



FTSE4Good

A central illustration depicts a green landscape with wind turbines, a factory with smokestacks, solar panels, and power lines. This scene is set against a backdrop of a blue and white globe. The entire graphic is framed by large, stylized green leaves and surrounded by various green and blue circles of different sizes. At the bottom, there are wavy green lines representing hills or water.

TASK-FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

KINERGY ADVANCEMENT BERHAD

Powering A Sustainable Tomorrow

TCFD Report 2023



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Kinergy Advancement Berhad

2023 marks a transformative period for Kinergy Advancement Berhad (KAB) and its subsidiaries (herein referred as "the Company" or "the Group" respectively), reflecting both strategic rebranding efforts and a renewed commitment to becoming a pioneering force in the energy sector. This pivotal year has positioned the Group at the forefront of the Sustainable Energy Solutions ("SES") sector with diverse low-carbon energy services options underlining our successful innovative expansion with sustainability as an integral part of the business and organization.

KAB's evolution aligns closely with Malaysia's National Energy Transition Roadmap ("NETR"), as we contribute to the amplification of the nation's renewable energy capacity and further drive the development of a greener economy.



Our Low-Carbon Energy Solutions

KAB's pronounced pivot towards Sustainable Energy Solutions ("SES"), initiated in 2018, underscores our foresight in the Clean Energy Generation ("CE"), Renewable Energy Generation ("RE") and Energy Efficient ("EE") solutions in support of current market demands toward low-carbon options from the energy sector.

As the global push towards sustainable energy sources gains momentum, our diversification and expansion into the SES segment in 2023 responded adeptly to changing market conditions, aligning with emerging new opportunities and addressing various business challenges and climate-related risks.



Our Climate Action Outlook

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

Our Portfolio

Our portfolio, rich with Clean Energy, Renewable Energy, and Energy Efficient solutions, is set to benefit from a landscape ripe with opportunities for technological innovation and resilient infrastructure.

Renewable Energy Generation

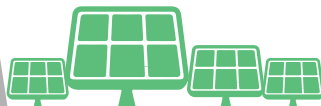
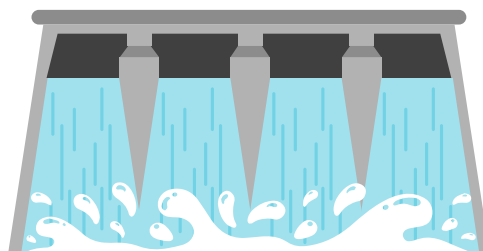
- Solar Photovoltaic System
- Hydroelectric Power
- Biogas Energy


Clean Energy Generation

- Co-generation & Tri-generation
- Waste Heat Recovery (WHR)
- Clean Energy Projects

Energy Efficient Solutions

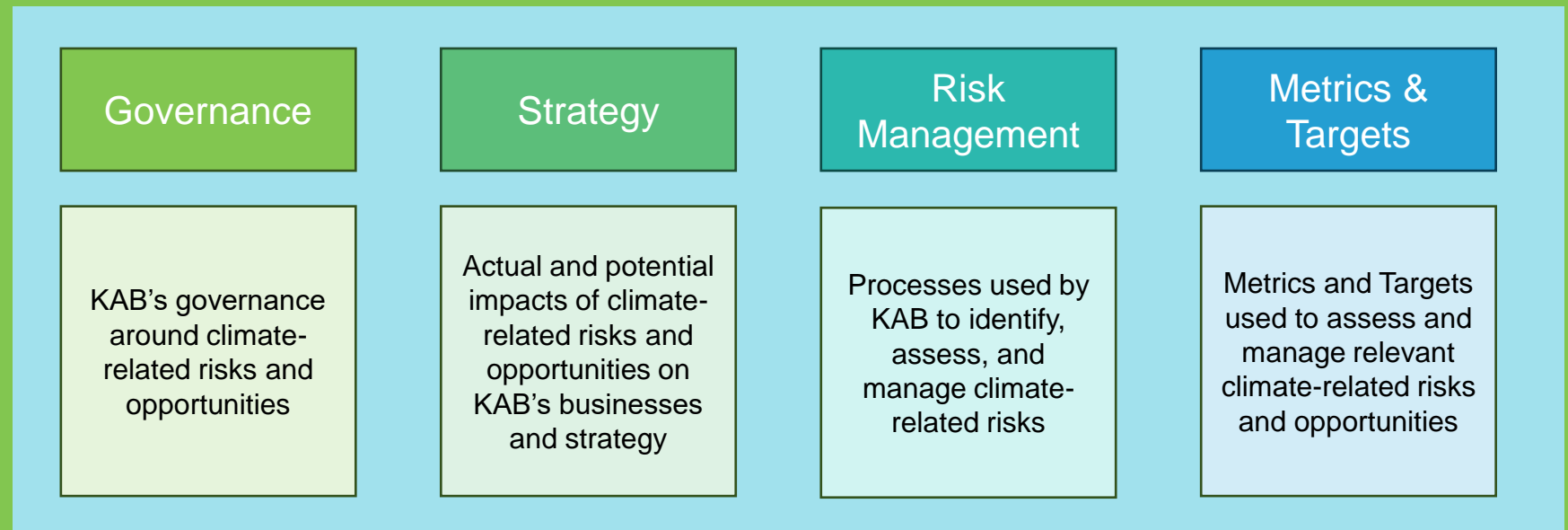
- Chiller Optimisation
- Building Management System





