

SUSTAINABILITY STATEMENT

What Sustainability Means to Us

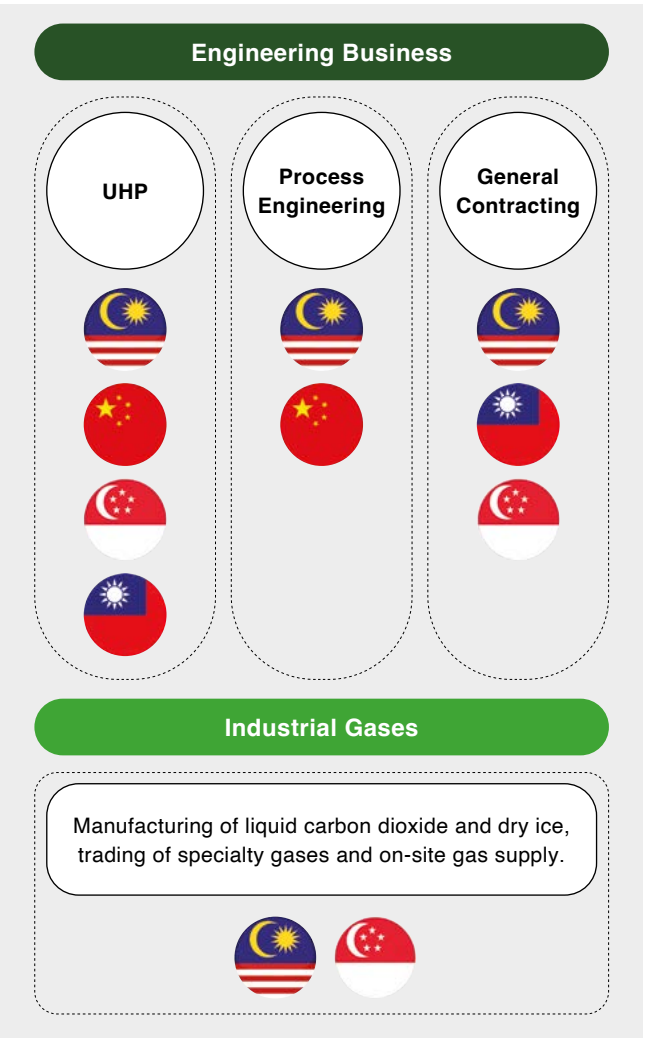
Sustainability holds paramount importance at Kelington Group (“Kelington” or “the Group”), where Environmental, Social, and Governance (ESG) considerations guide our every action. We recognise our impact on the environment and natural resources as we pursue our organisational goals. Our commitment extends to upholding the quality of our products and services for our valued customers, while delivering sustainable value to our stakeholders.

At Kelington, we are committed to establishing a robust framework of policies, dedicated committees, and management systems. These structures, along with regular process reviews, are designed to uphold the highest levels of integrity and transparency at our management practices. We prioritise regular employee training and engagement to ensure that Kelington’s sustainability approach is not only well understood but also effectively implemented across the Group.

In essence, sustainability at Kelington means conscientiously balancing our business objectives with our responsibility towards environmental stewardship, social welfare, and ethical governance. Through our unwavering commitment to sustainable practices, we aim to make a positive impact on the world around us while fulfilling our obligations to all our stakeholders.

REPORTING PERIOD AND SCOPE

This Sustainability Statement covers the non-financial performance of the Group’s operating units during the period from 1 January 2023 to 31 December 2023:



REPORTING FRAMEWORK

The disclosure of our sustainability performance is guided by the following Malaysia and global reporting frameworks and benchmarks:-

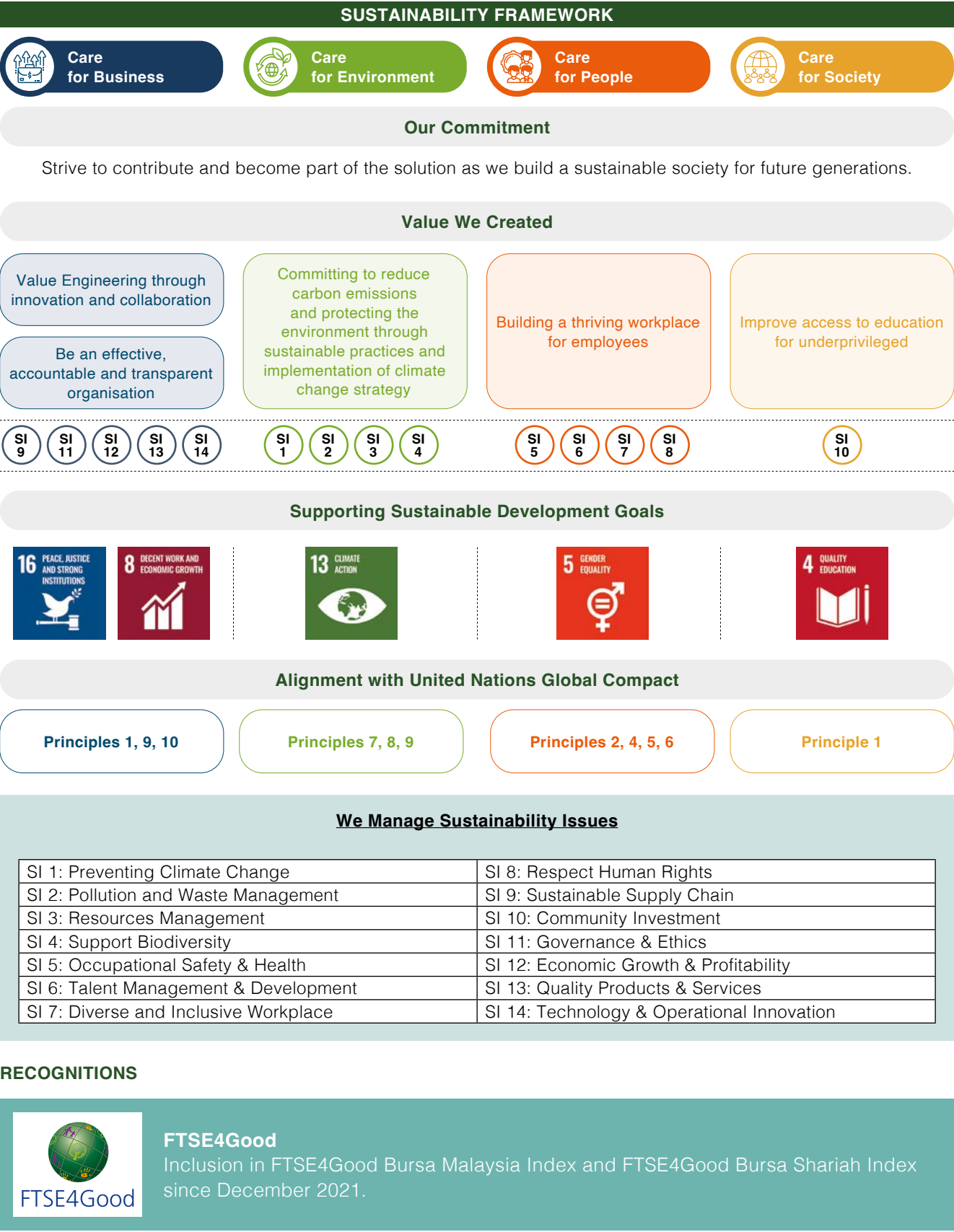
Principal Guidelines
<ul style="list-style-type: none"><li>Bursa Malaysia Sustainability Reporting Guidelines 3<sup>rd</sup> Edition</li><li>Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations</li></ul>
Supplementary Guidelines
<ul style="list-style-type: none"><li>FTSE4Good Bursa Malaysia Index Rating Guide</li><li>Global Reporting Initiative (“GRI”) Standards</li></ul>
Commitment
<ul style="list-style-type: none"><li>Sustainability Development Goals (“SDGs”)</li><li>United Nations Global Compact (“UNGC”) Principles</li></ul>

