



KEJURUTERAAN ASASTERA BERHAD

# SUSTAINABILITY HANDBOOK

An E-Book  
Prepared Exclusively to Promote  
**Sustainability** in KAB Group & Beyond



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# MESSAGE FROM MANAGING DIRECTOR



*"Moving  
Sustainability  
from Awareness  
to Action"*

To All Employees,

“**Kejuruteraan Asastera Berhad** and its Group of Companies (“KAB” or “the Company”) has begun to embed sustainability into its business processes and it is becoming an integral part of our company’s success. I am convinced that the Company has made a step closer in cultivating a more sustainable workforce. Building a sustainable culture also creates a culture of positivity and progress and establish a good rapport with the employees and to the Company’s mission.

**Environmental, Social and Governance** (“ESG”) journey:

- Listed as a constituent of **FBM EMAS Index** in Bursa Malaysia Securities Berhad, a globally recognized authoritative body on 19 July 2021
- Published a KAB Stakeholders Identification & Engagement Policy
- Established a KAB **Sustainability Handbook**

**Increase Employee Engagement in Sustainability Efforts:** The Company has established a Sustainability Handbook to demonstrate us as another 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. I am optimistic that this Sustainability Handbook will serve as a compass and create a shared knowledge base of sustainability concepts, rationale and values to all levels of management and employees.

I hereby encourage all employees to contribute to the Company’s joint efforts to continue our sustainability performance and commitment. As we are making strides in sustainability, I am eagerly anticipating the positive changes and improvement in which this could bring to us. I believe that the ESG implementation will augur well for the Company in time to come and as we weave our way to a sustainable future.

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

## Message from Head of Sustainability Committee



***"Communicating  
Our  
Sustainability  
Message"***

"It is a pride and pleasure for me to introduce KAB's pursuit of sustainability as a new foundation of our management. KAB is aspired to develop and to bring its sustainability agenda to a new stage that leads to business growth and society improvement through a commitment to ESG or Sustainability issues.

The Company strives to be reflective in the crafting of this very fresh patch of our own. In 2021, KAB has formed its Sustainability Committee ("SC") which focuses on undertaking initiatives to promote greater environmental responsibility. The SC will be the representative of the Company's key promoter and pusher of sustainability as we work to actively and earnestly engage in ESG issues, towards the Sustainable Development Goals (SDGs).

The Company endorses sustainability values that could bring to our business management and activities. We also believe that this implementation will underpin more sustainable operations, as well as benefit all stakeholders including employees, clients, and the society in their decision-making processes.

Being the Head of Sustainability Committee, I have the inescapable duty to ensure that the SC accentuates the importance of sustainable operations by setting out measurable targets, reporting ESG engagement and progress, reviewing sustainability policies and practices, and responding to topics of environmental stewardship of the Company in strict compliance.

I am truly proud to see the progress that we have made. With our continuous efforts, I believe we will be able to identify steps and efforts to act in furtherance of our Company's interests - for an improved environment in which all who work here can thrive and help to build a better world."



# Sustainability 101: What does Sustainability Involve Why is it Important

The  
United Nations  
Sustainable  
Development  
Goals  
(UN-SDGs)



In 1987, the United Nations Brundtland Commission defined Sustainability as “**meeting the needs of the present without compromising the ability of future generations to meet their own needs.**”

For sustainable development to be achieved, it is crucial to harmonize three core elements: **economic growth, social inclusion and environmental protection.**

In 2015, the Member States of the United Nations unanimously agreed upon the **17 Sustainable Development Goals (SDGs)**, making them the world’s agenda for sustainable development.

As more business leaders recognize their role in creating a world that is peaceful, inclusive and environmentally secure, many businesses are aligning their strategies with the SDGs.



Business cannot thrive in a world of poverty, inequality, unrest and environmental stress, and so it has a vital interest in ensuring that the 2030 Agenda for Sustainable Development and its 17 SDGs are delivered. By upholding recognized standards and principles on human rights, labour, the environment and anti-corruption, business makes an essential contribution to the SDGs.

Many companies already act and report on topics covered by the SDGs, such as **climate change, water management and working conditions.** By identifying and mitigating risks to people and the environment and by providing new products and services that support sustainable development, businesses can reap benefits for themselves and for the markets they depend upon.

For more detailed information on the UN-SDGs, please visit: <https://sdgs.un.org/goals>



# Sustainability 101: What does Sustainability Involve Why is it Important

*The  
Global  
Reporting  
Initiative  
(GRI)*

**GRI**

Under increasing pressure from different stakeholder groups – such as governments, consumers and investors – to be more transparent about their environmental, economic and social impacts, many companies are required to publish a Sustainability report.