Task Force on Climate-Related Financial Disclosures (TCFD)

The Task Force on Climate-Related Financial Disclosures (TCFD) as established by the Financial Stability Board (FSB) in 2017, outlined a framework with four widely adoptable recommendations on climate-related financial disclosures applicable to organisations across sectors and industries. The recommended framework functions as a guidance to encourage disclosure of climate-related risks and opportunities which could be material for organisations. Although the TCFD is now under the IFRS Foundation's purview as of October 2023 and currently forms part of the ISSB Standards, its disclosure implementation constitutes part of Bursa Malaysia's public listed entities' annual reporting requirements.



TCFD-aligned climate-related disclosures to be referred to concurrently with KAB's 2023 Sustainability Report (SR) for the reporting period of 1 January 2023 until financial year ending 31 December 2023. Kindly scan the QR Code to access our 2023 SR.



Governance

KAB's governance around climate-related risks and opportunities

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



KAB's Board and Management's Position on Climate Action

The Board, the highest governance body, is responsible for strategic planning, oversight, and the overall management and business affairs of the Group, including climate-related matters. The Board has also delegated specific matters to various Board Committees which operate within their respective approved Terms of Reference ("TOR").

The Board appointed the Sustainability Committee (the "SC") to assist the Board in discharging its statutory duties and provide strategic oversight in relation to:

supporting and monitoring the sustainability and climate-related strategy of the Group's businesses which included economic, environmental and social aspects,

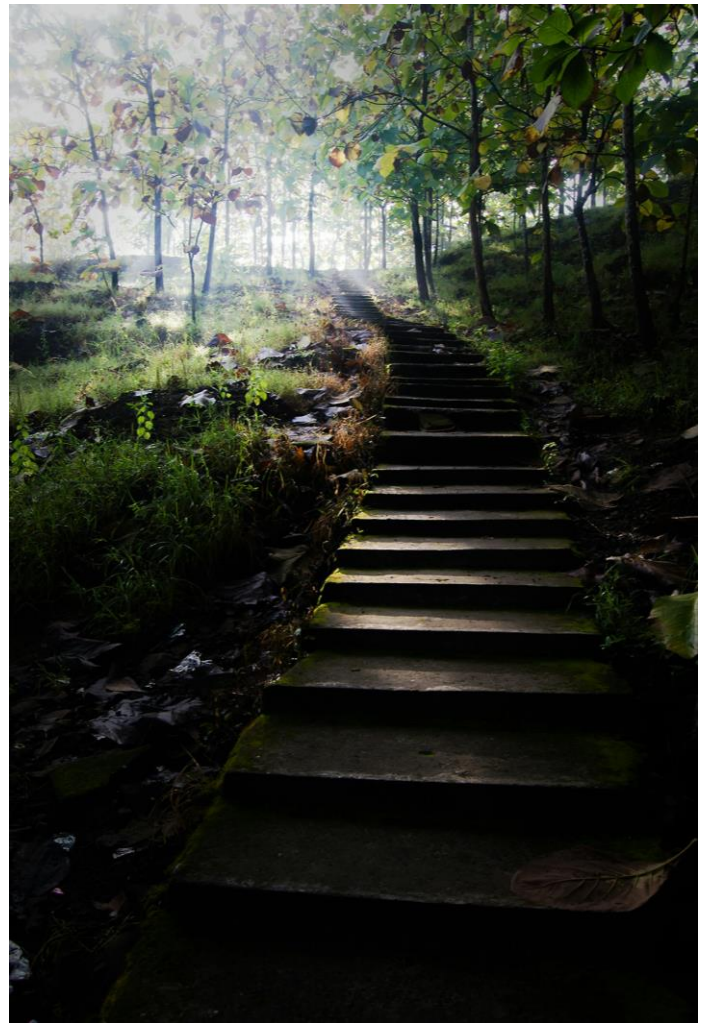
sustainability-related impacts in the course of the Group's operations,

overseeing the integrity of the Group's sustainability reporting and associated statements on matters within its scope.