ACCESSIBILITY & FEEDBACK

This report, which is available in HTML & PDF format is available at our corporate website at <https://kelington-group.com/sustainability-2/>

We welcome and value feedback on our sustainability disclosures and consider it as an opportunity to identify areas for improvement for future reports. Please direct any questions or comments to the Sustainability Working Group at [ccid@kelington-group.com](mailto:ccid@kelington-group.com)

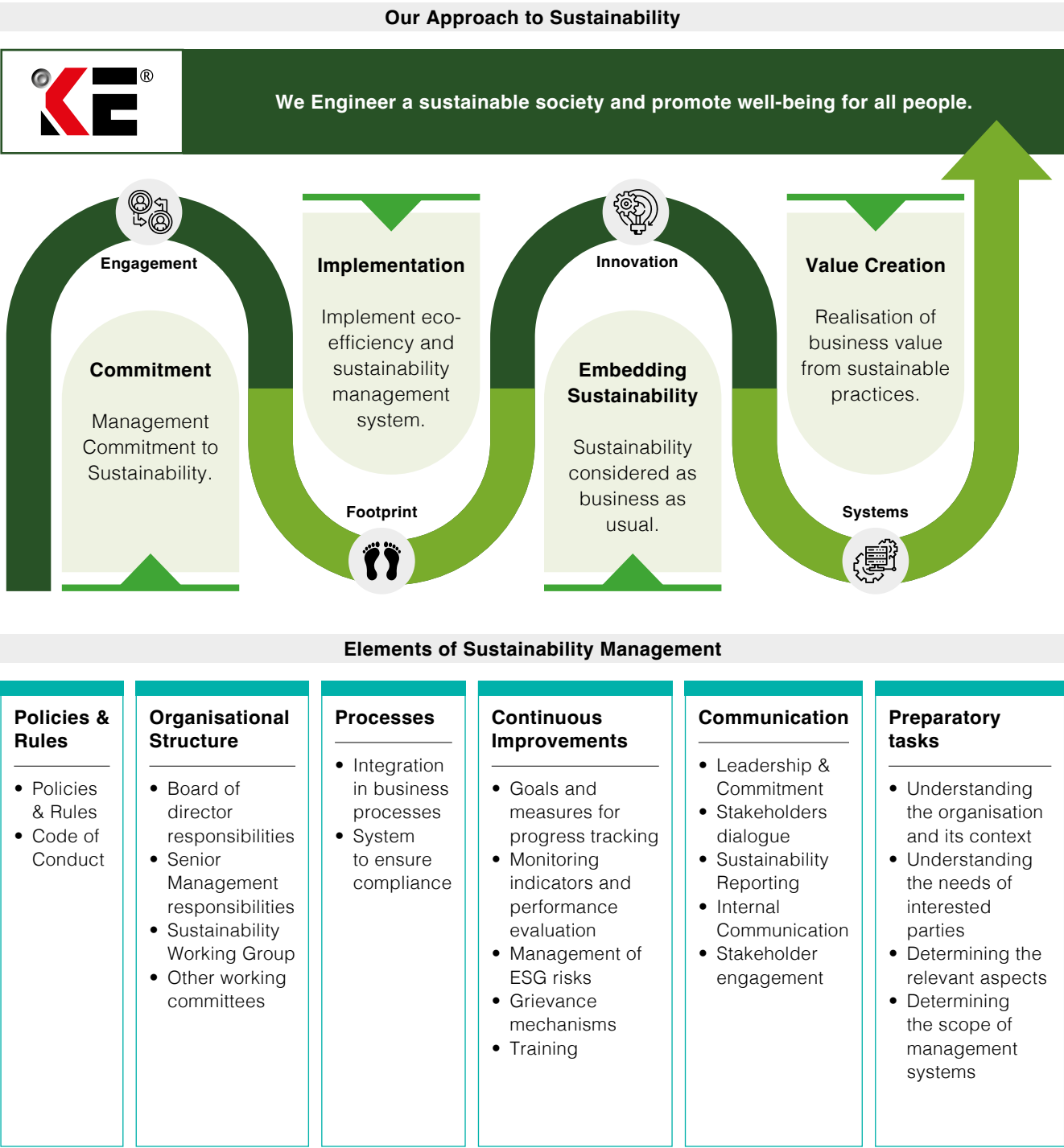
SUSTAINABILITY STATEMENT



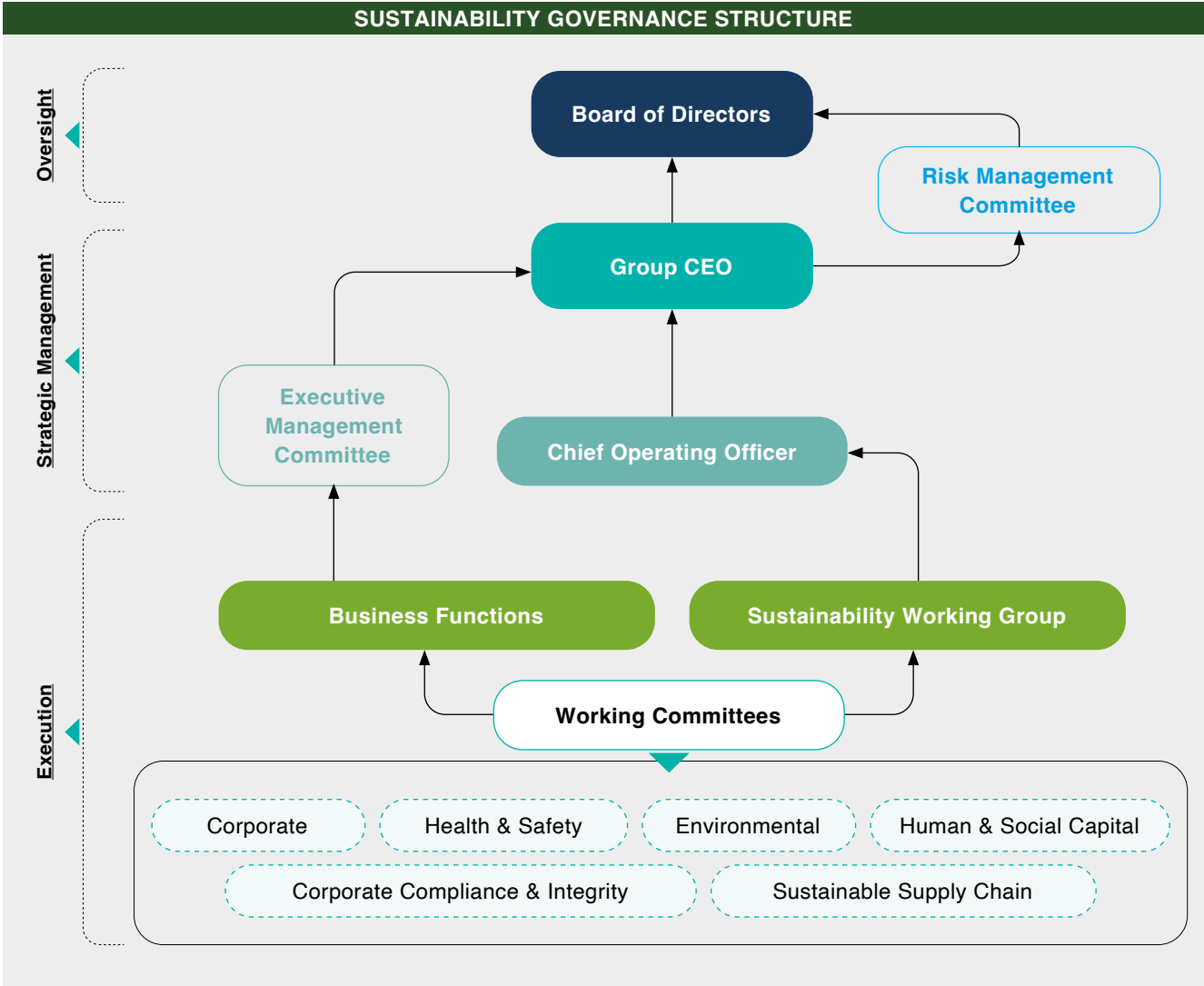
SUSTAINABILITY STATEMENT

OUR VISION FOR ENGINEERING A SUSTAINABLE SOCIETY

Various issues exist in the society surrounding Kelington, including environmental challenges such as climate change, energy, and resources depletion; as well as social matters including unequal opportunities and digital divide. Keeping that in mind, Kelington strives to contribute and become part of the solution as we build a sustainable society for future generations.



SUSTAINABILITY STATEMENT



Oversight	Strategic Management	Execution
Sustainability strategies and performance are governed by the Group's Board of Directors ("BOD") and supported by the Risk Management Committee ("RMC") to ensure we achieve profitability and sustainable returns whilst ensuring the Group's ESG targets are reached in the long term. The Board has entrusted the RMC with the responsibility of risk management oversight. An Enterprise Risk Management Framework has been adopted to identify, evaluate and manage principal risks for the Company.	<p>The Group CEO is supported by the Executive Management Committee ("EMC") and the Chief Operating Officer ("COO").</p> <p>The EMC oversee sustainability risk and opportunities and reviews the Group's sustainability roadmap and ensure best practices are upheld across the Group.</p> <p>The COO drive integration of sustainability strategy into the Group's business plans and ensure implementation of appropriate policies, procedures and controls. The COO is responsible for approving major sustainability initiatives.</p>	<p>The Sustainability Working Group ("SWG") identify key improvement areas of ESG, oversees the execution of improvements, and advises the Board on the matters related to enabling Kelington to operate sustainably for the benefit of current and future generations as well as effectively managing sustainability risks. The SWG is also tasked with developing the Sustainability Statement and reporting directly to the COO on a quarterly basis.</p> <p>On the other hand, all head business functions shall support strategy implementation, ensure processes and controls are in place within its department and report management targets on a timely basis.</p>

