



KEJURUTERAAN ASASTERA BERHAD

SUSTAINABILITY
REPORT

2024

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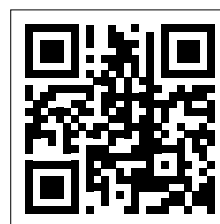
Kejuruteraan Asastera Berhad
[199701005009 (420505-H)]

Vision

To excel as a one-stop engineering & energy solutions provider.

Mission

Continuously improve our engineering competences to new heights while reducing global carbon footprint by providing a cleaner and greener alternative which promotes a more efficient use of energy.



SCAN QR CODE
to download this Sustainability Report

An Introduction to KAB's Sustainability

“KAB has begun to embed sustainability into its business processes. We wish to communicate and celebrate our sustainability successes to our Stakeholders. I am confident that only greater achievements are ahead.

Sustainability is now one of our priority targets to achieve, improve, and maintain in the continuing years. We have genuine intention to pledge with our sustainability commitment while empowering other businesses for a guaranteed sustainable growth with our Sustainable Energy Solutions solutions.

Let's start from ourselves to building a Net Zero World, a Green World.”

- Dato' Lai Keng Onn,
Managing Director of Kejuruteraan Asastera Berhad

Kejuruteraan Asastera Berhad (“KAB” or “the Company”) is a company that aspires to be a leading provider in sustainable engineering and energy solutions, with operations in Malaysia and Thailand. Since the Company was founded in 1997, we have established ourselves as a reputable and experienced electrical and mechanical engineering Company for projects that cover commercial, industrial and residential buildings.

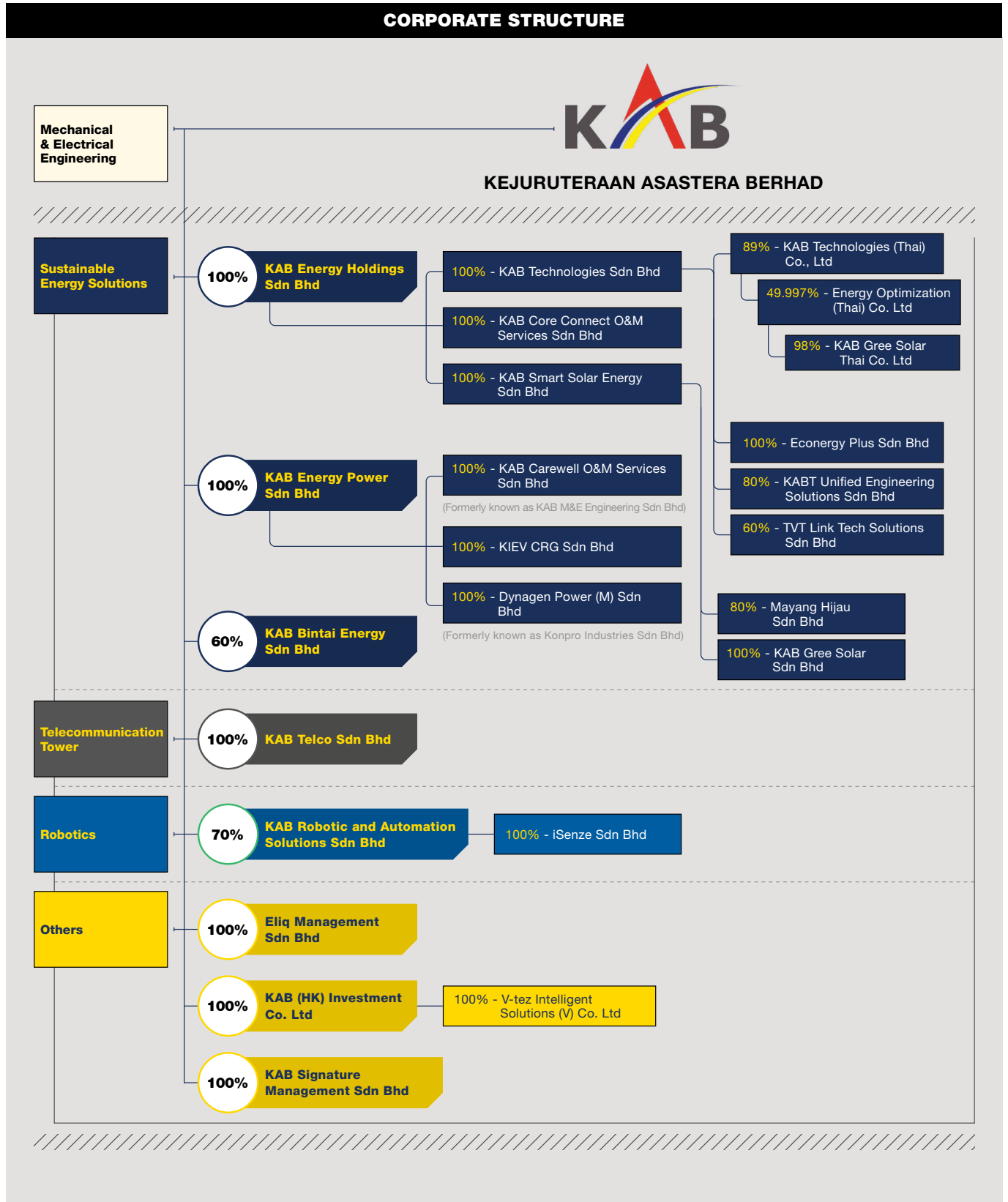
We have been listed on the Main Market of Malaysia since August 2020, and have become a constituent of Bursa Malaysia Emas Index since July 2021. As we strive to grow our business exponentially, we believe in being responsible to our communities and to the natural environment. We want to build sustainability into our business DNA by supporting sustainable development both within and outside the Company – to build a sustainable future along with all our Stakeholders.

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

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

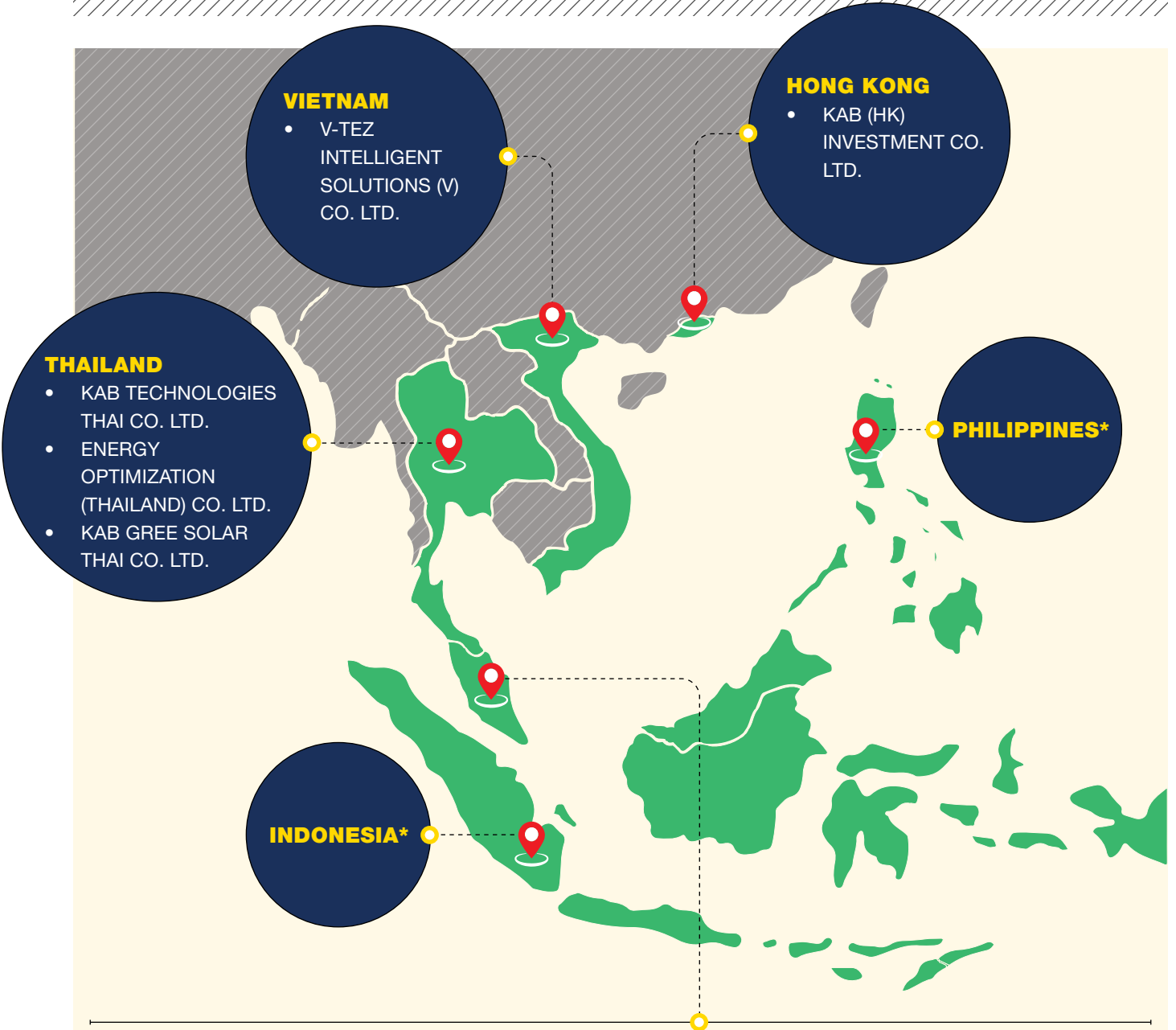
An Introduction to KAB's Sustainability

Since the Company's establishment as an electrical engineering and contracting services provider in the 1990s, our role as a bridge between energy providers and energy consumers gave us the opportunity to provide more and more sustainable solutions in terms our engineering and project expertise. Our operations have grown from strength to strength, starting from our origins and headquarter in Malaysia to Thailand, Vietnam and Hong Kong.



An Introduction to KAB's Sustainability

REGIONAL EXPANSION



VIETNAM

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

HONG KONG

- KAB (HK) INVESTMENT CO. LTD.