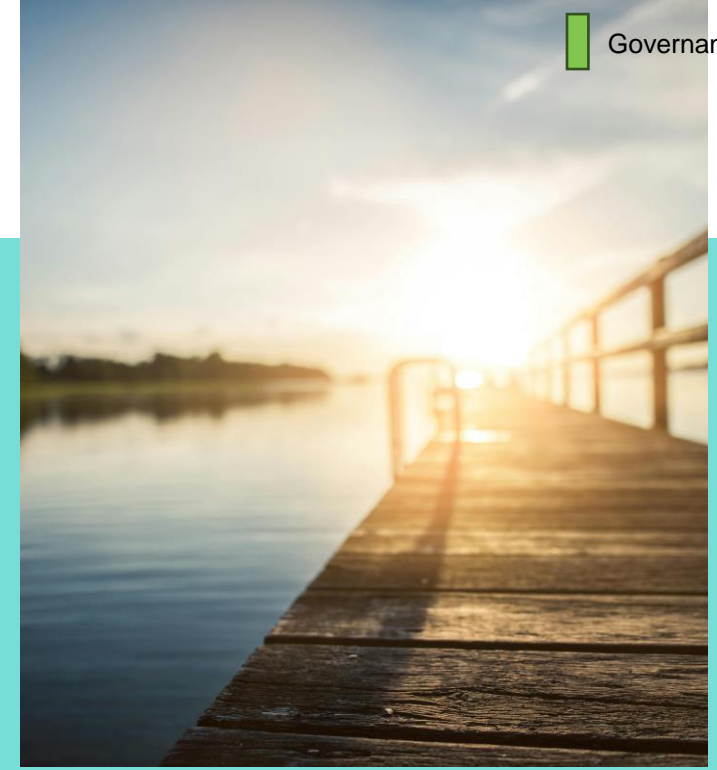


The Group has assigned **climate-related responsibilities** to the **Sustainability Committee (SC)** which **reports to the Board** periodically, including the assessment and management of **climate-related issues**.

Board & Management
Climate-related Discourse



The Chairman of the SC leads the strategic approach on climate-related responsibilities with the support of the members of the SC.



Frequency of Climate-related Discourse

Information and updates on sustainability and climate-related issues are presented to the Board and committees via each committee's meeting at specific frequencies each year. Below are the details of the frequency of committee meetings where climate-related issues are presented.

SC meetings are held once every 6 months and all sustainability (ESG) and climate-related matters are discussed before they are presented for Board approval.

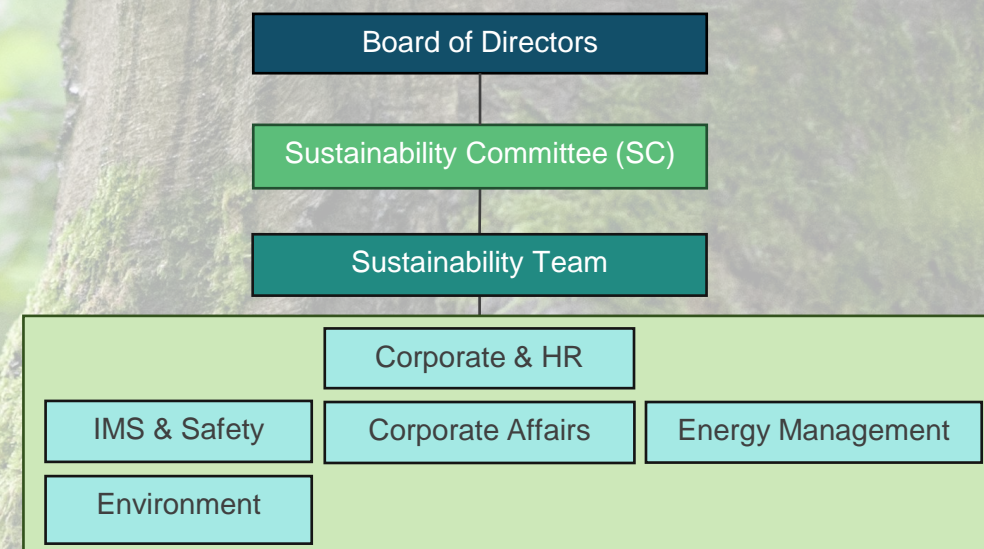
Detailed Frequency of Climate-Related Discourse & Governance Structure

Climate-related Management Group & Committees

Information and updates on sustainability and climate-related issues are presented to the Board and committees via each committee's meeting at specific frequencies each year.

Group / Committee	Responsibility	Meeting Frequency
Board of Directors	Strategic planning, oversight, and the overall management and business affairs	Quarterly
Risk Management Committee	Oversight of risk management policy, frameworks and processes, including climate risk	Twice annually
Sustainability Committee	Oversight of environmental, social and governance (ESG) frameworks, policies and activities	Twice annually

Climate Governance Structure



Since 2021, the Sustainability Team (the “SusTeam”) of the Group, comprising five members from different business units, was assigned by the Board and the SC to assist the Board and the SC in realising the Group's sustainability strategy, and to implement policies and procedures related to sustainability objectives, which covers environmental (including climate change), social and governance topics, across the Group's business operations and with all business relations.

The SusTeam reports to the SC on half yearly basis and provides regular updates and reports on climate-related matters, ensuring that the SC and the Board remains informed and involved in decision-making processes related to sustainability and environmental management.