SUSTAINABILITY STATEMENT

CORPORATE COMPLIANCE FRAMEWORK

The Corporate Compliance and Integrity Department (CCID) at Kelington Group leads all compliance-related initiatives, working under the guidance of the Group’s Chief Operating Officer (COO). Collaborating closely with the SWG and various Working Committees across the organisation, the CCID ensures that compliance efforts are comprehensive and aligned with our corporate objectives.

The overarching goals of these initiatives, implemented throughout the entire Group, are to bolster our management of Environmental, Social, and Governance (ESG) issues. This includes raising awareness around compliance matters, with a particular focus on corporate governance topics such as bribery and corruption, harassment, and discrimination. Additionally, we continuously enhance and fortify our compliance programs to meet evolving regulatory requirements and industry standards.

Furthermore, the CCID remains vigilant in responding to any specific compliance-related issues as they arise, swiftly addressing them with appropriate measures. Regular assessments of the Group’s integrity and compliance performance are conducted, with reports submitted to the Risk Management Committee (RMC) at least once a year.

At Kelington Group, Corporate Compliance Framework serves as a cornerstone of our commitment to conducting business ethically, responsibly, and in accordance with the highest standards of integrity. By fostering a culture of compliance and accountability, we aim to uphold the trust and confidence of our stakeholders while driving sustainable growth and success.

MATERIALITY ASSESSMENT

The materiality assessment helps the Group in identifying, refining and focusing on the areas of importance to our business and stakeholders and subsequently help to create values over the short, medium and long term for Kelington.

Kelington conducts a comprehensive materiality assessment at least once every three years to identify, understand and prioritise the environmental, social and governance issues that matter most to our business and stakeholders. We also carry out an annual evaluation on the material matters to ensure the issues identified reflect evolving stakeholder priorities and our impact creation potential. The first comprehensive materiality assessment was conducted in 2019.

In FY2023, Kelington reviewed its material matters, taking into consideration the following factors in view of the current operating environment:

- **Operational Impact:** Consider potential operational impact such as disruptions to production, distribution, or supply chain logistics, as well as operational inefficiencies or constraints.
- **Regulatory and legal compliance:** Considering the potential consequences of non-compliance, including fines, penalties, legal proceedings, and reputational damage.
- **Reputation:** Factors such as negative publicity, stakeholder concerns, ethical lapses, and corporate scandals are evaluated.
- **Stakeholder expectations:** We assess the significance of issues or events based on stakeholder feedback, engagement, and prioritisation. Stakeholder inquiries, complaints, feedback, and preferences are considered.
- **ESG considerations:** Factors such as climate change risks, labor practices, diversity and inclusion, and board effectiveness are considered.