THAILAND

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

PHILIPPINES*

INDONESIA*

MALAYSIA

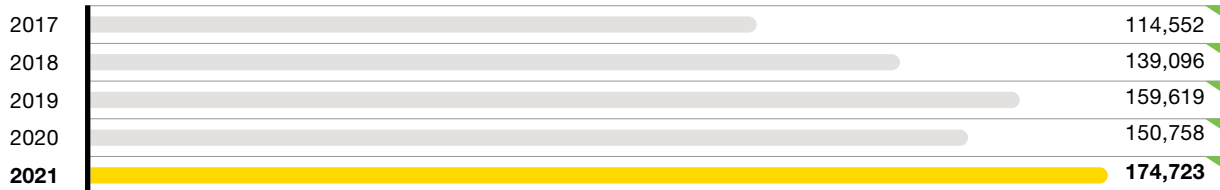
- KEJURUTERAAN ASASTERA BERHAD (KAB)
- KAB ENERGY HOLDINGS SDN BHD
- KAB ENERGY POWER SDN BHD
- KAB CAREWELL O&M SERVICES SDN BHD
(Formerly known as KAB M&E Engineering Sdn Bhd)
- KABT UNIFIED ENGINEERING SOLUTIONS SDN BHD
- KAB CORE CONNECT O&M SERVICES SDN BHD
- DYNAGEN POWER (M) SDN BHD
(Formerly known as Konpro Industries Sdn Bhd)
- ECONERGY PLUS SDN BHD
- TVT LINK TECH SOLUTIONS SDN BHD
- KAB TECHNOLOGIES SDN BHD
- KAB TELCO SDN BHD
- KAB SIGNATURE MANAGEMENT SDN BHD
- KAB SMART SOLAR ENERGY SDN BHD
- KAB GREE SOLAR SDN BHD
- KAB ROBOTIC & AUTOMATION SOLUTIONS SDN BHD
- KAB BINTAI ENERGY SDN BHD
- KIEV CRG SDN BHD
- ELIQ MANAGEMENT SDN BHD
- MAYANG HIJAU SDN BHD

* Expansion plan in the pipeline

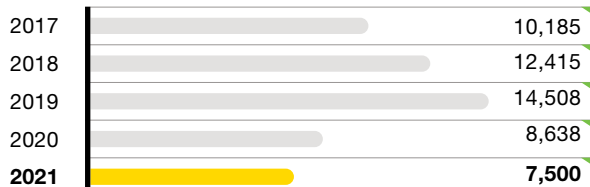
An Introduction to KAB's Sustainability

Financial Year Ended Dec-31	2021 MYR'000	2020 MYR'000	2019 MYR'000	2018 MYR'000	2017 MYR'000
Revenue	174,723	150,758	159,619	139,096	114,552
Profit Before Taxation	7,500	8,638	14,508	12,415	10,185
Total Comprehensive Income	4,141	5,182	10,406	8,557	6,776
Paid Up Share Capital	93,809	53,299	48,299	32,000	32,000
Shareholders' Fund	124,933	79,967	71,357	48,257	42,899
Dividends	0	2,307	3,364	3,200	0
Basic Earnings Per Share (Sen)	0.27	0.63	3.05	2.680	2.712

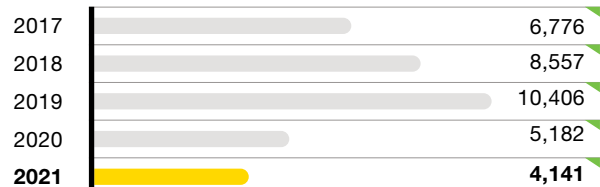
Revenue (MYR'000)



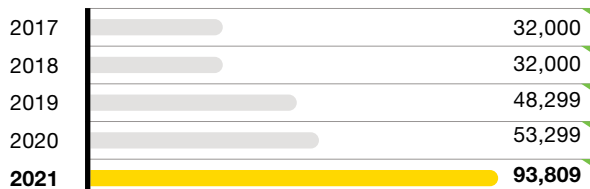
Profit Before Taxation (MYR'000)



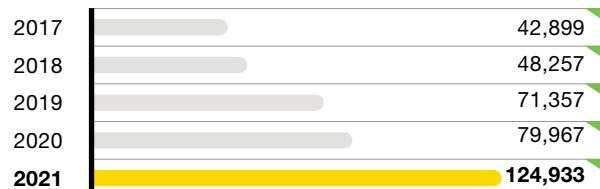
Total Comprehensive Income (MYR'000)



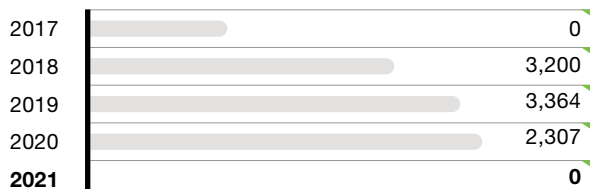
Paid Up Share Capital (MYR'000)



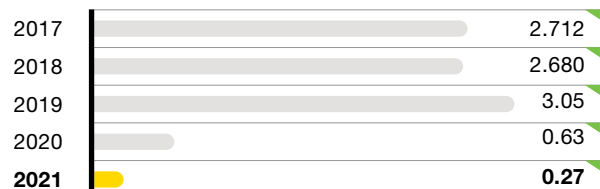
Shareholders' Fund (MYR'000)



Dividends (MYR'000)



Basic Earnings Per Share (Sen)



An Introduction to KAB's Sustainability

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2022

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

Name of Shareholders	Nationality/ Incorporated in	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Dato' Lai Keng Onn	Malaysian	529,670,600	29.46	85,050,000 ⁽¹⁾	4.73
GAT Success (M) Sdn. Bhd.	Malaysia	111,540,000	6.20	-	-
Everest Pavilion Sdn. Bhd.	Malaysia	-	-	111,540,000 ⁽²⁾	6.20
Cherry Anne Tong Chun Ling	Malaysian	-	-	111,540,000 ⁽³⁾	6.20
Kington Tong Kum Loong	Malaysian	221,113,766	12.30	6,485,003 ⁽⁴⁾	0.36

Notes:-

- (1) Deemed interest through shares held by Fastrans Venture Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Act.
- (2) Deemed interest through shares held by GAT Success (M) Sdn. Bhd. pursuant to Section 8 of the Act.
- (3) Deemed interest by virtue of her interest in Everest Pavilion Sdn. Bhd. ("EPSB") pursuant to Section 8 of the Act. EPSB is deemed interested in the shares held by GAT Success (M) Sdn. Bhd. pursuant to Section 8 of the Act.
- (4) Deemed interest through shares held by Regalis Investment Ltd pursuant to Section 8 of the Act.

In managing sustainability, our main operational boundaries – where there is involvement with the impacts that occur for our material sustainability topics, include KAB and its main subsidiaries:

KAB Technologies Sdn Bhd (Malaysia)	KAB Smart Solar Energy Sdn Bhd (Malaysia)	KAB Energy Power Sdn Bhd (Malaysia)	KIEW CRG Sdn Bhd (Malaysia)	Energy Optimization (Thailand) Co., Ltd.
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Our 5 key aspirations:

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

From our key aspirations, we want to ultimately contribute to the United Nations Sustainable Development Goals ("UN SDGs") as a part of the business community, along with the targets of the Paris Agreement.

- The UN SDGs is "a blueprint to achieve a better and more sustainable future for all people and the world by 2030".
- 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.

An Introduction to KAB's Sustainability

The Board of Directors ("the Board") determine the Company's overall Sustainability strategy, and quantitative and qualitative targets for the year. Taking a step further, the Board has in 2021 established KAB's own Sustainability Team delegated to assist the Board in managing Sustainability matters relating to the Company. The Board and its Sustainability Committee, assisted by the newly established Sustainability Team, is responsible for the overall stewardship of the Company, which includes overseeing sustainability and corporate responsibility.

Scope of responsibilities of the Sustainability Team are:	With the entire Sustainability governance structure in place, the focus of 2021 has been to:
<ol style="list-style-type: none"> 1. Realise KAB's Sustainability Strategy and direction 2. Manage and Achieve Sustainability Performance Targets (SPTs) 3. Sustainability policies, plans, actions, budgets and resources, remedial measures when required 4. Sustainability metrics, data and information for the Board's decision-making process 5. Manage risks and opportunities in terms of KAB's material Sustainability issues 6. Ensure that all business plans and business operations are aligned with Sustainability policies, practices, and targets 7. Keep the Company updated and aligned with latest developments that relate to Sustainability 8. Support subsidiaries and business units to perform established Sustainability policies, processes and practices 9. Prepare and publish the Company's annual Sustainability Report, while aligning other communications 10. Explore Sustainability-linked capital and financing 	<ol style="list-style-type: none"> 1. Analyse sustainability gaps in the Company and establish policies to cover sustainability matters in a more wholistic manner. <ul style="list-style-type: none"> • Number of new and updated Sustainability-related policies developed: 4 2. Build internal competencies in managing sustainability matters. <ul style="list-style-type: none"> • Number of sustainability development meetings with external sustainability consultant: 12 • Number of sustainability-focused trainings for boards and Management: 4 3. Improve on sustainability frameworks and reporting practices <ul style="list-style-type: none"> • Sustainability Report in accordance to GRI Standards • Inaugural TCFD Report • Inaugural Sustainability Handbook for all KAB employees

Different principles are applied in managing Sustainability within the Sustainability governance structure. For instance, when dealing with environmental impacts such those relating to energy, emissions, water, and waste, we apply the United Nation's Precautionary Principle – "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation." These will be evident in the different management approaches to our Material Matters.

Finally, as we continue to aspire to be the leader in our sector in terms of Sustainability, we are currently developing our internal competencies and also Sustainability performance evaluations mechanisms so that in the near future, we are able to incorporate Sustainability (ESG) performance and/or climate-change performance into Board or senior executive remuneration.

About This Sustainability Report

This Annual Sustainability Report has been prepared in accordance with the GRI Standards: Core option, and covers the reporting period from January to December 2021.

For reference purposes, our previous Sustainability Report was published in April 2021, whereby some new updates on or restatement of information such as those relating to Stakeholders, Material Matters and information with regards to specific Material Matters were made due to more detailed application of the GRI Standards, GHG Protocol Corporate Accounting and Reporting Standard, and other relevant frameworks.

In compliance with the GRI Standards 2020, our Sustainability Report follows all Reporting Principles for defining report content:

1

Stakeholder Inclusiveness

This report identifies our Stakeholders, and provides details on how we have responded to key interest and concerns of our Stakeholders. In managing sustainability in KAB, we focus significantly on our internal and external Stakeholder Engagements. From our Stakeholders, we are able to obtain a holistic picture of our position in the midst of a kaleidoscope of economic, environmental and social matters, where we can define what is the most Material Matters for us to manage and report. This report will present our policy on stakeholder inclusiveness and show how our stakeholder identification and engagement process was carried out.