Roles & Responsibilities in KAB's Climate Governance

Roles in Governing Climate-related Issues	The Board	The Management – as Assigned via the Sustainability Committee (SC)
	Setting Strategy and Goals: The Board is responsible for setting the overall strategic direction of the company, including its approach to addressing climate change. This involves establishing goals related to reducing greenhouse gas emissions, transitioning to renewable energy sources, and integrating sustainability principles into business operations.	Risk Management: The SC assesses climate-related risks which may impact to businesses, including physical risks (e.g., extreme weather events, supply chain disruptions) and transitional risks (e.g., regulatory changes, shifts in consumer preferences). The SC assess these risks regularly and develop strategies to mitigate them, ensuring the long-term resilience of the Group.
	Board Composition and Expertise: The Board oversee the board composition to include directors with expertise in environmental sustainability and climate-related knowledge. Having diverse perspectives and relevant expertise at the board level can facilitate informed decision-making and oversight of climate-related issues.	Integration into Corporate Governance: The SC also oversees the climate-related issues to be integrated into the Group's overall corporate governance framework. This includes incorporating climate considerations into board committees, establishing clear lines of accountability for climate-related initiatives, and aligning executive compensation with sustainability goals.
	Engagement with Stakeholders: The Board play a crucial role in engaging with stakeholders on climate-related matters. This includes dialogue with investors, customers, employees, and/or communities to understand their expectations, concerns, and priorities regarding climate change. Effective stakeholder engagement can inform the company's approach to climate action and build trust with key stakeholders.	Overseeing Disclosure and Reporting: The SC oversees the disclosure of climate-related information to stakeholders, including investors, regulators, and the public. The SC involves in ensuring compliance with reporting frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and communicating the Group's climate-related performance transparently.
	Monitoring Performance and Progress: The Board is responsible for monitoring the company's performance in implementing its climate-related strategy and achieving its goals. This may involve regular reviews of the Group's performance, tracking progress towards emissions reduction targets, and assessing the effectiveness of climate-related initiatives.	

Strategy

Actual and potential impacts of climate-related risks and opportunities on KAB’s businesses and strategy



Identification of Climate-related Risks

The Group has identified climate-related risks over the short, medium, and long term. The Group recognizes the importance of assessing and mitigating risks associated with climate change to ensure resilience and sustainability. The Group conducts bi-annual risk assessments to identify potential impacts on our operations, supply chain, and stakeholders. These assessments cover various time horizons, including scenario planning analysis, short-term risks such as extreme weather events, medium-term risks like regulatory changes and resource scarcity, and long-term risks such as sea-level rise and transition to low-carbon technologies. By proactively addressing these risks, the Group aims to enhance our ability to adapt to changing environmental conditions and contribute to a more sustainable future.

KAB’s Climate Risk Management Strategy



Transition Risk

KAB identified potential climate-related transition risks as part of its identification of potential climate-related impacts and their strategic management by the Group. Transition risks comprise of potential risks faced by the Group in its transition towards a low-carbon economy. The following describes the list of transition risk identified by the Group.

Transition Risk	Description of Risk Impacts	Risk Term
Policy and Legal: Government and Industry Regulations Changes	<ul style="list-style-type: none"> Potential risk of fines or sanctions which may arise due to slow adaptation or non-compliance to the new changes. 	Short Term
	<ul style="list-style-type: none"> Potential delays in obtaining approvals from regulatory or government authorities due to unfamiliarity and non-compliance. 	Medium Term
	<ul style="list-style-type: none"> Potential long-term cost increase from more stringent project requirements e.g. energy-saving features. 	Long Term
Technology: Adopting new energy-efficient solutions	<ul style="list-style-type: none"> Cost increase from the transition towards less reliance on fossil-fuel and more renewable energy initiatives. 	Short Term
	<ul style="list-style-type: none"> Potential increase in costs and disruptions to the business from newer energy-efficient technology. 	Medium Term
Market: Access to Financing	<ul style="list-style-type: none"> Increased cost of raw materials. Reduction in margin financing or higher interest rates due to advanced demands from ESG and climate-related market development and trends. More sustainable projects or business operations requirements to secure loans or financing from potential stakeholders. 	Long term



Physical Risk

Physical risks comprise of potential risks arising from the physical impacts of Climate Change on the environment, people, economy, etc. The following are some of the Physical Risks identified by the Group with respect to Climate Change.



Physical Risk	Description of Risk Impacts	Risk Term
Acute	<ul style="list-style-type: none">• Potential damages and liabilities on ongoing projects and business operations.• Supply chain disruptions due to climate change impacts.• Workforce travel disruptions due to climate-related extreme weather events such as flash floods and heatwaves.• Damage of material, item, or equipment during transportation due to sudden climate-related disaster.	Short Term
Chronic	<ul style="list-style-type: none">• Rise in vector-borne diseases which may lead to potential health crises and disruptions in workforce productivity and operation.• Changes in availability and accessibility of natural resources due to climate-impacted scarcity issues potentially affecting project and business performance.	Long term