SUSTAINABILITY STATEMENT

THE MARKET AND TRENDS THAT SHAPE US

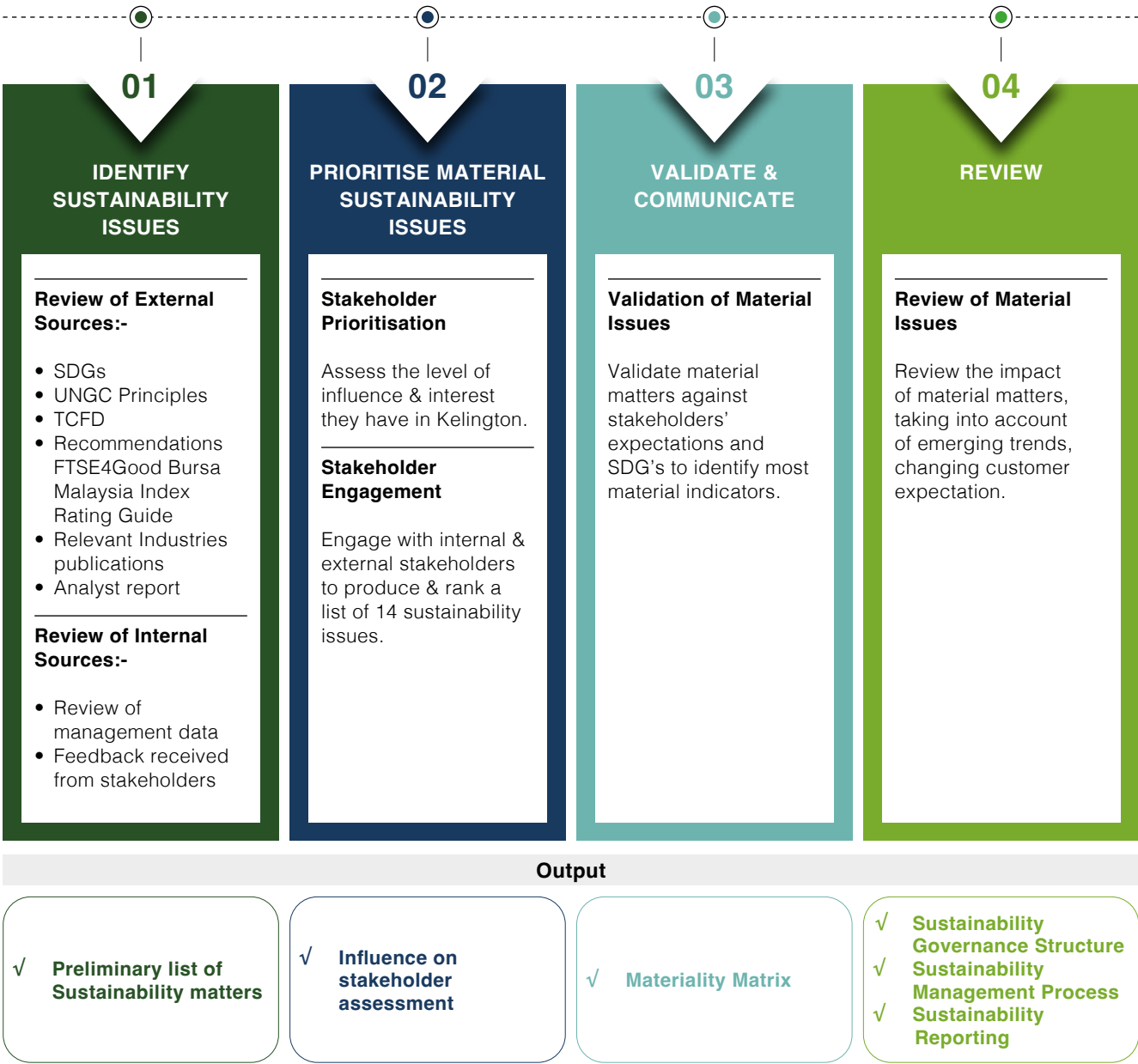


SUSTAINABILITY STATEMENT

MATERIALITY METHODOLOGY

To ascertain which sustainability matters are material to our business from both company and stakeholder perspectives, we have carried out a materiality assessment in accordance with the methodology described in the Sustainability Reporting Guide (3<sup>rd</sup> Edition) published by Bursa Malaysia. This process allows us to align both internal and external perspectives, with the aim of identifying areas of potential optimisation and to further developing sustainability-related management approaches and reporting.

The annual process for determining material sustainability topics involves three steps: identification, prioritisation and validation. Kelington's SWG gather crucial inputs, conduct stakeholder analysis, and prioritises sustainability matters on the matrix along these two axes: importance to stakeholders and importance to Kelington Group. The respective matrices are reviewed and validated by the management of each division before being consolidated into the Group's matrix and reviewed by the EMC and COO.



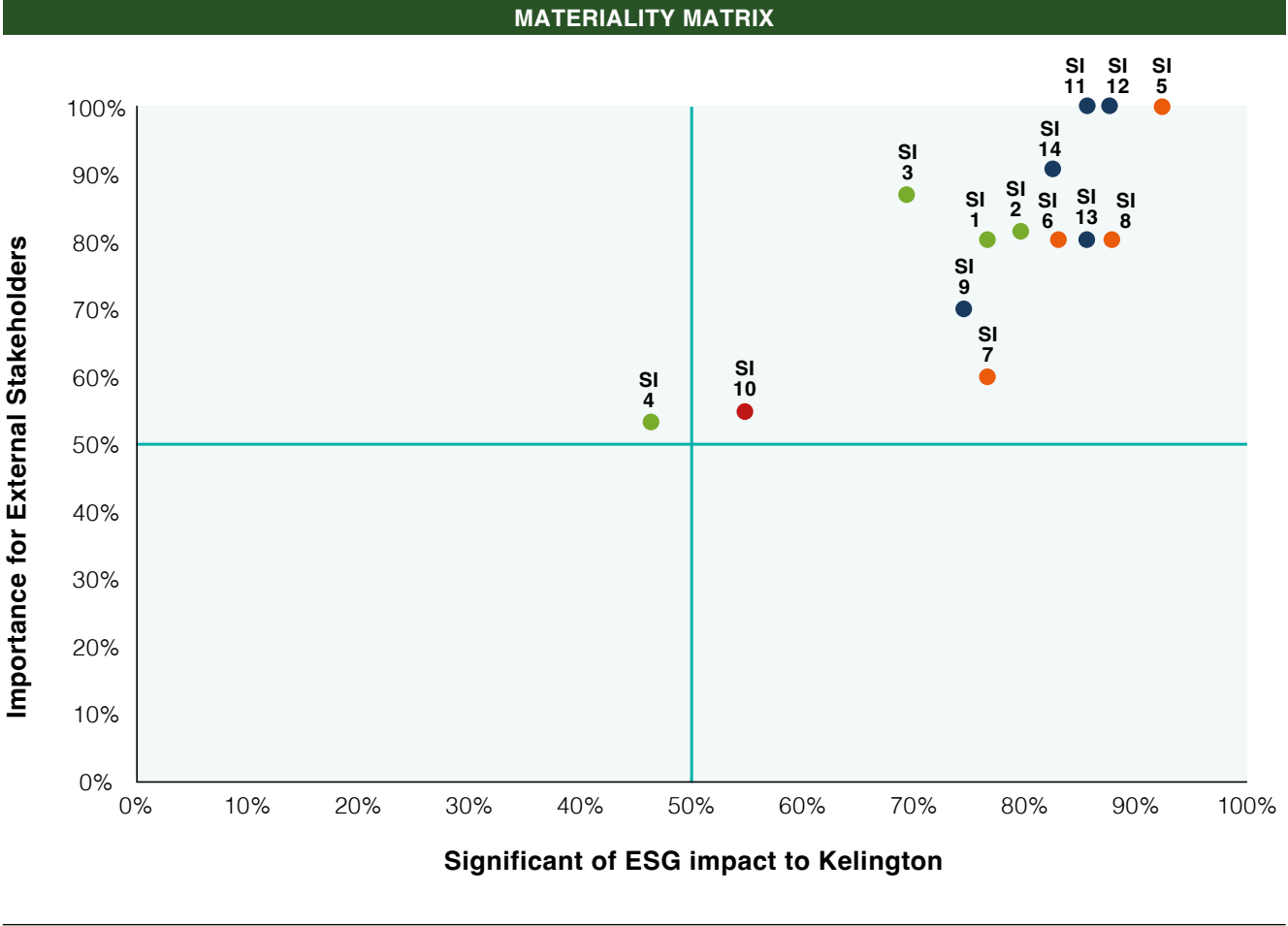
SUSTAINABILITY STATEMENT

MATERIALITY MATRIX

In FY2023, we continue to prioritising the 14 material issues that have been identified as having the most significant impacts for reporting.