2

Sustainability Context

We also look at the wider sustainability context when managing and reporting on our sustainability performance. We subscribe to the contribution to the United Nations Sustainable Development Goals where relevant to our business. Additionally, we also focus on climate-related risks and opportunities when considering our business strategies, impacts and risk Management by prescribing the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations.

3

Materiality

The Materiality principle is implemented in detail in our reporting on our Materiality Analysis and how our Material Matters were determined. We published our inaugural Materiality Report 2021 internally so that we could clearly and empirically define what is most material to us in terms of sustainability.

4

Completeness

This report includes coverage of Material Matters and their Boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable our Stakeholders to assess our performance in the reporting period.

Currently, External Assurance is neither being required mandatorily by regulators or standards-setting bodies nor being sought by the Company on the Sustainability Report in part or in whole. However, the details, information and manner of presentation of the Sustainability report have been approved and assured by the highest governing body of the Company, i.e. the Board of Directors.

Any questions with regards to this Sustainability Report can be directed to the Company via email: kabsustainable@asastera.com

HOW TO USE THIS REPORT

This report clearly presents the Sustainability-related processes and results that relates to Stakeholders and Materiality. Thereafter, the method of presentation of this report shall be according to the importance of each Material Matter that has been determined and prioritised according to the process on defining Materiality.

Each chapter of Material Matters shall include the relevant Management approach disclosures and thereafter “topic specific disclosures” in the form of key data, in accordance to the GRI Standards: Core Option.

The end of the report would include key Sustainability-related data concerning economic, environmental and social matters that are not determined to be Material to the business of the Company, but nevertheless are fundamental parameters that are required in the Sustainability performance of the Company.

A GRI Content Index shall be provided, along with information on how the various UN SDGs are linked to each “topic specific disclosure” of Material Matters.

Stakeholders at the Heart of Sustainability

The Global Reporting Initiative (GRI) Standards defines “Stakeholders” 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. This includes, but is not limited to, entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization.

Stakeholders are at the crux of our Sustainability Management and Reporting, which affects our risks, opportunities, and non-financial performance. Hence, Stakeholder Identification and Engagement is part of the foundation of our Sustainability efforts.

The purpose of our stakeholder identification and engagement can be, to identify actual and potential impacts or to determine prevention and mitigation responses to potential negative impacts. In some cases, Stakeholder Engagement is a right in and of itself, such as the right of workers to form or join trade unions or their right to bargain collectively.

Without Stakeholder inclusiveness in our business and strategy, we would not be able to accurately and effectively determine Material sustainability matters to manage, measure and disclose. Stakeholder consultation is used to support our identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.

Since June 2020, the Company has established its own Stakeholder Communication Policy. The communication policy sets out the guidelines governing communication with the internal and external Stakeholders of KAB. In 2021, we developed a more wholistic approach to the management of Stakeholders in the new Stakeholders Identification and Engagement Policy.

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

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



Our Board has ultimate oversight and governance over the policy. This policy shall be updated as and when the Board deems necessary, upon the recommendation of the Sustainability Team. This policy is also communicated to all Boundary representatives of the Company so that all on-going Stakeholder Engagements can be done efficiently and effectively in accordance with the policy.

In 2020, the Stakeholder Identification Exercise was performed by our boundaries in accordance to the policy.

Internal Stakeholders of KAB include those who are invested in the Company, and are conventionally identified to include, inter alia:



Shareholders



Employees



Board of Directors

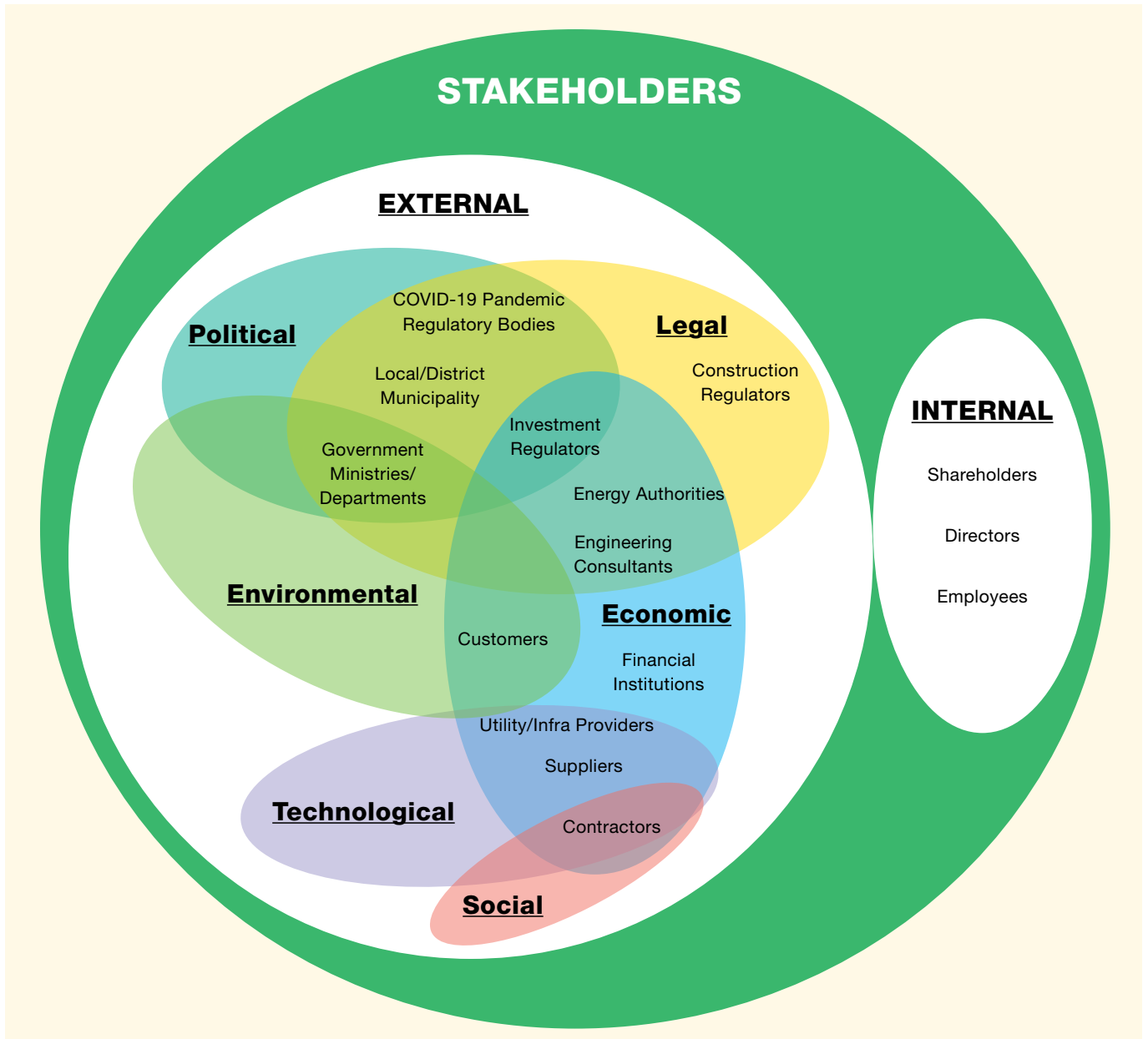
Stakeholders at the Heart of Sustainability

On the other hand, External Stakeholders are identified using our internal processes based on the “P.E.S.T.L.E. analysis”. A P.E.S.T.L.E. analysis is a framework to analyse the key factors (Political, Economic, Sociological, Technological, Legal and Environmental) influencing us from the outside.

Our External Stakeholders, would include, inter alia:

- **Customers**
- **Engineering Consultants**
- **Energy Authorities**
- **Construction Regulators**
- **Utility/Infrastructure Providers**
- **Suppliers**
- **Contractors**
- **Government Ministries/Departments**
- **Local Municipalities**
- **Investment Regulators**

The result of our Stakeholder identification process in 2021 is presented in the diagram below.



As a result of this process, we now have a better understanding of Stakeholder groups across our Boundaries. A more objective and structured approach of Stakeholder Management on Sustainability issues can now be further developed and improved continually.

Stakeholders at the Heart of Sustainability

The identification of Stakeholder is a dynamic process; we do not only rely on pre-determined Stakeholder groups without looking at the present situation. This is because changes to current affairs and the business environment is very dynamic.

An obvious example would be “Covid-19 Regulatory bodies” as a new Stakeholder group due to the current global pandemic – the “Majlis Keselamatan Negara” in Malaysia has become a great influence and impact on whether a Company can continue its business during the Movement Control Order periods implemented to curb the spread of the Covid-19 pandemic, how a Company carries out its business (Standard Operating Procedures) and whether a Company is penalised for not complying to its directives and SOPs. This non-financial dimension of operating business ultimately impacts a Company’s financial outcomes, or even business survival. Hence, it is crucial for us to be able to identify and engage with such a Stakeholder group, which does not exist traditionally.

From our analysis, we have also identified a significant amount of Stakeholder groups that are technically oriented or technical driven. This would be an indication for us to further develop technical competencies relating to Sustainability; for instance, project management teams and the sales and marketing teams should learn more about classifications, measurements, and calculations of GHG emissions when it comes to the Company’s project operations, engineering services and energy solutions, in addition to the traditional concern for occupational health and safety or compliance documentation.

In 2021, we have performed a wide array of Stakeholder Engagements, including:

1. Customer Survey on Sustainability

The Customer Survey on Sustainability was performed along with KAB’s Customer Survey form that is required for the Company to meet its ISO QMS Standards. The Survey on Sustainability form was designed to reflect the structure of the Customer Survey form so that customers would have a more standardised format to respond to.

2. Employee Survey on Sustainability

The Customer Survey on Sustainability was performed after employee representatives from various Boundaries participated in a Sustainability training conducted by an external professional. The Sustainability training, which also involved introducing and briefing the employee representatives on the Company’s new Sustainability Handbook, provided the employee representatives with a basic understanding on what ESG and EES of Sustainability means. They were also introduced to the various standards and frameworks of Sustainability.

