



SUSTAINABILITY DUE DILIGENCE PROCEDURES

1. Overview

Kinergy Advancement Berhad ("KAB" or "the Group"), in line with its Group-wide Sustainability policy commits to the principles of Sustainable Development and Responsible Business Conduct adopted by the United Nations and Organization for Economic Cooperation and Development (OECD).

The Group manages its Sustainability Impacts, i.e. the effect the Group's business have or could have on the economy, environment, and people, including effects on their human rights, as a result of the Group's operations or business relationships, in line with its Sustainability Policy.

Following the Group's Sustainability Policy, Sustainability Due Diligence refers to the process through which the Group identifies, prevents, mitigates, and accounts for how it addresses its actual and potential Sustainability Impacts.

The Sustainability Due Diligence Procedures (herein referred as "SDD Procedures") of the Groups makes reference to the due diligence elaborated by the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.

The Group shall follow the Sustainability due diligence procedures approved by the Boards' Sustainability Committee and provided by the Sustainability Team of the Group to be implemented when dealing with internal and external Stakeholders (herein referred as "Business Relations or BR").

2. Scope

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

Business relations which fall under the scope of this Procedure include, but are not limited to:

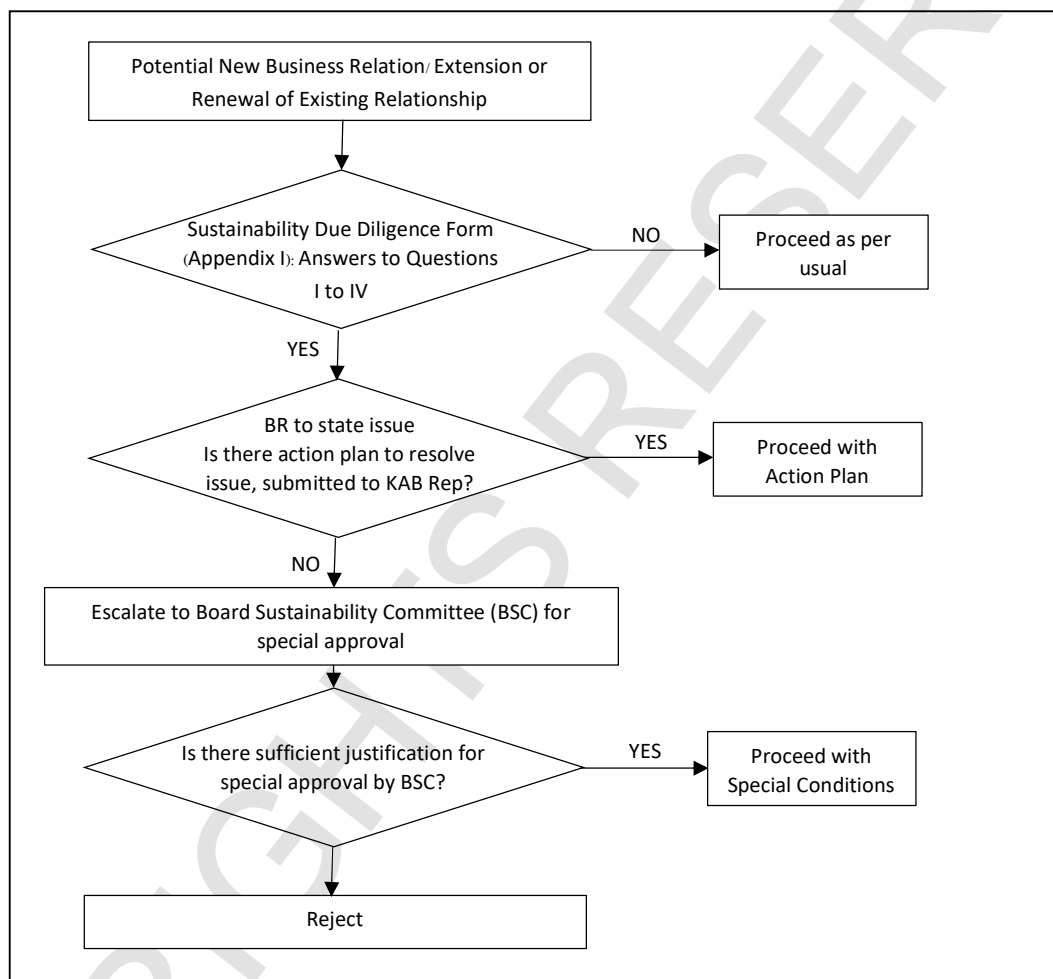
- i) Upstream business relations:
 - a) Vendors
 - b) Sub-contractors / Service Providers
 - c) Institutional Investors and Financial Providers
- ii) Business relations involved in the Group's business activities:
 - a) Project/JV Partners
 - b) Outsourcing Partners
- iii) Downstream business relations:
 - a) Project Customers