We Manage Sustainability Issues	
SI 1: Preventing Climate Change	SI 8: Respect Human Rights
SI 2: Pollution and Waste Management	SI 9: Sustainable Supply Chain
SI 3: Resources Management	SI 10: Community Investment
SI 4: Support Biodiversity	SI 11: Governance & Ethics
SI 5: Occupational Safety & Health	SI 12: Economic Growth & Profitability
SI 6: Talent Management & Development	SI 13: Quality Products & Services
SI 7: Diverse and Inclusive Workplace	SI 14: Technology & Operational Innovation

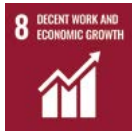


Key Sustainability Issues





SUSTAINABILITY STATEMENT

SUPPORTING SUSTAINABLE DEVELOPMENT GOALS


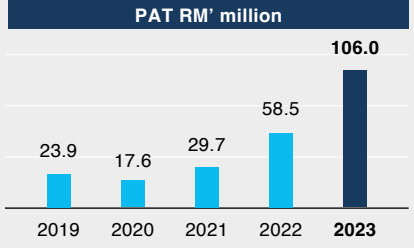

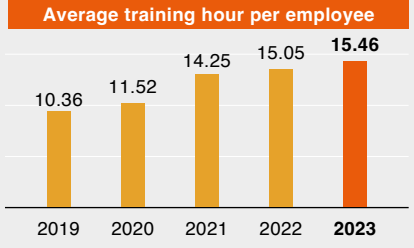

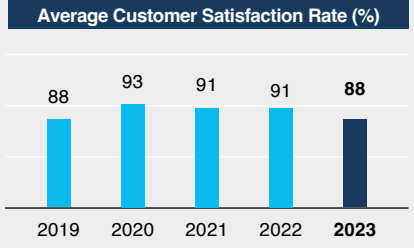
SDGs	Our Targets	FY2023 Progress Indicator	Year on Year	
			2022	2023
  Protect labour rights and promote safe and secure working environments for all workers.	Zero work-related fatalities	100%	0 Workplace fatalities	0 Workplace fatalities
	Year-on-year improvement of total recordable injury frequency rate (TRIFR)	100%	TRIFR 0.75	TRIFR 0.72
	Achieve Zero incident of unfair employment practices & Zero incident of violation of labour laws.	100%	0 incident	0 incident
  Improve access to education and ensure life-long learning for disadvantaged youth.	Implement programme to improve access to education for underprivileged.	25%	Participate in Project Sambung Sekolah and support 5 underprivileged students	Participate in Project Sambung Sekolah and support 5 underprivileged students
  Ensure women's full and effective participation and equal opportunities for leadership.	30% female representation in total workforce (Executive level & above)	90%	27% female representation in total workforce [Executive level & above]	28.6% female representation in total workforce [Executive level & above]
  Take urgent action to combat climate change and its impacts.	Short Term Goal by FY2024: Reduce our own CO <sub>2</sub> emissions intensity by at least 20% (Baseline Data FY2020:2,345 CO <sub>2</sub> e tonnes / RM'million EBITDA)	100%	763 CO <sub>2</sub> e tonnes / RM million EBITDA	492 CO <sub>2</sub> e tonnes / RMmillion EBITDA
  Develop effective, accountable and transparent institutions	Promote a culture of integrity through awareness campaigns and regular communications.	100%	1 session awareness training  0 Case noncompliance of laws and regulations against acts of corruption.	1 session awareness training  0 Case noncompliance of laws and regulations against acts of corruption.

SUSTAINABILITY STATEMENT

OUR STRATEGIC GOALS, SUSTAINABILITY TARGETS AND PERFORMANCE

Kelington seeks to improve our sustainability performance, transparency and accountability as we embed sustainability measures in our business operations to manage ESG factors.

The following sustainability targets are structured around two pillars: sustainable values creation and managing impacts:

Key Sustainability Issues	Target 2024	Base Year Data	Progress FY2023
Sustainable Values Creation			
 <b>Economic Growth &amp; Profitability</b>	To continue generating and distributing economic value to stakeholders by sustaining a resilient financial performance	<b>Profit After Tax FY2019 RM23.9 million +343.5%</b>	KGB saw an increase of <b>79.9%</b> in Profit After Tax in FY2023.  Please refer to page 4 for more details.
 <b>Talent Development</b>	To achieve average 12 training hours per employee per year	<b>FY2019 10.36 hours per employee +49.2%</b>	Training hours per employee increased <b>2.7%</b> in FY2023.  Please refer to page 88 for more details.
 <b>Quality Products &amp; Services</b>	To achieve average Customer Satisfaction Rate of 90%	<b>FY2019 88%</b>	Maintain average Customer Satisfaction Rate of <b>88%</b> in FY2023.  Please refer to page 73 for more details.