**Sustainability reporting is an organization's practice of reporting publicly on its economic, environmental, and social impacts, and hence its contributions – positive or negative – towards the goal of sustainable development.**

Sustainability reporting aims to standardize and quantify the environmental, social and governance costs and benefits derived from the activities of the companies accordingly. Through the Sustainability reporting process, an organization identifies its significant impacts on the economy, the environment, and society and discloses them in accordance with a globally-accepted standard.

The **Global Reporting Initiative (known as GRI) is an international independent standards organization** that helps businesses, governments and other organizations understand and communicate their impacts on **Sustainability**.

The GRI Standards create a common language for organizations – large or small, private or public – to report on their Sustainability impacts in a consistent and credible way. This enhances global comparability and enables organizations to be transparent and accountable.

The GRI Standards help organizations understand and disclose their impacts in a way that meets the needs of multiple stakeholders. In addition to reporting companies, the GRI Standards are highly relevant to many other groups, including investors, policymakers, capital markets, and civil society.

The information made available through **Sustainability reporting** allows internal and external stakeholders to form opinions and to make informed decisions about an organization's contribution to the goal of sustainable development



# Sustainability 101: What does Sustainability Involve Why is it Important

*Task Force On  
Climate-Related  
Financial  
Disclosures  
(TCFD)*

**TCFD** | TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

In recent years, governments worldwide have rallied around coordinated efforts to meaningfully address climate change. In 2015, the **landmark Paris Agreement** set the stage for global action.

Recognizing the economic risks and opportunities inherent in a changing climate, the Financial Stability Board (FSB), established the **Task Force on Climate-related Financial Disclosures (TCFD)** in 2015.

The TCFD was established to develop **climate-related disclosures** that “could promote more informed investment, credit [or lending], and insurance underwriting decisions” and, in turn, “would **enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risks.**”

In June 2017, the **TCFD issued its final recommendations** for producing consistent, comparable, clear, and reliable corporate disclosures of climate-related information that would support informed decision-making and capital allocation by investors, lenders, and insurance underwriters.

The Task Force’s recommendations are structured around **four thematic areas** that are core elements of how organizations operate - **governance, strategy, risk management, and metrics and targets.**

The four overarching recommendations are supported by **key climate-related financial disclosures** - referred to as recommended disclosures - that build out the framework with information that will help investors and others understand how reporting organizations assess climate-related issues.

To underpin its recommendations and help guide current and future developments in climate-related financial reporting, the Task Force developed a set of **principles for effective disclosure.**

# Sustainability 101: What does Sustainability Involve Why is it Important

Bursa Malaysia  
Sustainability  
Reporting Guide



"Organisations are realising key benefits from **integrating sustainability in business** including:

**1. Enhancing risk management**

Sustainability issues are starting to feature more prominently in the management of risks.

**2. Promoting innovation and attracting new customers**

As sustainability considerations increase, an organisation that recognises the opportunities and has the capacity to innovate will drive growth through new products, services and customers.

**3. Maintaining a "licence to operate"**

A "licence to operate" (also known as "social licence to operate") refers to implicit community-approval of an organisation's business operations. The goal here is to achieve organisational legitimacy in the eyes of society.

**4. Responding to responsible investment and securing capital**

Responsible investment (known interchangeably as socially responsible investment (SRI) or sustainable investment) is an approach to investing that aims to incorporate ESG/Sustainability factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

**5. Improving productivity and cost optimisation**

When sustainability efforts, such as employee engagement programs or health and safety programs, go beyond basic compliance with labour standards, an organisation can expect to improve its attractiveness to recruit and retain top talent and enhance employee and supplier productivity. This can lead to longer-term benefits such as customer attraction, improved reputation, stronger operating margins, and optimised capital expenditure.

**6. Enhancing brand value and reputation**

Stakeholders respond positively to organisations that conduct themselves in a sustainable and ethical manner. This can lead to increased confidence and trust among stakeholders, enhanced brand value and reputation, as well as improved customer loyalty."



# OUR SUSTAINABILITY ASPIRATIONS

## FTSE4GOOD INDEX



FTSE4Good

The **FTSE4Good Index Series** is a market-leading tool for investors seeking to invest in companies that demonstrate good sustainability practices. It also supports investors that wish to encourage positive change in corporate behaviour and align their portfolios with their values.

The **FTSE4Good Bursa Malaysia Index** constituents are selected from the constituents of the **FTSE Bursa Malaysia EMAS Index**, screened in accordance with transparent and defined **Environmental, Social and Governance (ESG) criteria**. The index has been designed to identify Malaysian companies with recognised corporate responsibility practices, expanding the range of the benchmarks of the FTSE Bursa Malaysia Index Series for the Malaysian Markets.