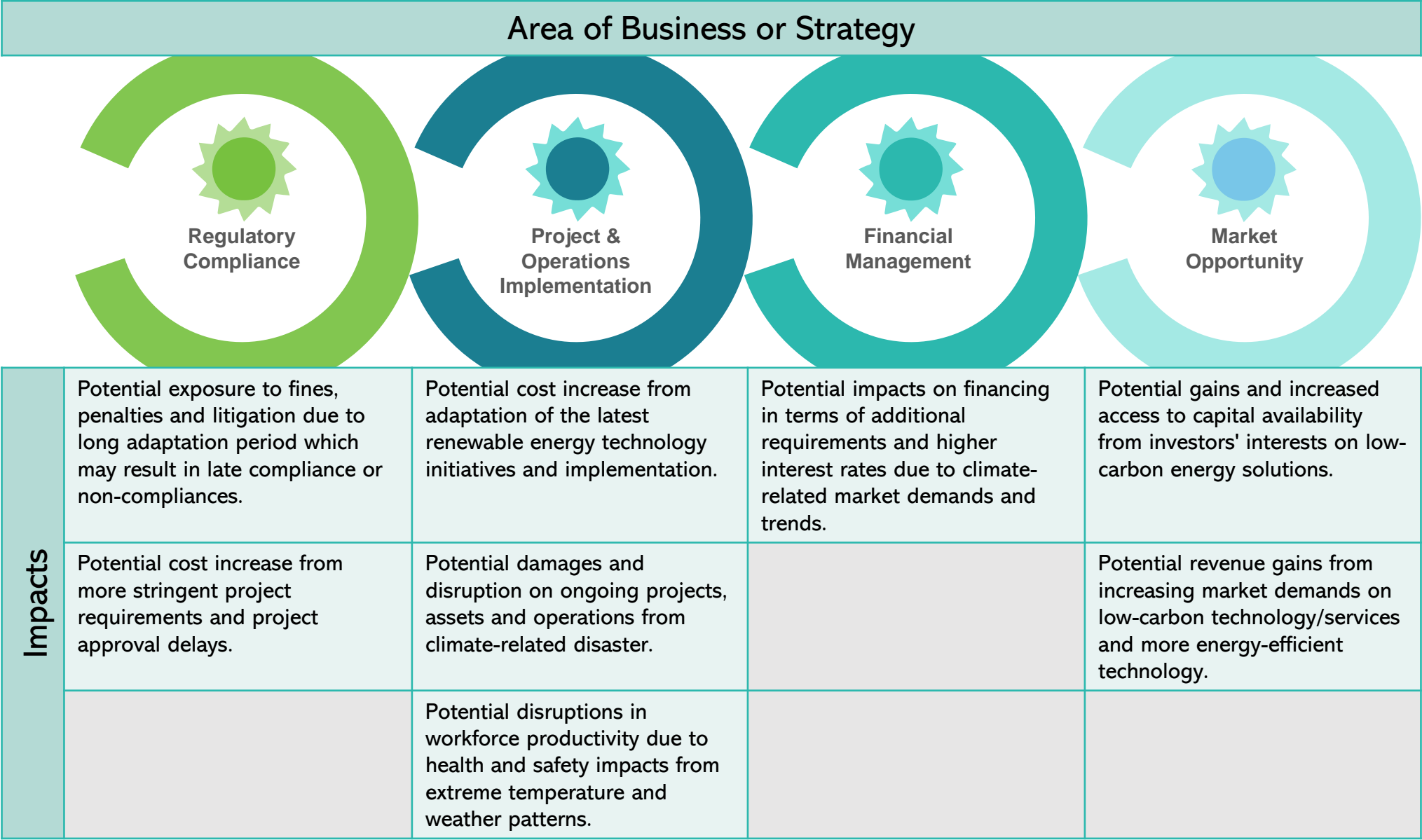
Climate-related Opportunities

KAB has identified climate-related opportunities across the short, medium, and long term. The Group is continuing to expand its Sustainable Energy Solutions (SES) and fulfil the growing market trend for clean and renewable energy.

Opportunities	Description
Resource Efficiency	<ul style="list-style-type: none">Earlier adoption and implementation of resource-efficient technology supports cost reductions per unit of utility generated via various renewable energy projects.
Energy Source	<ul style="list-style-type: none">Increase of capital availability from more potential business partners and financiers for investments in renewable energy projects, energy efficiency initiatives, and the transition to cleaner energy sources.
Markets	<ul style="list-style-type: none">The Group's capabilities in renewable energy generation enables access into new renewable energy markets and allows KAB to expand its business operations into diverse business segments.
Resilience	<ul style="list-style-type: none">Ability to sustain business performance in line with increased interest towards low-carbon energy initiatives.Early climate adaptation measures for the Group ensures its supply chain preparedness and compliance with potential changes in regulatory requirements.



Climate-Related Impacts on Business and Strategy



Climate Scenario

Review of relevant risk impacts from climate change

Based on the IPCC (2023) analysis, over the last 50 years, global temperature has increased at an unprecedented rate in at least 2000 years.¹

The projected change in a 20-year period were assessed in terms of Shared Socio-Economic Pathways (SSP).

Based on the projected change, extensive impacts of climate change were observed in diverse ecosystems and segments at the global and regional level.²

		Average Global Surface Temperature, 2021-2040	
Shared Socio-Economic Pathways (SSP)	GHG Emissions Scenario	1.5°C increase*	2.0°C increase*
SSP1-2.6	Net negative CO2 emissions	More likely than not	Unlikely to exceed
SSP1-1.9	Very low and low GHG emissions declining to net zero around or after 2050	More likely than not	Extremely unlikely to exceed
SSP2-4.5	Intermediate GHG emissions	Likely	Extremely likely to exceed
SSP3-7.0	High GHG emissions	Likely	Likely to exceed
SSP5-8.5	Very high GHG emissions	Very likely	Likely to exceed

*in global surface temperature relative to 1850-1900.

1) IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.
2) IPCC, 2022: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

KAB's

Climate-Related Impacts

At the global and regional level, impacts of climate change especially through compound stresses and extreme climate-related events on marine, freshwater and terrestrial ecosystems and ecosystem services, settlements, infrastructure, and economies were observed.²

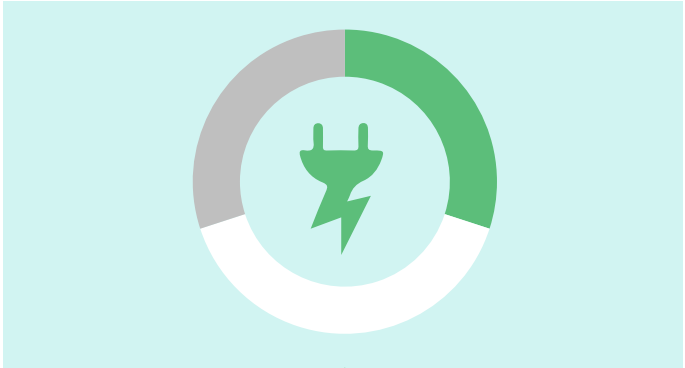
Potential impacts relevant for where the Group operates were shortlisted based on the observed global and regional impacts of climate change.

Type of Impacts		Inland flooding and associated damages	Flood or storm induced damages in coastal areas	Damages to infrastructure	Damages to key economic sectors
Level	Global	High / very high confidence in impact attribution to climate change, increasing adverse impacts.	High or very high confidence in impact attribution to climate change, increasing adverse impacts.	High or very high confidence in impact attribution to climate change, increasing adverse impacts	Medium confidence in impact attribution to climate change, increasing adverse impacts
	Asia	Low confidence in impact attribution to climate change, increasing adverse impacts.	High or very high confidence in impact attribution to climate change, increasing adverse impacts	Medium confidence in impact attribution to climate change, increasing adverse impacts	High or very high confidence in impact attribution to climate change, increasing adverse impacts
Type of Impacts		Flood or storm induced damages in coastal areas		Damages to key economic sectors	
KAB's Strategy for Climate Impacts		<ul style="list-style-type: none">Evaluating suitability of potential locations, taking into consideration the increasing frequency and severity of extreme weather events and shifting precipitation patterns.		<ul style="list-style-type: none">Diversifying services and business activities in the clean and renewable energy sector and adapting with the ever-changing operating environment by providing flexible commercial arrangements structure for client entities.Consistent communication of Group climate-related policies and commitments throughout our value chain.	

2) IPCC, 2022: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

Strategy Implementation for GHG Emissions Reduction

GHG Emissions Savings: Scope 2



Energy saving measures



Implementing and communicating company policies & practices



Climate Organisation Engagement

The Group also participated in support of national and industry-wide initiatives such as reporting with the Malaysian Green Technology and Climate Change Corporation (MGTC) via the Low Carbon Operating System (LCOS).

- Activities**
- Dec 2015 - Ongoing**
- Turning off non-essential electrical appliances that are not in use.
 - Implementing lights-off during afternoon breaktime.

- Activities**
- February 2022 - Ongoing**
- Continuous awareness training on the Group's sustainability and climate-related policies to stakeholders.
 - Include policies communication in employee induction practices.

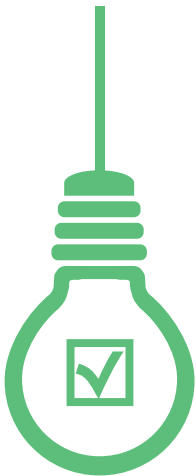
Climate-related Policy and Commitment

The Group commits to having a holistic approach on its environmental management towards contributing to climate action, climate change adaptation and sustainable development goals. It is also crucial for all our relevant stakeholders to understand that the Group has taken steps to identify, manage and prepare itself with regards to the risks and opportunities of climate change in its business strategies, practices and processes. The Group’s Environmental Policy is designed to provide a framework for the Group to achieve the following:



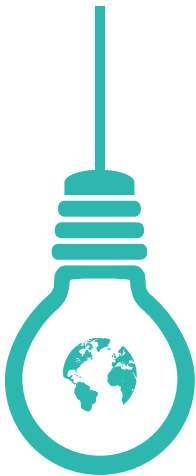
Effective governance

To have effective governance and oversight on environmental and climate change impacts;



Environmental considerations

To embed environmental considerations into the implementation of the Group’s strategies;



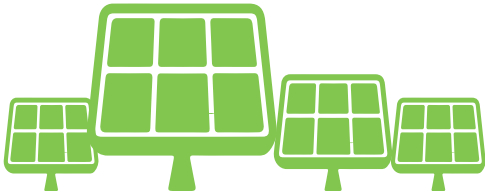
Environmental-oriented services

To promote environmentally-oriented processes, practices, services and products;



Environmental metrics

To establish environmental metrics and contribute to environmental goals and targets.