SUSTAINABILITY STATEMENT

Key Sustainability Issues	Target 2024	Base Year Data	Progress FY2023																									
Managing Impacts																												
<div>SI 5</div> <div>Occupational Safety &amp; Health</div>	To maintain zero work related fatalities	<b>Zero</b> work related fatalities	Maintained <b>zero</b> fatalities as a result of work-related injuries <div><div>No. of Work Related fatalities Case</div><table><tr><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>2019</td><td>2020</td><td>2021</td><td>2022</td><td>2023</td></tr></table><div>Please refer to page 78 for more details.</div></div>	0	0	0	0	0	2019	2020	2021	2022	2023															
0	0	0	0	0																								
2019	2020	2021	2022	2023																								
<div>SI 3</div> <div>Resources Management</div>	<b>Industrial Gases division:</b> To reduce electricity intensity by 5%.  In view that our Industrial Gases manufacturing business consumes substantial amount of electricity, improving the power efficiency of our manufacturing facilities would be instrumental for KGB to manage electricity intensity.	<b>1,180 MWh</b> / RM'mil <b>EBITDA</b> -61.7%	<b>32%</b> reduction in electricity intensity-Industrial Gases Division in FY2023. <div><table><tr><th>Industrial Gas Division</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>Electricity Consumption (MWh)</td><td>5,853</td><td>9,377</td><td>12,331</td><td>14,321</td></tr><tr><td>EBITDA (RM'mil)</td><td>4.96</td><td>10.35</td><td>18.58</td><td>31.70</td></tr><tr><td><b>Electricity Intensity Ratio (MWh / RM'mil)</b></td><td><b>1,180</b></td><td><b>906</b></td><td><b>664</b></td><td><b>452</b></td></tr><tr><td></td><td></td><td></td><td></td><td><b>-32%</b></td></tr></table><div>Please refer to page 57 for more details.</div></div>	Industrial Gas Division	2020	2021	2022	2023	Electricity Consumption (MWh)	5,853	9,377	12,331	14,321	EBITDA (RM'mil)	4.96	10.35	18.58	31.70	<b>Electricity Intensity Ratio (MWh / RM'mil)</b>	<b>1,180</b>	<b>906</b>	<b>664</b>	<b>452</b>					<b>-32%</b>
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				<b>-32%</b>																								
<div>SI 3</div> <div>Resources Management</div>	<b>Industrial Gases division:</b> To reduce water intensity by 5%.	<b>2,732 m³</b> / RM'mil <b>EBITDA</b> -57.8%	Reduced Water Intensity by <b>23.5%</b> in Y2023. <div><table><tr><th>Industrial Gas Division</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>Water Consumption (m³)</td><td>13,552</td><td>24,791</td><td>28,012</td><td>36,539</td></tr><tr><td>EBITDA (RM'mil)</td><td>4.96</td><td>10.35</td><td>18.58</td><td>31.70</td></tr><tr><td><b>Water Intensity (m³ / RM'mil)</b></td><td><b>2,732</b></td><td><b>2,395</b></td><td><b>1,508</b></td><td><b>1,153</b></td></tr><tr><td></td><td></td><td></td><td></td><td><b>-23.5%</b></td></tr></table><div>Please refer to page 60 for more details.</div></div>	Industrial Gas Division	2020	2021	2022	2023	Water Consumption (m³)	13,552	24,791	28,012	36,539	EBITDA (RM'mil)	4.96	10.35	18.58	31.70	<b>Water Intensity (m³ / RM'mil)</b>	<b>2,732</b>	<b>2,395</b>	<b>1,508</b>	<b>1,153</b>					<b>-23.5%</b>
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				<b>-23.5%</b>																								
<div>SI 2</div> <div>Pollution and Waste Management</div>	<b>Engineering division:</b> To reduce non recycled waste intensity by 5%	<b>14.4 tonnes</b> / RM'mil <b>EBITDA</b> -76.4%	<b>67.6%</b> decreased in Non-Recycled Waste Intensity. <div><table><tr><th>Engineering Division</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>Construction Waste (tonnes)</td><td>330</td><td>200</td><td>717</td><td>422</td></tr><tr><td>EBITDA (RM'mil)</td><td>22.9</td><td>43.1</td><td>68.2</td><td>123</td></tr><tr><td><b>Non-Recycled Waste Intensity (tonnes / RM'mil)</b></td><td><b>14.4</b></td><td><b>4.6</b></td><td><b>10.5</b></td><td><b>3.4</b></td></tr><tr><td></td><td></td><td></td><td></td><td><b>-67.6%</b></td></tr></table><div>Please refer to page 52 for more details.</div></div>	Engineering Division	2020	2021	2022	2023	Construction Waste (tonnes)	330	200	717	422	EBITDA (RM'mil)	22.9	43.1	68.2	123	<b>Non-Recycled Waste Intensity (tonnes / RM'mil)</b>	<b>14.4</b>	<b>4.6</b>	<b>10.5</b>	<b>3.4</b>					<b>-67.6%</b>
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SUSTAINABILITY STATEMENT