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

3. Other Engagements with Stakeholders

Stakeholder Engagement with regards to Stakeholders other than customers and employees are recorded in various Stakeholder Engagement Worksheet.

References for Stakeholder Engagements (one-off or regular/ongoing) with the other external and internal Stakeholders that are recorded in the said worksheet include:

- Records of emails, letters, memorandums, notices and other forms of correspondences
- Minutes and records of all forms of physical and virtual meetings, seminars, briefings, forums, focus groups and trainings
- Records of all forms of physical and digital publications including websites, presentations, reports, newsletters, and press releases
- Records of surveys, studies, reviews, appraisals and/or inspections
- Records of other mechanisms deemed necessary to engage with the Stakeholders

Stakeholders at the Heart of Sustainability

Key issues and concerns relating to Sustainability that are revealed from these Stakeholder Engagements include:

- Economic matters:**
 Corporate Governance, Procurement Practices, Anti-Corruption, Anti-Competitive Behaviour, Taxation, Financial Assistance from Government, Financial Implications (risks and opportunities) due to Climate Change
- Environmental matters:**
 Materials, Energy, Water/Effluents, Biodiversity, Emissions (GHG), Waste, Environmental Compliances, Impacts caused/contributed by Suppliers
- Social matters:**
 Employment Practices, Labour Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Non-discrimination, Freedom of Association and Collective Bargaining, Child Labour, Forced/Compulsory Labour (by own Operations and Suppliers), Practices of Security Personnel, Rights of Orang-Asli/Asal, Human Rights, Local Communities, Social Impacts in the Supply Chain, Contributions for Political Causes (Public Policy), Health and Safety of Customers (Products/Services), Marketing and Labelling of Products/Services, Customer Data and Privacy, Socioeconomic Laws and Regulations

The quantitative and qualitative outcome of the Stakeholder Engagements is collected by our Sustainability Team, from the relevant organizational or operational boundary who is tasked to perform the Stakeholder Engagement activity or programme, upon its completion. The Sustainability Team organises, tabulates and analyses these outcomes to be presented to the Board via periodical Stakeholder Engagement Reports in order for the Board to plan for further response or Management decisions in view of the engagement outcomes.

As this is the first time that we systematically record our sustainability-related engagements with Stakeholders into a structured format, prior discussions or consultations between us and our Stakeholders might not have involved any major consideration involving Sustainability elements. As we continue to have more awareness on Sustainability, future engagements with Stakeholders will gradually involve more explicit consideration on Sustainability-related matters.

We have released our inaugural internal KAB Stakeholders Report 2021 after the completion of our stakeholder identification and Stakeholder Engagement processes to record and analyse all our findings on a more empirical and structured basis.

Key interests and concerns from major stakeholder groups are addressed after our ongoing engagements, whereby more detailed information is used in the determination of our Material Matters.

Stakeholder Groups	Interests and Concerns	Our response
Board of Directors	<ul style="list-style-type: none"> Governance matters Climate-related risk and opportunities Sustainability performance Sustainable financing and capital opportunities Sustainability ratings and indices Employees: Diversity 	<ul style="list-style-type: none"> Comply with regulations and legislations on all governance matters Work with external professional to build internal Sustainability (governance, environmental, social) competencies, policies, and processes Improve our sustainability performance to improve sustainability ratings and target to be on FTSE4Good Index
Shareholders	<ul style="list-style-type: none"> Corporate Governance Climate-action, green, energy saving related projects that positively impact the environment and business 	<ul style="list-style-type: none"> Comply with regulations and legislations on all governance matters Aggressively pursue business opportunities in the Sustainable Energy Solutions Division

Stakeholders at the Heart of Sustainability

Stakeholder Groups	Interests and Concerns	Our response
Employees	<ul style="list-style-type: none"> • Privacy and data protection • Human rights and labour relations • Training and education • Employment practices, diversity, non-discrimination and inclusion • Occupational Health and Safety 	<ul style="list-style-type: none"> • Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010 • Human Rights Policy • New training sessions on Sustainability in 2021 • Improvements in employment practices • New and updated Workplace Environment Occupational Safety and Health Policy
Customers	<ul style="list-style-type: none"> • Occupational Safety and Health • Privacy and data protection • Products and services that achieve Sustainability targets 	<ul style="list-style-type: none"> • New and updated Workplace Environment Occupational Safety and Health Policy • Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010 • Sustainable Energy Solutions
Suppliers and Contractors	<ul style="list-style-type: none"> • Price fluctuations • COVID-19 pandemic related Standard Operating Procedures (SOPs) • Safety measures 	<ul style="list-style-type: none"> • Managing procurement practices • Compliance with government regulations on COVID-19 • Strict compliance to our safety and health standards, policies and regulations
Engineering Consultants	<ul style="list-style-type: none"> • Price fluctuations • COVID-19 pandemic related Standard Operating Procedures (SOPs) 	<ul style="list-style-type: none"> • Managing procurement practices • Compliance with government regulations on COVID-19 • Strict compliance to our safety and health standards, policies and regulations
Government Departments	<ul style="list-style-type: none"> • Occupational Safety and Health • COVID-19 pandemic related Standard Operating Procedures (SOPs) 	<ul style="list-style-type: none"> • Compliance with government regulations on COVID-19 • Strict compliance to our safety and health standards, policies and regulations

Focusing on Our Material Matters

In 2021, we have conducted our Materiality Analysis to identify our material sustainability matters. We published our inaugural internal Materiality Report 2021, whereby the report documents the process, methodology and results with regards to the Materiality Analysis in order to define the final list of Material Matters.

Our Materiality Analysis is tied to two Reporting Principles for defining report content, i.e. Materiality and Completeness, of the GRI Standards.

The Materiality Principle states that the report shall cover matters ("Material topics") that:

- reflect the reporting organization's significant economic, environmental, and social impacts; or
- substantively influence the assessments and decisions of Stakeholders.

A combination of internal and external factors can be considered when assessing whether a particular matter is Material. These include our overall mission and competitive strategy, and the concerns expressed directly by our Stakeholders via Stakeholder Engagement. Assessments of Materiality are also expected to take into account the expectations expressed in international standards and agreements with which we are expected to comply. Applying the Materiality Principle ensures that our Sustainability Report prioritises Material Matters.

The Completeness Principle further states that our Sustainability Report shall include coverage of Material Matters and their Boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable Stakeholders to assess the reporting organization's performance in the reporting period.

Together, the Material Matters covered in this report are expected to be sufficient to reflect our significant economic, environmental and/or social impacts, and to enable our Stakeholders to assess our Company. In determining whether the information in the report is sufficient, we consider both the results of Stakeholder Engagement processes and broad-based societal expectations that are not identified directly through Stakeholder Engagement processes.

The Materiality Analysis is designed based on key factors below:

1. The interests and expectations of Stakeholders specifically invested in our Company, such as employees, shareholders, the board of directors etc.
2. Key organizational values, policies, strategies, operational Management systems, goals, and targets.

3. The core competencies and the manner in which they can contribute to sustainable development.
4. Consequences which are related to its impacts on the economy, the environment, and/or society (for example, risks to its business model or reputation)
5. The main topics and future challenges for the sector.
6. Laws, regulations, or agreements of strategic significance to the Company and its Stakeholders.

Stakeholder groups that were considered when conducting the Materiality Analysis, according to importance and weightage are:

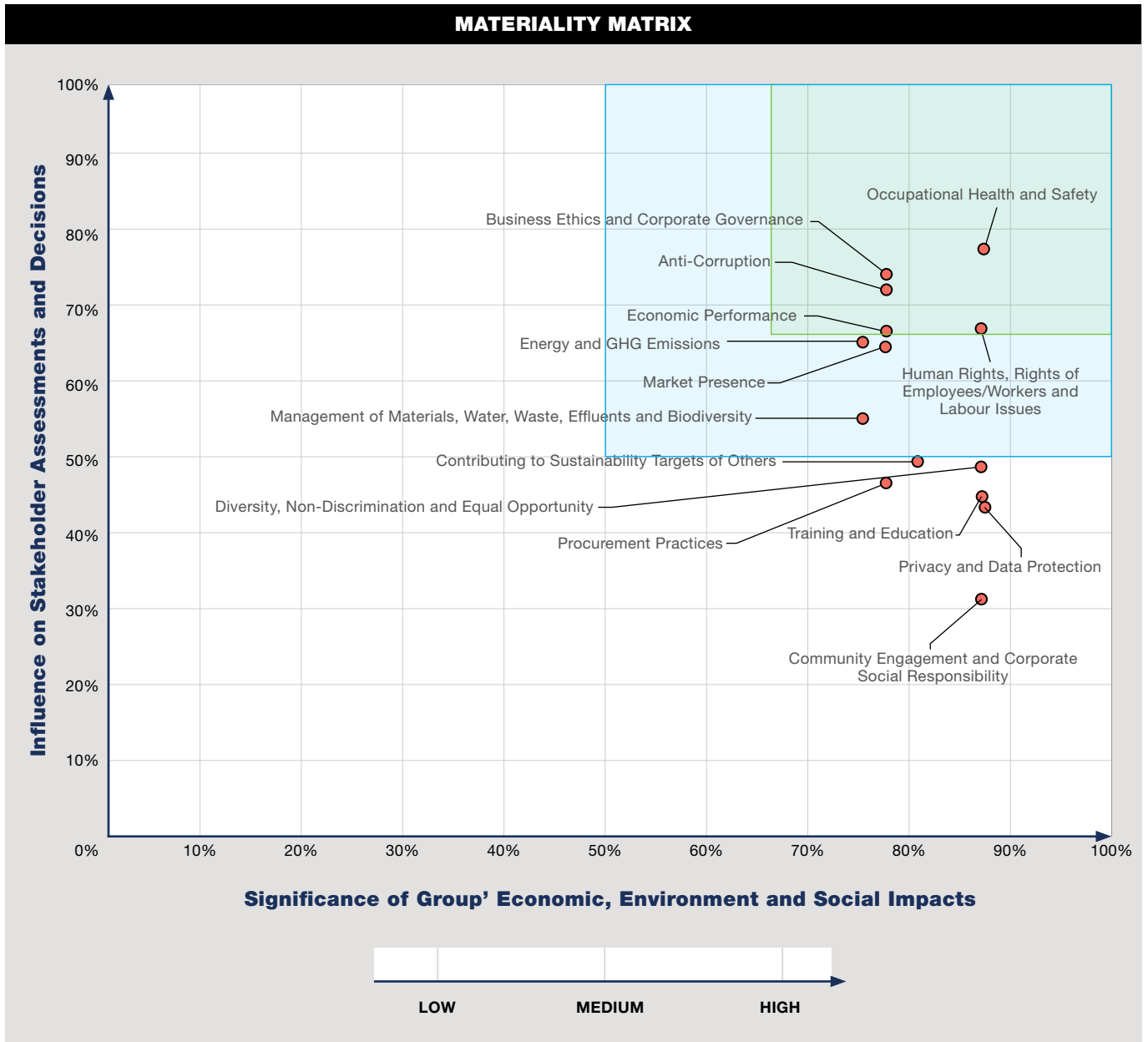
1. Shareholders and Investors
2. Board of Directors
3. Government and Regulators
4. Customers
5. Employees
6. Financial Institutions
7. Suppliers, Contractors, Engineering Consultants