Risk Management

Processes used by KAB to identify, assess, and manage climate-related risks



Climate Risk Identification and Assessment



Risk Framework

The Group has established and developed an Enterprise Risk Management (“ERM”) framework, and in particular has adopted the COSO framework. The approach applied annually includes, risk identification, risk assessment, risk definition, and risk documentation including process for managing climate-related risks.



Risk Identification

The Sustainability Team is delegated to identify and manage climate-related risks along with other Sustainability risks. Key risks and mitigating controls are then deliberated in periodic risk management meetings. Risks identified are prioritised in terms of likelihood of occurrence and its impact on the achievement of our business objectives.



Risk Management Oversight

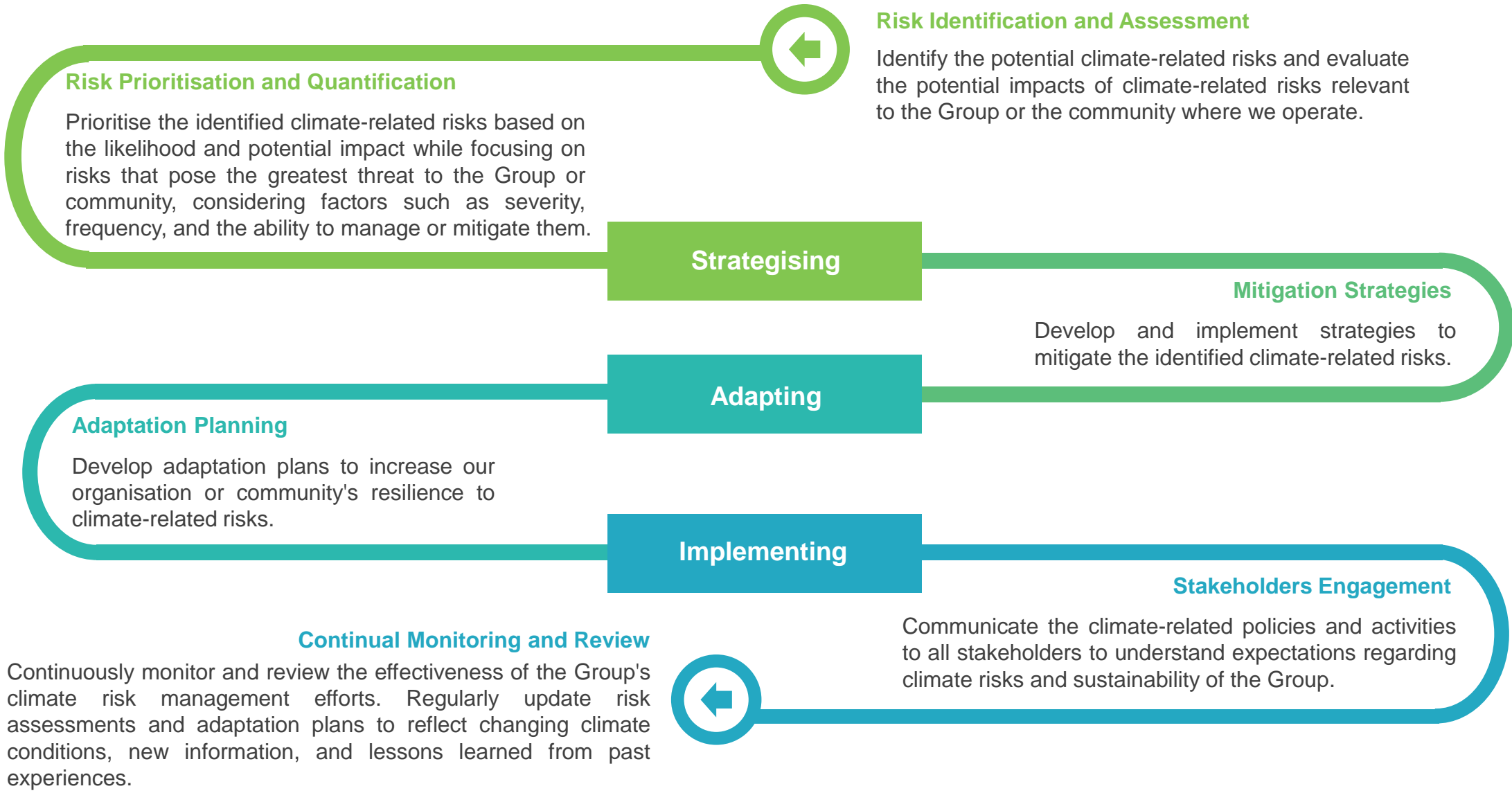
Significant risks affecting KAB’s strategic and business plans are then escalated to the Executive Risk Management Committee (ERMC) at their scheduled meetings. The Risk Management Committee of the Board has ultimate oversight of this process.



Risk Register

Climate-related (environmental) topics that are material to the Group in the Risk Universe of KAB will be integrated into our overall Risk Register.