3. Sustainability Due Diligence Processes

3.1. The Sustainability Due Diligence process carried out with the Group's business relations is aimed to integrate key minimum requirements in managing Sustainability Impacts and related risks within the Group's value chain by the entities and relevant operational levels in the Group.

3.2. The Sustainability Due Diligence process flow is outlined in the illustration below:



3.3. All Sustainability Due Diligence Forms should have information provided by the business relations, concurred by the respective person in charge of on-boarding or renewing the business relations, and finally validated by the Sustainability Team.

3.3.1. The targeted time to complete each Sustainability Due Diligence is 10 working days from the day of initiating of the Sustainability Due Diligence Form.

3.3.2. All Sustainability Due Diligence Forms have to be filed with the other documentation for the final approval of the business relation.



- 3.3.3. If the business relation does not require any renewal process, the company should at least update the Sustainability Due Diligence Form of the business relation every two years.
- 3.4. All new onboarding of new business relations and renewal of existing business relations are required to undergo the Sustainability Due Diligence process with the following outcomes:
- i) Proceed as per usual
 - ii) Proceed with action plan
 - iii) Proceed with special conditions
 - iv) Reject
- 3.5. When the outcome is to proceed with an action plan, the Sustainability Team should keep a record of the business relation's action plan. The Sustainability Team shall follow up with the action plan of the business relation via the Group's representative to resolve the sustainability issues, every 6 months.
- 3.6. When the outcome is to proceed with special conditions, the Sustainability Team should keep a record of the approval provided by the Board, either in the form of Board meeting minutes or other forms of Board documentation. The Sustainability Team shall follow up on the status of the business relation via the Group's representative to determine whether the sustainability issue has been resolved, at a 6 months cycle after the 1st due diligence date.
- 3.7. In cases where the Sustainability Due Diligence has identified any negative issues raised by the business relation that is caused by, contributed by or directly linked to the Group's prior activities with the Group, the Sustainability Team shall immediately cooperate with the business relation to manage the negative Sustainability impact with a bilateral action plan.
- 3.7.1. The Sustainability Team shall report the identified negative impact as stated in the Sustainability Due Diligence Form to the Sustainability Committee and should record the incident for avoidance measures in future scenarios.
- 3.7.2. The action plan is required to be time-bound and should have remedial objectives to the identified negative impact.

4. Key Controls and Reporting

- 4.1. Tracking of action plans and special conditions
- 4.1.1. The Sustainability Team shall report the list of unresolved action plans and approval cases with special conditions to the Board's Sustainability Committee and the Board's Risk Committee periodically.
- 4.1.2. The Board's Sustainability Committee and Risk Committee shall provide the necessary guidance to cases that are determined to be high risk such as reputational risk or regulatory risk.



4.2. Tracking of action plans as a result of the Group's prior activities with the business relation

4.2.1. The Sustainability Team shall report the progress of the action plan to the Board's Sustainability Committee.

4.3. The Sustainability Team shall report, as it deems fit, in the Group's annual Sustainability Report on the effectiveness of the Group's Sustainability Due Diligence Procedure and management approaches.

5. Compliance with other regulations

5.1. All applicable local regulations must be taken into consideration in conjunction with the Sustainability Due Diligence Procedure, such as the protection of confidential information. The Group will abide by all prevailing regulations and the relevant regulators in the respective jurisdictions.