Finally, matters that reflect our significant economic, environmental, and social impacts, or that substantively influence the assessments and decisions of stakeholder groups above where consolidated into different categories of sustainability matters in the Materiality Analysis:

1. Economic Performance
2. Market Presence
3. Business Ethics and Corporate Governance
4. Anti-Corruption
5. Procurement Practices
6. Management of Materials, Water, Waste, Effluents and Biodiversity
7. Energy and GHG Emissions
8. Human Rights, Rights of Employees/Workers and Labour Issues
9. Diversity, Non-Discrimination and Equal Opportunity
10. Occupational Health and Safety
11. Training and Education
12. Privacy and Data Protection
13. Community Engagement and Corporate Social Responsibility
14. Contributing to Sustainability Targets of Others

Focusing on Our Material Matters

From our detailed analysis, we have determined our Materiality Matrix.



As a result of our Materiality Analysis, the most Material Sustainability Matters (Material Topics) spanning Economic, Environmental and Social dimensions are prioritised as below:

1. Occupational Health and Safety
2. Business Ethics and Corporate Governance
3. Anti-corruption
4. Economic Performance
5. Human Rights, Rights of Employees/Workers and Labour Issues
6. Energy and GHG Emissions

The results of the Materiality Analysis are documented in our Materiality Report 2021. The Material Matters defined are prioritised for to be managed and reported in this Sustainability Report.

Materiality Analysis does not require external validation or assurance. However, the analysis and definition of the Material Matters are reviewed by the Sustainability Team and thereafter sent to the Board for final validation and approval.



KEEPING ALL OF US SAFE AND HEALTHY

As we continue to uphold our vision to excel as a one-stop engineering and energy solutions provider, we commit to high occupational safety and health (“OSH”) standards, via our compliance with occupational safety and health regulations and Management systems throughout all our operational sites. Through engagement with our internal and external Stakeholders, occupational safety and health is a highly prioritized material topic.

At KAB, we have our own “Workplace Environment Occupational Safety and Health Policy” that provides a framework for the Company 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 safety and health throughout the organization, 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 safety and health 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 Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), and the World Health Organization (WHO), and the United Nations Sustainable Development Goals (UN SDGs).

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

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

To achieve our goals and responsibilities in terms of occupational safety and health, KAB been implementing its occupational safety and health (OSH) Management system, 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 Company’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 recognized standards such as ISO 45001:2018. KAB will be certified with ISO 45001:2018 standards by the year 2022.

Our OSH Management system comprises of key roles of safety and health professionals at the workplace.

1. Safety and Health Manager

The responsibility of the safety and health manager includes safety and health matters in the day-to-day operation, including supervising all safety personnel. He or she is in charge of training programmes for all personnel including internal and external training courses, monitoring work of site safety officers and their staff, monitoring all safety records, preparation of safety statistics, initiating safety improvements, supporting and advising the project manager on safety matters, and coordinating all subcontractor safety officers and their staff. The safety and health manager has the authority to stop any unsafe work conditions, and order repairs to sub-standard conditions.

2. Safety Officer

The Safety Officer reports to the Safety and Health Manager for all matters of safety policy and procedure. The Safety Officer routinely conducts audits and inspections in the workplace and in each site, and issues reports which are reviewed by the Safety and Health Manager.

3. Site Safety Supervisor

All site safety supervisors are responsible for the safety and health of the personnel under their control. They report to the Project Manager, Construction Manager, Project Engineer or Site Engineer depending on the organizational structure of each project. The supervisor is responsible for employees under his supervision and accountable for the effective enforcement for safety and health plan within his scope of responsibility.

Keeping All of us Safe and Healthy

The OSH Management system in principle covers all levels of employees, activities and workplaces within the Company's operations. The OSH Management system also achieves continual improvements in overall occupational safety and health performance, by integrating practises such as 5S - sort, set in order, shine, standardise and sustain.

The Company uses a detailed hazard identification, risk assessment and determining control ("HIRADC") guideline to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply controls in order to eliminate hazards and minimise risks. The HIRADC guideline is reviewed and updated annually by the Management, to implement essential control measures to address all potential and underlying conditions at the workplace, especially at project sites. The following are the components of the HIRADC guideline:

1. Sequence of Job/Activity
2. Hazard Group & Potential Hazard
3. Potential Harm/Consequences
4. Current Control Measure
5. Risk Evaluation
6. Risk Level
7. Legal Requirements

Only competent persons such as Safety and Health Manager, Safety Officer or Site Safety Supervisor implements the HIRADC guideline, whereby the results of these processes are used to identify and investigate work-related incidents, to feedback to the Management to control hazards and risks, and to evaluate and continually improve the OSH Management system. Through these competent persons in the work hierarchy, employees and workers are able to report work-related hazard and hazardous situations, and to remove themselves from work situations that they believe could cause injury or ill health. Human rights of employees and workers are protected, and they are protected from any form of reprisals as provided for in the Workplace Environment OSH Policy of the Company.

Additionally, the Workplace Environment OSH Policy of the Company also provides for occupational health service. Functions of occupational health services, in accordance to local laws and regulations, include:

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

We understand that occupational safety and health is not only a critical part of sustainability governance which is often seen generally as a top-down approach; however, we believe that when it comes to the safety and wellbeing of everyone that is involved in the business chain, everyone should have a say and can contribute to any improvements in this area.

Hence, OSH is also an important aspect to engage with our Stakeholders such as our employees. A joint Management-employee committee called the Safety Committee is established to include employee participation and consultation with regards to the OSH Management system, and for communicating relevant information to the employees and workers. The Safety Committee reports to the Managing Director who along with the board, has oversight over all aspects of OSH in the Company.

For project sites, Site Safety Management Committees are established to monitor the implementation of Safety Plans. The committee comprises of the project director, safety and health manager, project manager, safety officer, project engineer, supervisory staff, employees and workers, and also sub-contractors. Safety briefings and group discussions are carried out every month, while "Tool Box Meetings" are held every day to avoid specific dangers known beforehand and to ensure that working procedures are corrected accordingly.

Keeping All of us Safe and Healthy

In order to ensure that OSH matters are always in the mind, and practiced by our employees and workers, educational and training sessions and communication updates are provided on a regular basis.

Method	Daily	Weekly	Monthly	Quarterly	Ad Hoc
Safety Briefings	√	√			
Equipment and Tool Usage Safety	√				
Safety Communication Board		√			
First Aid			√		
Emergency Rescue				√	
Firefighting				√	
Safety Seminar/ Workshop				√	
Safety Awareness				√	
Signalman Safety					√
Scaffold Safety					√
Safety Induction					√
Safety Booklets					√
Safety Counselling					√

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

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

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

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

OUR KEY OSH PERFORMANCE DATA

“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 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.

Keeping All of us Safe and Healthy

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 organizations, 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 100 full-time workers over a one-year timeframe, based on the assumption that one full-time worker works 2,000 hours per year. We have chosen 200,00 hours to for our calculation, due to the current size of the organization and projects.

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

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

As the number of our projects continue to grow, we continue to uphold our responsibilities in terms of safety and health in all our project sites to contribute to ensuring zero 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 2021:

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

For all workers who are not employees but whose work and/or workplace is controlled by the organization in 2021:

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

Keeping All of us Safe and Healthy

The HIRADC guideline below shows how hazards have been determined and the controls that are used to eliminate hazards and minimise risks:

No.	Sequence of Job / Activity	Hazard Group & Potential Hazard	Potential Harm / Consequences	Current Control Measure
1.	Installation of conduit pipe	<ul style="list-style-type: none"> • Cutting component 	<ul style="list-style-type: none"> • Expose to hand or finger injury 	<ul style="list-style-type: none"> • Project / Safety team to ensure briefing must be done daily and monitor the processes closely
2.	Working at height (working on slab)	<ul style="list-style-type: none"> • Fall from height • Severe Weather • Fall of Object 	<ul style="list-style-type: none"> • Body injury • Death case 	<ul style="list-style-type: none"> • Clear material on slab or working area • Use lift line
3.	Loading material	<ul style="list-style-type: none"> • Loss of load during unloading • Severe weather • Miscommunication 	<ul style="list-style-type: none"> • Body injury • Death case 	<ul style="list-style-type: none"> • Do not hoist lift overhead, don't stand below load being lifted, barricade area and/or signage
4.	Installing and/or Pulling cable	<ul style="list-style-type: none"> • Trip and falls • Cutting component 	<ul style="list-style-type: none"> • Body injury 	<ul style="list-style-type: none"> • Use industrial ladder or stools on site
5.	Installation of cable tray / trunking	<ul style="list-style-type: none"> • Trip and fall • Clipping of finger • Cause of flame • Cause of fire sparking 	<ul style="list-style-type: none"> • Body injury 	<ul style="list-style-type: none"> • Clear daily and place them at designated area scrap material shall be recovered for reuse where possible
6.	Hot work activities	<ul style="list-style-type: none"> • Cause of flame 	<ul style="list-style-type: none"> • Building cause fire • Body injury • Death case 	<ul style="list-style-type: none"> • Project / Safety team to ensure briefing must be done daily and monitor the processes closely • A fire extinguisher to located at working area
7.	Machineries or tools	<ul style="list-style-type: none"> • Sharp tools • Durability 	<ul style="list-style-type: none"> • Body injury • Death case • Hand injury 	<ul style="list-style-type: none"> • Advance training on using tools or machineries • Project / Safety team to ensure briefing must be done daily and monitor the processes closely on/ before using tools and machineries
8.	Mobile scaffold	<ul style="list-style-type: none"> • Falls and slip 	<ul style="list-style-type: none"> • Body injury 	<ul style="list-style-type: none"> • Tagging system by component scaffolder for scaffold
9.	Conceal work	<ul style="list-style-type: none"> • Falling of object • Falling of tools • Dust • Noise 	<ul style="list-style-type: none"> • Body injury • Miscommunication 	<ul style="list-style-type: none"> • Ensure work area is free from another worker working nearby
10.	Housekeeping	<ul style="list-style-type: none"> • Sharp object 	<ul style="list-style-type: none"> • Hand injury 	<ul style="list-style-type: none"> • Implemented 5s system
11.	Insulation Testing	<ul style="list-style-type: none"> • Broken of material • Electrical shock and cause of flame 	<ul style="list-style-type: none"> • Death case 	<ul style="list-style-type: none"> • To get electrical charge man standby for any test need to be done • Project / Safety team to ensure briefing must be done daily and monitor the processes closely

We follow Malaysia's Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (NADOPOD) Regulations by the Department of Occupational Safety and Health (DOSH) in our Management processes and recording.