Climate-related Risk Management Process



Integration of Climate-related Processes into Overall Risk Management

KAB integrates climate-related processes into the overall Enterprise Risk Management (ERM) via embedded climate risk considerations in the strategic planning, capital allocation, investment decisions, and business continuity planning.

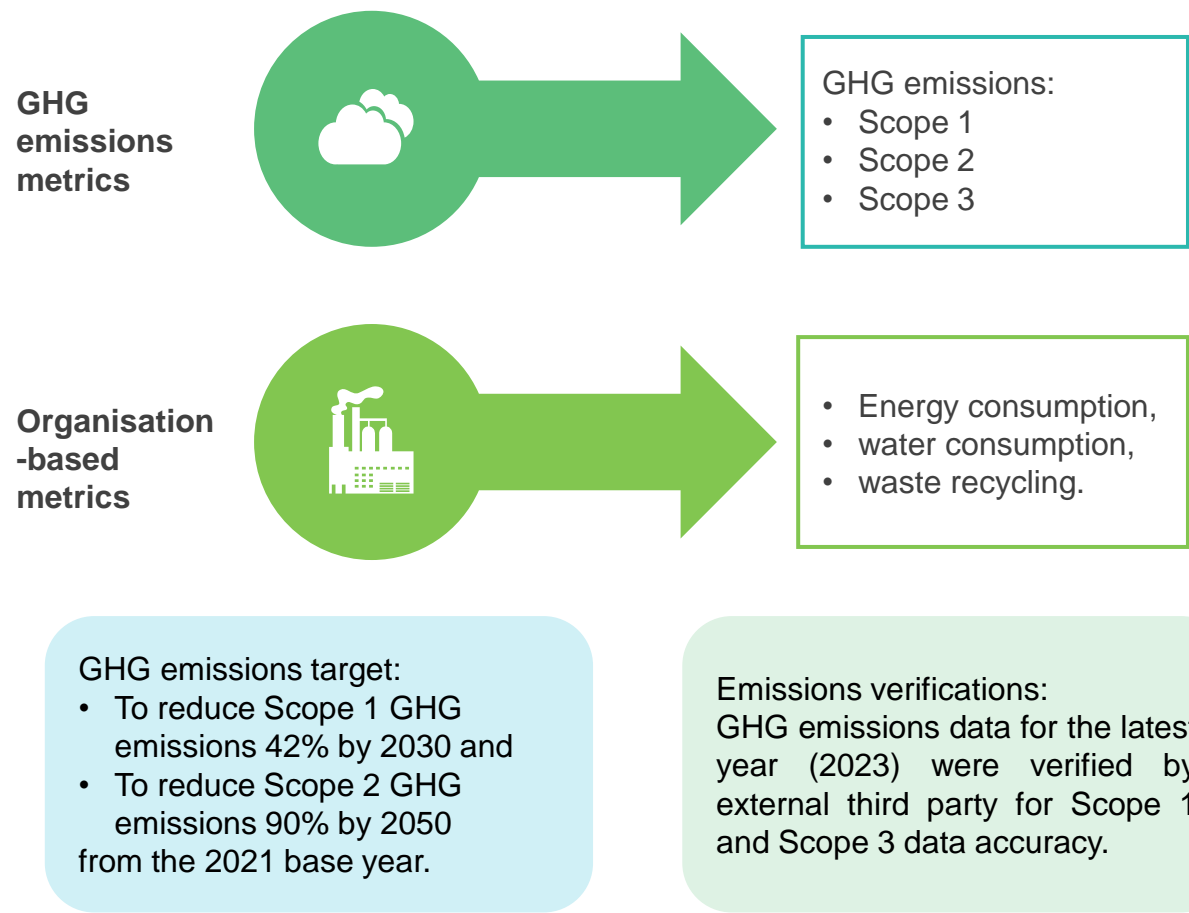
The Group also ensures that climate-related risks are considered in project evaluation, mergers and acquisitions, and other major business initiatives.



Metrics and Targets

Metrics and Targets used to assess and manage relevant climate-related risks and opportunities

In measuring and managing climate-related risks and opportunities, the Group monitors (as far as practicable) the following key metrics annually.



The Group initiated Scope 1, 2, and 3 GHG emissions monitoring and disclosure since 2021, and established 2021 as the base year.

Our Scope 3 GHG emissions monitored comprise of business travel and employee commuting categories.

Group GHG Emissions

Year	2021 (Base year)	2022	2023
Scope 1 GHG emissions (tCO2e)	2001	4490	68
Scope 2 GHG emissions (tCO2e)	361	584	531
Scope 3 GHG emissions (tCO2e)	317	318	184

The Group has engaged an independent third-party verification and audit for our GHG emissions data for 2023.



Our Climate Action

As a sustainable energy solutions provider in the industry, we identify and manage our climate-related risks, impacts and opportunities via our services and throughout our value chain. As part of our efforts toward climate mitigation and adaptation, our climate-related risks are integrated in the Group's strategic planning, business decision-making and enterprise risk management processes.

Kinergy Advancement Berhad



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For further information kindly visit our website or direct your email enquiries to the details below:

❑ Website: <https://www.kinergyadvancement.com>

❑ Email: kabsustainable@kinergyadvancement.com