6. Review

This Procedure shall be regularly reviewed by the Board Sustainability Committee every 2 years, or as and when required due to regulatory changes.

This policy is dated 01 August 2023.

End of Procedure



APPENDIX I

Sustainability Due Diligence Form

In accordance with Kinergy Advancement Berhad's ("KAB") Sustainability Policy, the Group performs Sustainability due diligence with all business relations, whereby the Group identifies its actual and potential negative impacts on the economy, environment, and people, including impacts on their human rights. This Sustainability Due Diligence form is designed to be self-declaration by the business relation. Information disclosed herein will not be used for any purposes beyond our due diligence process.

1. Business Relation (BR): <input type="checkbox"/> Vendor <input type="checkbox"/> Contractor/Sub-contractor <input type="checkbox"/> Service Provider <input type="checkbox"/> Institutional Investor/Financial Provider <input type="checkbox"/> Project/JV Partner <input type="checkbox"/> Outsourcing Partner <input type="checkbox"/> Outsourcing Partner <input type="checkbox"/> Project Customer / End User <input type="checkbox"/> Other: _____		
2. Name of BR Organization:	3. Name of BR Representative:	
4. Department of KAB/the Group:	5. Representative of KAB/The Group:	
6. Date:	7. Project/Initiative:	
Step 1: To be filled in by BR Representative		Step 2: To be filled in by Representative
I. To the best of your knowledge, would there be any actual or potential conflict of interest that would arise between your organization and any member of KAB/the Group?	<input type="checkbox"/> No <input type="checkbox"/> Yes: _____	<input type="checkbox"/> If no, concurred <input type="checkbox"/> If yes, any action plan: _____
II. In the last 3 years, has your organization been subject to any fines, penalties, regulatory sanctions, investigations or reputational damage in relation to bribery, corruption, tax evasion, anti-competition, money laundering, or any illegal activities?	<input type="checkbox"/> No <input type="checkbox"/> Yes: _____	<input type="checkbox"/> If no, concurred <input type="checkbox"/> If yes, any action plan: _____
III. In the last 3 years, has your organization been subject to any fines, penalties, regulatory sanctions, investigations or reputational damage in relation to pollution, deforestation, illegal land use, destruction of natural ecosystems, or infringement of any environmental laws and regulations?	<input type="checkbox"/> No <input type="checkbox"/> Yes: _____	<input type="checkbox"/> If no, concurred <input type="checkbox"/> If yes, any action plan: _____
IV. In the last 3 years, has your organization been subject to any fines, penalties, regulatory sanctions, investigations or reputational damage in relation to non-compliance with employment/labor regulations, violation of safety laws and regulations, violation of privacy laws, human trafficking, child labour, discrimination, exploitation, or any violation of human rights?	<input type="checkbox"/> No <input type="checkbox"/> Yes: _____	<input type="checkbox"/> If no, concurred <input type="checkbox"/> If yes, any mitigation plan: _____
v. Please state if you have any commitments or policies that relate to managing Sustainability (ESG) and Sustainable Development (e.g. Sustainability Policy, Human Rights Policy, Net Zero Target): _____ _____		<input type="checkbox"/> If yes, concurred <input type="checkbox"/> If no, any future plans: _____
Step 3: To be filled in by KAB's Sustainability Team		
A. Is the above organization listed in any internal or external watch list/exclusion list? <input type="checkbox"/> No <input type="checkbox"/> Yes: _____ B. Recommendation: <input type="checkbox"/> Proceed <input type="checkbox"/> Proceed with Action Plan <input type="checkbox"/> Reject - Escalate to Board Sustainability Committee for special approval <input type="checkbox"/> Reject C. Remarks: _____ Reviewed by: _____ (Date: _____) Approved by: _____ (Date: _____)		



REVISION HISTORY AND APPROVAL

Rev.	Revision Date	Description of changes	Author	Approval Date
0	23.02.2023	Established	Sustainability Team	23.02.2023
1	01.08.2023	Change of company name and logo	Nicole Lee Y.L. (General Manager)	01.08.2023