LINKING WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

Our management approach to Occupational Safety and Health is driven towards contributing to the following UN SDGs





UPHOLDING ETHICS AND INTEGRITY IN OUR GOVERNANCE

“We should all put into practice the Golden Rule of dealing with the other fellow as we would like to have him deal with us. But service is something more than selling goods which are all wool and a yard wide and making delivery according to the contract. To give real service you must add something which cannot be bought or measured with money and that thing is sincerity and integrity.”

- Donald A. Adams,
President of Rotary International, 1926

It is still true after almost a century after this statement was published, that, “to give real service you must add something which cannot be bought or measured with money and that thing is sincerity and integrity.” Being an engineering and contracting solutions and services provider, this principle applies to how KAB conducts our business as well.

Our internal and external Stakeholders have made it clear that business ethics, corporate governance, anti-corruption matters that ties-in with our economic performance, are material to our business. All of these matters create impacts to all of our organizational boundaries, from our corporate office to all our subsidiaries.

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

As a Company listed on the Main Board of Bursa Malaysia Securities Berhad, our first responsibility in managing business ethics, corporate governance, anti-corruption and economic performance is to meet all Main Market Listing Requirements (“MMLR”) as set out by Bursa Malaysia Securities Berhad, and the Malaysian Code of Corporate Governance (“MCCG”) as set out by the Securities Commissions Malaysia, along with all laws and regulations that apply.

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

Upholding Ethics and Integrity in Our Governance

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

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

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

We wish to note that we our Management of sustainability matters are in line with the latest MCGG updates (2021), as per the principle below:

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

Hence, as a part of effective board leadership and oversight, we have established our Sustainability Team to monitor and manage material sustainability matters under the purview of the board, while the board itself has also been engaging in competency building and actual implementation of sustainability considerations in the strategy, governance and decision-making process.

Additionally, the updated MCGG further states that “the Company’s sustainability strategies, priorities as well as targets and performance against these targets should be communicated to the internal and external Stakeholders of the Company. Employee awareness and understanding of the Company’s approach to sustainability (‘what we do

and why we do it’) will keep them engaged on sustainability issues and support actions on sustainability across the Company.”

Therefore, we have aggressively stepped up our internal and external Stakeholder Engagements in terms of Sustainability Matters. Specifically, we have increased employee awareness and understanding of our approach to sustainability by conducting topic-specific sustainability trainings throughout our boundaries and also published our very first Sustainability Handbook for the guidance of all employees.

Our Sustainability Handbook guides us on how to be active contributors in Sustainability – providing 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. The board has mandated for the Sustainability Handbook to serve as a compass and create a shared knowledge reference of sustainability concepts, rationale and values to all levels of Management and employees.

At KAB, we also have a series of codes and policies that expresses our commitments, our procedures and processes on these material 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

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

A 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 complaints and reports received through the mechanism.

Upholding Ethics and Integrity in Our Governance

In our whistleblowing and grievance policies and mechanisms, we have identified certain conducts that are deemed reportable for further investigation and response, including acts that are:

1. Against the law or failure to comply with legal or regulatory obligations
2. Unethical or in breach of Code of Conduct or other policies
3. Dishonest, fraudulent or corrupt
4. Involves coercion, harassment, victimization or discrimination
5. Misleading or deceptive, including questionable accounting, financial reporting or auditing practices
6. 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
7. Likely to cause financial loss to the Group, damage its reputation, or be otherwise detrimental to the Group

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

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

To strengthen our governance more holistically, the Board also has an established Risk Management Committee in accordance to the MCCG, to oversee the Company's Risk Management Framework and Policies.

This committee has now also put into consideration financial implications and other risks and opportunities due to climate change. We have put into practice the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations in our inaugural TCFD Report 2021, in terms of governance, strategy, risk Management, and metrics and targets. A system is being developed to calculate actual financial implications or costs, or to make revenue projections, by the next year.

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

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

Upholding Ethics and Integrity in Our Governance

OUR KEY INTEGRITY DATA

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

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

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

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

Upholding anti-corruption and anti-bribery in our Company is a core part of maintaining integrity in our business operations and business practices. By 2021, we have made sure that all levels of the organisation from the highest governance body members to all employees have been involved with anti-corruption measures.

Anti-corruption Measures in 2021	Board Members	Employees in Management Positions	Employees below Management Positions
Communication of anti-corruption policies and procedures	100%	100%	100%
Training on anti-corruption	100%	100%	100%

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

Anti-corruption Measures in 2021	Suppliers/ Contractors	Customers
Communication of anti-corruption policies and procedures	100%	100%

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.

LINKING WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

Our management approach to upholding ethics and integrity in our governance is driven towards contributing to the following UN SDGs.





PEOPLE AT THE HEART OF OUR BUSINESS

We believe that the only way to grow is to be responsible to our people and create positive impacts together that contributes to sustainable development. People centric areas such as human rights, rights of employees in our employment and labour/management relations are at the top of our sustainability list because not only does our business requires us to focus on these areas, but also these are areas that concern and interest our Stakeholders.

We are responsible for people throughout our business operations, from our corporate headquarters, to our subsidiaries locally and overseas, and to our various ongoing project sites, where all our impacts occur. Our corporate headquarters has central oversight and measures of all people-related matters throughout the entire organization. Measures are also channeled and communicated to the various locations of our operations and to our business relationships such as to our vendors and contractors. Hence, we are able to have good oversight on our people-related impacts more comprehensively.

We want to do the right things and do things the right way. That is why we look at our people-related impacts in employment, on how we manage our employee and labour relations, and on other areas concerning human rights in our business relations and our value chain. Even though we have cross-country operations, we ensure that all people-related matters comply with our Company policies, local legislations, and international principles and standards.

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

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

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

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

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

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

People at the Heart of our Business

The Board and the Management continually review the people-related policies, processes and our approach to managing people. Matters are identified in the Management and Sustainability Team on a regular basis and are brought to the attention of the Board when necessary for decision making during quarterly Board meetings. Policies and procedures are reviewed at least once every year and resulting changes would be made when deemed necessary to keep up with recent developments in standards, conventions, laws and regulations.

We also benchmark ourselves with the industry that we are in by learning from peers and also the wider global trends. It comes to show that we are not taking a passive, but an active approach on our employment, labour/management relations and human rights dimensions.

Our 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 such as meeting Malaysia's target to have at least thirty (30) percent women representation in decision-making positions and at least one female Board member, and zero involvement with forced labour, human trafficking and child labour. Hence, to continue developing our internal competencies to manage people-related impacts, our Board, Management and employees attend trainings with regards to Human Rights in business and the workplace that are conducted by consultants and specialists in the area.

Human Rights training in 2021/2022:

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

While the Board and Management have ultimate oversight and governance on people-related matters, the Management also takes the views of the employees when making decisions. We ensure that timely discussions, consultations and engagements are conducted with employees of different levels when there are any significant operations changes. Unless otherwise stated in the employment contract, policies or government regulations (during emergency situations such as during the COVID-19 pandemic 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.

People at the Heart of our Business

OUR KEY PEOPLE-CENTRIC DATA

We value our people and do our best to attract and retain talents to grow with us. In 2021, the number of talents have grown as we continue our business growth. Our total number of employees within the Company has grown to two hundred and sixteen (216) in 2021 by the end of the reporting period.

Age group	Total new hires	Rate of new hires
Under 30 years old	51	23.6%
30-50 years old	34	15.7%
Over 50 years old	6	2.78%

Gender	Total new hires	Rate of new hires
Female	20	9.3%
Male	71	32.9%

Region	Total new hires	Rate of new hires
Malaysia	91	42.1%
Foreign	0	0%

While valuing our talents, we understand that there would always be movements in our pool of employees. Nevertheless, we try our best to retain our talents while enabling our employees to progress to other opportunities.

Age group	Total Turnover	Turnover Rate
Under 30 years old	30	13.9%
30-50 years old	26	12.0%
Over 50 years old	3	1.4%

Gender	Total Turnover	Turnover Rate
Female	22	10.2%
Male	37	17.1%

Region	Total Turnover	Turnover Rate
Malaysia	59	27.3%
Foreign	0	0%

LINKING WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

Our management approach to human rights, rights of employees in our employment and labour/management relations is driven towards contributing to the following UN SDGs.





ENERGISING CLIMATE ACTION

As climate change and global warming continue to be one of the most pressing issues, KAB has set its way ahead to align its operations internally, and engineering solutions externally to meet global climate change and climate action commitments. Even though we are at the beginning of our climate action journey, we believe our passion and drive will accelerate our progress towards achieving our sustainability aspirations in terms of the environmental aspect. We believe in the mantra “For a Greener Earth” in everything that we do.

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, KAB along with our Stakeholders view that the Management of energy is inseparable from the Management of energy-related greenhouse gas emissions. Additionally, all businesses whether large or small, inevitably emits greenhouse gas and has a carbon footprint.

The impacts of energy and emissions are present in every operational boundary. 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.

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

▶ **Scope 1** emissions are direct GHG emissions that occur from sources that are owned or controlled by the Company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.

▶ **Scope 2** emissions are energy indirect emissions from the generation of acquired and consumed electricity, steam, heat, or cooling.

▶ **Scope 3** emissions are indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions.