The **FTSE ESG ratings** are used as the core basis to determine the constituents of the FTSE4Good Index Series. The ESG Ratings are comprised of an overall Rating, which is used to adjust stock weights in the FTSE4Good Index Series. The overall Rating breaks down into underlying **Pillar and Theme Exposures and Scores**. The Pillars and Themes are built on over **300 individual indicator assessments** that are applied to each company's unique ESG risk exposures.

To construct the FTSE ESG Dataset, the analysts collect publicly available data from sources including **corporate reports, websites and press releases**.



# Action Plan: To achieve our Sustainability Aspirations

## BOUNDARIES

The terminology “**boundary**” is a description of where the impacts occur for any Sustainability dimension, and the Company’s involvement with those impacts. An organizational boundary could mean a subsidiary of the Company whereas an operational boundary could mean a location where the project of the Company or its subsidiary significantly operates at.

Every employee in every boundary is a “Boundary Representative” that commits to **championing the company’s Sustainability strategy and achieving the company’s Sustainability goals collectively** in their various work positions and locations.

There are many **Sustainability Topics** that can be managed successfully by applying each of our expertise, disciplines and responsibilities.



### ECONOMIC

- Economic Performance
- Market Presence
- Procurement Practices
- Anti-corruption
- Anti-competitive Behaviour
- Tax



### ENVIRONMENTAL

- Materials
- Energy
- Water and Effluents
- Biodiversity
- Emissions
- Waste
- Environmental Compliance



### SOCIAL

- Employment
- Labour/Management Relations
- Occupational Health and Safety
- Training and Education
- Diversity and Equal Opportunity
- Security Practices
- Human Rights
- Local Communities
- Public Policy
- Customer Health and Safety



# Action Plan: To achieve our Sustainability Aspirations

## STAKEHOLDERS

**Stakeholders** are entities or individuals that can reasonably be expected to be significantly affected by the company's activities, products, or services; or whose actions can reasonably be expected to affect the ability of the company to implement its strategies or achieve its objectives.

Stakeholders include those whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization. Stakeholders also include those who are invested in the organization, as well as those who have other relationships to the organization.

**Every employee is our internal Stakeholder.** At the same time, every employee is expected to **fulfil his or her own duty in fulfilling other Stakeholder's needs and expectations** in order for the company to achieve its Sustainability aspirations. The company's other internal Stakeholders include its Board of Directors & Shareholders.

The company's **external Stakeholders** include, but not limited to: Customers, Engineering Consultants, Authorities and Regulators, Utility/Infrastructure Providers, Suppliers, Contractors, Investment Regulators etc.

*KAB has its own Stakeholder Identification and Engagement Policy that sets out the guidelines governing the identification, management and engagement of internal and external stakeholders of the company. The company systematically manages stakeholder relationships and impacts through regular stakeholder engagements as part of the company's Sustainability responsibilities.*

*Methods of Stakeholder Engagement can include surveys, focus groups, community panels, corporate advisory panels, written communication, and other mechanisms. Engagements can also include voluntary engagement with initiatives and stakeholders to improve the broader operating environment and culture, in order to combat corruption.*

*Appointed Boundary Representatives will be responsible and accountable for stakeholder engagements that are in the scope of their duty. They will be assisted and guided by the Sustainability Committee in terms of frequency, engagement method, data collection etc.*

*The Sustainability Committee shall then organize, tabulate and analyse the stakeholder engagement outcomes to be presented to the Board to plan for further response or management decisions in view of the engagement outcomes.*



**Stakeholder  
Identification and  
Engagement  
Policy**



## BUILDING THE PIECES: OUR SUSTAINABILITY STORY

It is important that we share our Sustainability strategy, plans, efforts and performances to all internal and external Stakeholders, Ratings Agencies, and Sustainability Indices.

We are also looking forward to engaging with those who can provide Sustainability-linked financing and investments.

The Board of KAB remains committed and continues to uphold to the highest standard of corporate governance in managing the affairs of the company, guided by the Principles and Best Practices as set out in the latest Malaysian Code on Corporate Governance (MCCG). Every year, the Board presents the company's Corporate Governance Overview Statement which outlines how the Company applies the Code for each financial year.

The detailed application by the Company of each principle as set out in the MCCG during the year is disclosed in the Corporate Governance Report, announced together with the company's Annual Report and published on Bursa Securities' website.

The annual Sustainability Report is an important document that discloses who KAB's stakeholders are, KAB's material sustainability issues, its management approaches and related sustainability performance targets across the company's business operations. Our Sustainability Report is structured based on GRI, UN-SDG, TCFD and other recognized sustainability standards.



*Annual  
Report*



*Sustainability  
Report*





“We believe the small changes that we made can create a greater change in others.”

Start with small steps, one at a time,  
we can attain greater success.

Sustainability Feedback

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