
 - defining its stakeholder groups;
 - determining the groups with which to engage and not to engage.



PART III – STAKEHOLDER ENGAGEMENT

- 3.1 Methods of “stakeholder engagement” can include surveys (such as supplier, customer, or worker surveys), focus groups, community panels, corporate advisory panels, written communication, management or union structures, collective bargaining agreements, and other mechanisms. Engagements can also include voluntary engagement with initiatives and stakeholders to improve the broader operating environment and culture, in order to combat corruption.
- 3.2 Designated Authorised Persons shall be responsible and accountable for stakeholder engagements that are in the scope of their respective organizational boundary or operational boundary. The designated Authorised Persons shall be assisted and guided by the Sustainability Team in terms of frequency, engagement method, data collection method etc.
- 3.3 In order to achieve effective engagement between KAB and its stakeholders, the following guiding principles should always be adhered to:
- Only Authorised Persons shall be permitted to have formal engagements with external stakeholders;
 - All information must be conveyed through the appropriate and approved communication channels to all stakeholders in a timely manner. All requests for information by stakeholders shall be responded to by the relevant Authorised Persons without unnecessary delays. A turnaround time of three (3) working days shall apply to all requests; where the information sought may require more time to deliver, an acknowledgement of the request must be made within the stipulated time period;
 - All information disseminated to stakeholders shall be as accurate, transparent and reliable as possible, while considering the need to protect the Company’s confidential information;
 - All Authorised Persons of organizational boundaries shall proactively develop contacts with its identified stakeholder groups and ensure regular and meaningful engagements;
 - All communication must be clear, concise, consistent and intentional; and
 - Regular feedback is encouraged from all stakeholders and will be applied towards ensuring better service delivery;
 - Employees and Board of Directors should refrain from making public statements of personal opinion in any medium or platform; and
 - Disclosure of the Company’s confidential information is strictly prohibited.
- 3.4 Depending on the stakeholder groups, the Company’s engagement and communication channels shall include:
- Emails, letters, memorandums, notices and other forms of correspondences
 - All forms of physical and virtual meetings, seminars, briefings, forums, focus groups and trainings
 - All forms of physical and digital publications including websites, presentations, reports, newsletters, and press releases
 - Surveys, studies, reviews, appraisals and/or inspections
 - Other mechanisms deemed necessary to engage with the stakeholders
- 3.5 The outcome of the stakeholder engagements should include only key topics and concerns raised by stakeholders which the Company deems reasonably applicable for:
- the improvement of the Company’s business strategy, practices, operational processes and performances; and
 - the determination and prioritization of material topics to be managed by the Company in terms of Sustainability.
- 3.6 The quantitative and qualitative outcome of the stakeholder engagements would be collected by the Sustainability Team, from the relevant Authorised Persons of the organizational boundary or operational boundary who is tasked to perform the stakeholder engagement activity or programme, upon its completion. The Sustainability Team shall then organize, tabulate and analyse these outcomes to be presented to the Board via semi-annual Stakeholder Engagement Reports in order for the Board to plan for further response or management decisions in view of the engagement outcomes.



- 3.7 For the purpose of effective Sustainability reporting, the Company shall report on its approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.
- 3.8 For the purpose of effective Sustainability reporting, the Company shall report on key topics and concerns that have been raised through the stakeholder engagement, of which only topics and concerns the Company deems reasonably applicable. includes but not limited to:
- a) how the organization has responded to those key topics and concerns, including through its reporting;
 - b) the stakeholder groups that raised each of the key topics and concerns
- 3.9 In Sustainability, materiality is the principle that determines which relevant topics are sufficiently important that it is essential to manage and report on them, whereby not all material topics are of equal importance. Hence, for the purposes of Sustainability management and reporting, the outcomes of stakeholder engagements shall be used as one of the main bases to determine and prioritize Material Topics for a particular (reporting) period.

PART IV – EXTERNAL ASSURANCE
(FOR SUSTAINABILITY REPORTING)

- 4.1 The GRI Standards use the term ‘external assurance’ to refer to activities designed to result in published conclusions on the quality of the report and the information (whether it be qualitative or quantitative) contained within it. External assurance also refers to activities designed to result in published conclusions about systems or processes, including the stakeholder engagement process. (This is different from activities designed to assess or validate the quality or level of performance of an organization, such as issuing performance certifications or compliance assessments.)
- 4.2 The company can use a variety of approaches to seek external assurance, such as the use of professional assurance providers, or other external groups or persons. Regardless of the specific approach, it is expected that external assurance is conducted by competent groups or persons who follow professional standards for assurance, or who apply systematic, documented, and evidence-based processes (‘assurance providers’).
- 4.3 The use of external assurance for Sustainability Reports is not required in order to make a claim that a report has been prepared in accordance with the GRI Standards. The Company can have systems of internal controls in place, which are important to the overall integrity and credibility of a report.
- 4.4 For the purposes of Sustainability reporting in accordance with the GRI Standards, whether or not the Company has used any external assurance, the Company shall report the following information:
- a) A description of the organization’s policy and current practice with regard to seeking external assurance for the report.
 - b) If the report has been externally assured:
 - i) A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the Sustainability Report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;
 - ii) The relationship between the organization and the assurance provider;
 - iii) Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization’s sustainability report.

This policy is dated 12 August 2021.

End of Policy