Energising Climate Action

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

1. Prior to the COVID-19 pandemic that gradually grew global beginning from the end of 2019, we have already begun framing and reporting on our emissions data. However, if the benchmark is set in this year, the data trend would be disrupted due to the pandemic that would have caused significant changes in the subsequent year.
2. 2020 is also an unsuitable base year because there are too much fluctuations, instabilities and uncertainties due to the COVID-19 pandemic crisis that has disrupted business operations throughout all our energy and emissions boundaries. Emergency lockdowns, halting of business operations, restrictions in travelling, and restricting employee access to the workplace for social distancing purposes, has caused data trends to not reflect business as usual scenarios and hence the effect of any energy or emissions reductions initiatives could not be clearly visible.
3. 2021 would be the most adequate base year as the “new normal” because COVID-19 has begun to set in. Energy consumption and emissions that arise from the course of business is seen to have a more stable trend as operations in the Company and also throughout the business value chain are no longer disrupted from any emergency measures to deal with the pandemic. “Work from home” has become a central part of the new normal for many individuals and entities within the business value chain, and would be seen as a being continued in the future as business operations begin to reduce physical activities by transitioning to virtual work activities. Net zero targets with a sufficiently stable starting point will provide more meaningful tracking of initiatives and achievables.

In following the GHG Protocol framework, recalculation may be necessary when changes to base-year emissions would exceed the Company’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.

As an electrical engineering solutions provider, we manage energy and emissions both internally 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.

We have continued to grow in the direction of renewal energy as we continue to excel in our traditional mechanical and electrical (M&E) engineering solutions that includes:

- High and low voltage electrical installations
- Ventilation and air conditioning systems
- Security systems
- Building services system
- Hospitality systems
- Project inspection
- Factory acceptance tests
- Maintenance services

In our Sustainable Energy Solutions’ portfolio, we have several key areas of focus, namely chiller optimization, co-generation, waste heat generation and solar photovoltaic systems. For the purposes of energy to emissions calculations throughout this report, The Grid Emission Factor of Peninsular Malaysia in 2017 was 0.585 tCO₂/MWh according to the Malaysia Green Technology Corporation’s CDM Electricity Baseline for Malaysia.

Energising Climate Action

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 five (5) projects in operations throughout Malaysia and the total of energy saved for these five (5) projects in 2021 comes to a total of 1,768,570 kWh. This means that there is an avoidance of 1,034 tCO₂e emissions in 2021 from the reduction of energy consumption in the chiller operations of the buildings in these projects.

Success Story: BMC Mall, Malaysia

Chiller Optimisation solutions was provided to BMC Mall in Malaysia in order to achieve energy savings in the daily operations of the building. Since the project commenced in the end of 2019 to 2021, the project has reduced energy consumption of 847,908kWh and reduced CO₂ emissions of 496 tCO₂e.

2. Clean Energy Generation: Co-generation

Co-generation means simultaneously producing electricity and steam from a single fuel source. Co-generation is relevant for all facility that requires energy, hot water, cold water or steam.

In conventional generation systems, coal is used to move the turbines that causes the generator to generate electricity, while natural gas is used as fuel for the heating unit that produces heat. Co-generation system uses only natural gas to feed into the co-generation unit to directly produce electricity while at the same time fueling the heating unit for heat energy.

Success Story: Careglove Global, Malaysia

The build, own, operate contract of the captive Co-generation plant has the capacity to generate 1.5MW of electricity and useful in the form of hot water for the usage of the production line in the factory. The Co-generation plant commenced operations in the September 2021 and had generated a total of 3,328,891kWh of electricity.

3. Clean Energy Generation: Waste Heat Recovery

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

Success Story: Safran, Malaysia

The ORC facility started operations since July 2020. For the next eight (8) years, the project is estimated to generate a total of 134,400,000 kWh of electricity while mitigating 78,624 tCO₂e of emissions. For the year 2021, the project generated a total of 7,254,829 kWh, whereby an equivalent of 4,244 tCO₂e was avoided compared to fossil-fuel generation.

Energising Climate Action

4. Clean Energy Generation: Solar Photovoltaic System

Solar PV systems harness the power of the sun to generate electricity. As of 2021, we have a total of twelve (12) awarded projects with a total capacity of 16,176 kWp output. We will continue to pursue aggressively solar projects that has been proven to be one of the cleanest energy generation technologies to-date.

Success story: SME Aerospace, Malaysia

The solar PV project commenced since July 2020, and is designed to generate approximately 46,874,917.02 kWh for the next twenty-five (25) years. An estimated 27,422 tCO₂e will be avoided in the course of the twenty-five (25) years of energy generation. The system was fully operational by the end of 2021, and generated a total of 214,572.94 kWh for the two months in full operation and avoided emissions amounting to 126 tCO₂e.

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
- Using energy saving LED lights
- Using timers on air conditions in our offices for be more efficient in reducing energy wastage

The management and commitments on energy and emissions is also encapsulated on our Environmental Policy which reflects our commitment to having a wholistic approach on environmental management towards contributing to climate action, climate change adaption and sustainable development goals:

- The Company commits to using energy more efficiently and opting for renewable energy sources, which is essential for combating climate change and for lowering the Company's overall environmental impacts.
- The Company commits to address its GHG emissions and to improve operational efficiency, which would result in a reduction of its GHG emissions. The Company would also consider setting short to long term targets for GHG emissions in line with the relevant national or international regulations, standards and/or accords.
- Any employee or any third party may report any feedback or grievances with regards to any negative impacts with regards to energy and emissions via our Sustainability email. The Management will thereafter investigate, address and respond to the concerns expressed in the feedback and will take appropriate corrective action in response to any negative impacts.

The Board along with the Management continues to develop and evaluate mechanisms, measures and strategies in terms of the internal performance of energy and emissions reduction towards our net zero goals, while at the same time aggressively pursue opportunities to bring clean energy and emissions-reducing solutions to the market in order to achieve the targets set out in the Paris Climate agreement to limit global warming to well below 2°C, preferably to below 1.5°C, compared to pre-industrial levels.

Energising Climate Action

OUR KEY ENERGY DATA

In terms of our energy consumption, KAB's operational boundaries in Malaysia include purchased energy from the national grid, and also natural gas for the generation of electricity in our co-generation project.

Non-renewable – Natural Gas	2019	2020	2021
sm ³	0	0	902,907
kWh	0	0	9,525,668

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

Electricity Sold	2019	2020	2021
Co-generation (kWh)	0	0	3,220,682
Solar (kWh)	0	0	214,572.94
Total (kWh)	0	0	3,435,254.94

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

Total energy consumption within the organization	=	<ul style="list-style-type: none"> 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
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Description	kWh
Non-renewable fuel consumed (Natural Gas)	9,525,668
Renewable fuel consumed	0
Electricity purchased for consumption	101,357
Self-generated electricity which are not consumed	0
Electricity sold (-)	-3,435,255
Total Energy Consumption	6,191,770

Energising Climate Action

OUR KEY EMISSIONS DATA

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

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

Scope 1 Emissions

For the purposes of our record, the average RON95 pricing per litre in 2021 is approximately MYR2.05, whereby 25,060 litres of petrol was purchased for the use of Company owned vehicles. Hence, based on Carbon Trust's Fuel Conversion 2020, the total of 54.3 tCO₂e emissions was derived.

Owned Transport – Petrol	2019	2020	2021
Emissions (tCO ₂ e)	32.6	30.1	54.3

Since September 2021, we have an addition of emissions from co-generation as a result from the combustion of natural gas. The total of natural gas that was consumed was 902,907.42 sm³. The emission factor for stationary combustion of natural gas is according to the WRI GHG Emission Factors Compilation, 2017.

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

Hence the total of Scope 1 emissions for the year 2021, including both owned transport and natural gas combustion, is 1,756 tCO₂e. For the reasons mentioned above, the year 2021 shall be the base year for Scope 1 emissions tracking moving forward.

Scope 2 Emissions

For the reporting period from January to December 2021, our purchased electricity was 101,357 kWh.

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

There was a significant drop in electricity purchase and consumption as a result of the COVID-19 pandemic which involved nationwide lockdowns, halts in business operations, restrictions in travelling to work and also limitations to total number of people being allowed to be present at the workplace. However, as the government begins to issue policy relaxations and also provide vaccinations to the population, we were able to accelerate our progress to make up on our lost opportunities during the pandemic crisis. Hence, 2021 has seen growth in our energy consumption and our Scope 2 emissions, in line with our growth in activities. For reasons stated above, 2021 as the beginning of the “new normal” shall be our base year moving forward.

Energising Climate Action

Scope 3 Emissions

In conformance with the GHG Protocol Corporate Standard, reporting Scope 1 and Scope 2 emissions are a requirement. However, reporting is only optional with regards to Scope 3 – companies may report any Scope 3 emissions the Company chooses. There are fifteen (15) categories of Scope 3 emissions, including eight (8) categories from upstream activities and seven (7) categories from downstream activities.

From our previous experience, we have tracked air travel in our business which is a part of Category Six (6): Business Travel. This category includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. However due to the pandemic, business travel is increasingly limited not to mention severe restrictions on air travel. It is a blessing in disguise for the environment, because many physical business engagements have been transitioned to virtual engagements with no loss of engagement effectiveness.

For business travel (air travel) calculations, 2021 shall be the base year moving forward. Fuel consumption per flight, and therefore, emissions per flight shall henceforth be based on Carbon Independent’s calculation on aviation, whereby Carbon Independent values of 250 kgCO₂e per hour is within the range of other published values.

Category 6: Business travel – air travel	2019	2020	2021
Emissions (tCO ₂ e)	4.4	1.2	1.0

Significant Scope 3 emissions will also come from our employee commuting (Category Seven (7): Employee Commuting), as the economy recovers and operations adapt to the new normal. 2021 shall be the base year moving forward. The average data method in accordance to GHG Protocol is used as the base for calculations, with parameters including two hundred sixty-one (261) working days (average five (5) working days a week) in Malaysia in 2021 and assumption that employees use private passenger cars, and an average of twenty (20) kilometres round-trip per day for commuting to work.

According to the GHG Protocol Technical Guidance for Scope 3 Emissions:

“Companies may use average secondary activity data to estimate distance travelled and mode of transport. This may include using:

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

Emissions conversions are based on Carbon Trust’s Passenger Transport Conversion Factor 2020.

Category 7: Employee commuting for 216 no. of Employees	2021
Emissions (tCO ₂ e) – Passenger Cars	19.65

The total amount of Scope 3 Emissions in 2021, including both Categories 6 and 7, is 20.65 tCO₂e.

LINKING WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

Our management approach to energizing climate action is driven towards contributing to the following UN SDGs.



Covering All Our Bases

Even though there are Sustainability Matters that have been defined as highly material to us in the reporting year, it does not indicate that other matters are not within the scope of our Sustainability Management and Reporting.

In order to be a Sustainable leader in the industry, and to be a highly responsible Company that constantly considers not only our financial performance but also our impacts in the environmental and social dimensions, we continue to systematically identify, measure, control, and manage Sustainability matters and performance targets.

KEY BUSINESS AND ECONOMIC DATA

Business Category	Business Services	Business Models
Core and Conventional Business	Electrical Services	<ul style="list-style-type: none"> • Tenders • Service Contracts
	Mechanical Engineering Services	
	Extra Low Voltage Services	
	Operation and Maintenance (O&M) Manual	
New and Pioneering Solutions	Clean Energy Generation	<ul style="list-style-type: none"> • Energy Performance Contract (EPC) • Build Own Operate Transfer (BOOT) • Power Purchase Agreement (PPA) • Other models depending on customers' needs and the nature of the project
	Energy Efficiency Solutions	
	Renewable Energy	
	Asset Management Services	

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

Covering All Our Bases

KEY ENVIRONMENTAL DATA

Water	
Description	Information and Data
Environmental Policy	<p>Through understanding its water use, the Company can assess the impacts it has on water resources that benefit the ecosystem, other water users, and the Company itself. The Company uses relevant information for effective water management.</p> <p>The Company commits to identify and manage its water-related impacts. The Company can reduce its water consumption and associated impacts through efficiency measures, such as water conservation, recycling, reuse, or process redesign throughout its business as well as specific sites. The Company may also consider collective actions that extend beyond its operations such as working with other companies operating at the same site.</p> <p>The Company also commits to engage with its External Stakeholders such as suppliers and customers to address issues relating to water use and the reduction of negative impacts in this area.</p>
Action(s) taken to reduce water use	<p>Employees, workers, suppliers, contractors and customer workers need to adhere to the Environmental Policy.</p> <p>Water usage at sites are monitored, water wastage is reduced by minimizing leakages in water distribution, e.g. pipes and faucets.</p>
Works with others to reduce water use	<p>Working with local water authorities and local contractors whenever necessary to minimise non-revenue water (NRW).</p> <p>Shared water resource with other parties at the same site.</p>
Targets to reduce water use	<p>Water consumption and usage increases proportional to the increase of headcount in the workplace.</p> <p>Targets will be set as to the average water use per employee, in order to track the reduction of water.</p> <p>The baseline year shall be set as 2021 onwards, as per the justification laid out in this report.</p>
Operations at water-stressed areas and areas with high water-related risks	None at present
Stakeholders at water-stressed areas and areas with high water-related risks	None at present
Financial quantification of water-related risks	None at present
Financial quantification of R&D for mitigation of water-related risks	None at present
Water and effluent discharge	None at present (National sewerage system; no own water treatment)
Water withdrawal from natural sites	None at present (Purchased water from local water company)
Feedback, whistleblowing or grievance mechanism	kabsustainable@asastera.com

Potable water consumption

Year	2019	2020	2021
(m ³)	411	412	433

Covering All Our Bases

Waste and Pollution	
Description	Information and Data
Environmental Policy	<p>Waste can be generated in the Company's own activities, for example, during the delivery of services. It can also be generated by entities upstream and downstream in the Company's value chain. Companies are required to implement environmentally sound waste management and prevent and reduce waste through reuse and recycling in various sustainability goals and targets.</p> <p>The Company commits to better understand and communicate its waste-related impacts, and how it manages these impacts. The Company also commits to prevent unnecessary waste generation and shall manage waste that cannot be prevented, in its own activities and in its value chain. Continual improvements shall be implemented to reduce or avoid the impacts.</p> <p>The Company also commits to engage with its External Stakeholders such as suppliers and customers to address issues relating to waste and the reduction of negative impacts in this area.</p>
Construction Waste Management Plan	<ul style="list-style-type: none"> • 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.
Pollution Prevention	<ul style="list-style-type: none"> • Reduce waste • Minimise the use of raw materials • Improve equipment efficiency • Monitor emissions and discharge
Plastic - PVC Conduit - Package material	<p>Keep separated in designated areas on-site.</p> <p>Keep separate for reuse by on-site construction or by site employees.</p>
Timber - Drum Cable	<p>Keep separated in designated areas on-site.</p> <p>Recycle with waste management.</p>
Scrap Metal - Tray - Trunking	<p>Keep separated in designated areas on-site.</p> <p>Keep separate for reuse by on-site construction or by site employees.</p>
Scrap cable	<p>Keep separated in designated areas on-site; Management will keep at storage</p> <p>Keep separate for reuse by on-site construction or by site employees.</p>
Paper	<p>Online document submission system to centralise documents in cloud-based folders – minimise paper waste and boosts efficiency as files are store digitally and printing has been significantly reduced.</p>
Works with others to reduce waste	<p>Working with local authorities and local contractors whenever necessary to minimise the unnecessary creation of waste.</p> <p>Share resources and material, whenever possible, with other parties on site to reduce waste.</p>
Targets to reduce waste	<p>Waste increases proportional to the increase of activities in the workplace.</p> <p>Targets will be set as to the average tonnage of waste per employee, in order to track the reduction of waste.</p> <p>The baseline year shall be set as 2021 onwards, as per the justification laid out in this report.</p>
Financial quantification of waste and pollution	None at present
Non-recycled waste generation	Null
Waste recycled by own facility	Null
Hazardous waste generation	Null
Incidences of pollution (legal action)	None at present

Covering All Our Bases

KEY SOCIAL DATA

Employment	
Description	Information and Data
Diversity Policy	<p>Commitment and guideline to provide a diverse workplace as KAB recognises the benefits arising from board and employee diversity.</p> <p>Diversity includes, but not limited to, gender, gender-orientation, age, race/ethnicity, religious, cultural background, and disabilities.</p> <p>To achieve:</p> <ul style="list-style-type: none"> i) a diverse and skilled workforce, leading to continuous improvement in service and achievement of Company goals; ii) career development opportunities and improved employment for women; iii) a workplace that values and utilises the contribution of employees with diverse backgrounds and exposures through awareness of the benefits of workforce diversity. <p>The strategies include:</p> <ul style="list-style-type: none"> i) recruiting from a diverse pool of candidates for all positions; ii) continuously identify any factor and to take into account the recruitment and selection process to encourage gender diversity; iii) periodically review the succession plan to ensure gender diversity is in place.
Human Rights Policy	<p>We are committed to the principles of equal opportunity and equal pay and maintains a zero-tolerance policy on discrimination. We work to maintain workplaces that are free from discrimination on the basis of race, sex, colour, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, political opinion or any other status protected by applicable law.</p> <p>The basis for recruitment, hiring, placement, development, training, compensation and advancement at the Company is qualifications, performance, skills and experience. Our hiring processes will include the employment of under-privileged groups, including those from deprived backgrounds, having poor social status and with no formal education or qualifications.</p> <p>We do not tolerate disrespectful or inappropriate behavior, unfair treatment or retaliation of any kind. We value and advance the diversity and inclusion of various people groups in the workplace.</p> <p>We are also committed to youth unemployment initiatives, apprenticeships or graduate placements and we are against any bullying and harassment at the workplace.</p>
Targets to improve workforce diversity, equal opportunities, or reduce discrimination – on race, religion, gender, gender-orientation, age, nationality and disabilities.	<p>The application of the Diversity Policy and Human Rights Policy in employment will increase the performance in increasing diversity and reducing discrimination.</p> <p>Targets will be set as to the statistics in our employment.</p> <p>The baseline year shall be set as 2021 onwards, as per the justification laid out in this report.</p>
Local employment	<p>Local recruitment and offering jobs to young talent help strengthen the local community where operations are based.</p> <p>100% local hiring including engineers and supervisors at all projects.</p>
Right to freedom of association of employees	Human Rights Policy and local laws
Employee development and training	<p>Training policy/procedure</p> <p>To ensure training needs are identified in line with the achievement for competency of all personnel.</p> <p>The following shall be considered when identifying training needs:</p> <ul style="list-style-type: none"> (a) Job performance (b) Level of skill/education (c) Requirements of specific jobs

Covering All Our Bases

Employment	
Description	Information and Data
Time spent on employee development training to enhance knowledge or individual skills in 2021	Averagely no less than two (2) hours per employee
Employee development training provided in 2021	Safety and health Anti- Bribery and Corruption Sustainability Construction Industry related topics Occupational Safety and Health
Employee engagement and involvement with charitable partners	The Company recognises Corporate Social Responsibility and Charitable works, and recognises the participation of our employees in such programs organised by the Company and its partners.

Number of Employees			
Year	2019	2020	2021
No.	169	186	216

Number of Executives vs Non-Executives			
Year	2019	2020	2021
No. of Executives	107	117	139
No. of Non-executives	62	69	77

Number of Employees by Contract			
Year	2019	2020	2021
No. of Permanent Employees	161	177	211
No. of Non-Permanent Employees	8	9	5

Number of Employees by Gender			
Year	2019	2020	2021
No. of Male Employees	115	124	155
No. of Female Employees	54	62	61

Number of Women in Management			
Year	2019	2020	2021
Percentage of Women in Top Management	2.3	2.2	2.3
Percentage of Women in Management	4.7	5.0	3.7

Employees by Age Groups				
Age Groups	Below 30	30-40	40-50	Above 50
No.	91	79	24	22

Employee Turnover			
Year	2019	2020	2021
Turnover Rate	27.92%	32.65%	27.31%

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission
GENERAL DISCLOSURES			
GRI 102: GENERAL DISCLOSURES 2016	Organizational Profile		
	Disclosure 102-1 Name of the organization	1	
	Disclosure 102-2 Activities, brands, products, and services	1	
	Disclosure 102-3 Location of headquarters	1	
	Disclosure 102-4 Location of operations	2-3	
	Disclosure 102-5 Ownership and legal form	5	
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	Disclosure 102-12 External initiatives	5	
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	Disclosure 102-14 Statement from senior decision-maker	1	
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