HOW WE MANAGE SUSTAINABILITY ISSUES			
<div>Care for Business</div> <div>SI 09: Sustainable Supply Chain SI 11: Governance &amp; Ethics SI 12: Economic Growth &amp; Profitability SI 13: Quality Products &amp; Services SI 14: Technology &amp; Operational Innovation</div>	<div>Care for Environment</div> <div>SI 1: Preventing Climate Change SI 2: Pollution and Waste Management SI 3: Resources Management SI 4: Support Biodiversity</div>	<div>Care for People</div> <div>SI 5: Occupational Safety &amp; Health SI 6: Talent Management &amp; Development SI 7: Diverse and Inclusive Workplace SI 8: Respect Human Rights</div>	<div>Care for Society</div> <div>SI 10: Community Investment</div>
Policies and Standards available online			
<div>Responsible Supply Chain Policy</div> <div>Code of Ethics &amp; Conduct</div> <div>Anti-Bribery &amp; Corruption Policy</div> <div>Conflict of Interest Policy</div> <div>Whistleblowing Policy</div> <div>Risk Management Policy</div> <div>Corporate Disclosure Policy</div> <div>Shareholder's Right</div> <div>Quality Policy</div>	<div>Sustainable Development &amp; Climate Change Position Statement</div> <div>Environmental Policy</div>	<div>Safety &amp; Health Policy</div> <div>Gender Diversity Policy</div> <div>Human Rights Policy</div>	<div>Community Investment Policy</div>
Principal risks that have key links to the sustainability issues			
<div>Supply disruption</div> <div>Ethical misconduct and poor governance practices</div> <div>Legal and Reputation Risk</div> <div>Operational Risk</div> <div>External Risk</div> <div>Cybersecurity risk</div>	<div>Climate related risk and financial impact</div> <div>Natural resources scarcity</div> <div>Environmental Liability risk</div> <div>Physical and transition risks</div> <div>Compliance risk</div>	<div>Industrial Accident / Workplace Injuries</div> <div>Dependence on the availability of technical professional</div> <div>Changes in Customer perception and / or preferences</div> <div>Discrimination in the workplace can harm employee health and an organisation's productivity</div> <div>Poor labor relations and inadequate human capital management.</div>	<div>Low school achievement affect the quality of the local workforce.</div> <div>High level of crime increased costs for security measures.</div> <div>A recession and increasing unemployment rates can impact the overall economic environment, affecting Company's financial performance and stability.</div>
Non-Financial KPIs			
<div>Progress of Supplier Development</div> <div>Percentage of local sourcing</div> <div>Customer Satisfaction Rate</div> <div>ESG ratings</div> <div>Zero Incidents of Corruption and Bribery</div> <div>Number of complaints concerning breaches of customer privacy and losses of customer data.</div>	<div>Reduce our own CO<sub>2</sub> emission intensity by at least 20% by FY2024</div> <div>To reduce electricity intensity by 5%</div> <div>To reduce water intensity by 5%</div> <div>To reduce non recycled waste intensity by 5%</div>	<div>Zero work related fatalities</div> <div>30% female representation in total workforce</div> <div>Average 12 Training Hours per employee per year</div> <div>Zero incidents of violations of labour laws / unfair employment practices</div>	<div>Implement programme to improve access to education for underprivileged</div> <div>Total number of persons received benefit through our supporting schools and non-profit organisation.</div>

SUSTAINABILITY STATEMENT

Protecting the Environment

The Climate is changing.  
Why aren't we?

6 Actions to fight climate change

- 1. Value Engineering for Sustainability.
- 2. Engineering Solutions to reduce environmental impact.
- 3. Measure & Analyse GHG Emissions.
- 4. Be Energy Efficient.
- 5. Reduce Waste.
- 6. Raise Awareness of the urgent need to address climate change.

Ong Weng Leong  
Executive Director



We Care for Environment

	Highlights	Page
SI 1 Preventing Climate Change	• Our Role in Low Carbon Future	37
	• Kelington's Climate Change Strategy	42
	• Climate related Disclosures	
	- Governance	40
	- Strategy	42
SI 2 Pollution & Waste Management	• Risk Management	43
	- Metrics & Targets	49
	• Prevent Pollution (Water Quality / Air Quality / Noise)	52
	• Our approach to sustainable waste management / reduction	53
	• Construction Waste	55
SI 3 Resources Management	• Scheduled Waste	56
	• Electronic Waste	57
	• Energy Management	58
SI 4 Support Biodiversity	• Water Management	60
	• Key Initiatives and Strategies	62

SUSTAINABILITY STATEMENT

SI 1 Preventing Climate Change

Tackling Climate Change

At Kelington, we want to be part of the solution to help address the climate change. Our aim is to ensure our business, and those in our supply chain, continue to deliver economic and social benefits as we assist in the transition to a low-carbon future.

Our role in a low-carbon future



"We Engineering Solutions to reduce environmental impact"

Climate change is of strategic importance for the world and for Kelington. It presents a long-term challenge if government, society and business do not take action. Long-term perspective is required to address both the risks and uncertainties, and opportunities.

We believe that Kelington can and should be part of the solution, as we engineer solutions to ensure safe handling of the delivery and distribution of specialty gases and chemicals all the way from source to equipment to waste disposal. Meanwhile, we enable new technologies to solve environmental challenges in the industry.

How does exhaust affect the environment?	How can Kelington be a part of the solution?
Exhaust streams in a fab frequently contain very corrosive and / or toxic gases that must be removed by chemical scrubbing prior to release to atmosphere. The process exhaust is fed to a centralised exhaust treatment facility in most semiconductor fabs. These facilities are generally described as exhaust "scrubbers".	Kelington delivers complete solutions for Wet Scrubber System; Greenhouse Gas Reduction System; VOCs Removal System; Odor Control System; and acid / general / exhaust / solvent ductwork system which capable to remove harmful gases from the semiconductor fabrication process.  Harmful gases include hydrogen fluoride, hydrogen chloride, chlorine, fluorine, silicon tetrafluoride, carbon dioxide, methane, nitrous oxide, fluorinated gases (HFCs, PFCs, SF6, NF3), nitric and sulphuric acids, as well as with other acidic and caustic compounds.  Kelington supply and install wet scrubbers system which is a type of air pollution control device that is used to remove harmful gases and particles from industrial exhaust streams and we can customise to meet specific emission control requirements.  Exhaust systems are generally associated with emissions of pollutants and GHG that contribute to air pollution and climate change. However, we engineer solutions to design exhaust systems with emission reduction technology and used to reduce the environmental impact.



SUSTAINABILITY STATEMENT

How does industrial water / wastewater affect the environment?	How can Kelington be a part of the solution?
<p>The manufacturing of semiconductors generates wastewater that contains heavy metals and toxic solvents.</p> <p>The untreated wastewater can contaminate the ground water. This is one of the primary reasons for water pollution.</p>	<p>Wastewater Treatment System is used to convert spent streams into an effluent that can either be reused or safely discharged to the environment or municipal treatment facility.</p> <p>We provide waste water treatment system used to remove contaminants from prior to returning the treated water back to the water cycle / sewage. Kelington's well-designed wastewater treatment system helps the facility avoid harming the environment, human health, and a facility's equipment, process or products (especially if the wastewater is being reused).</p>

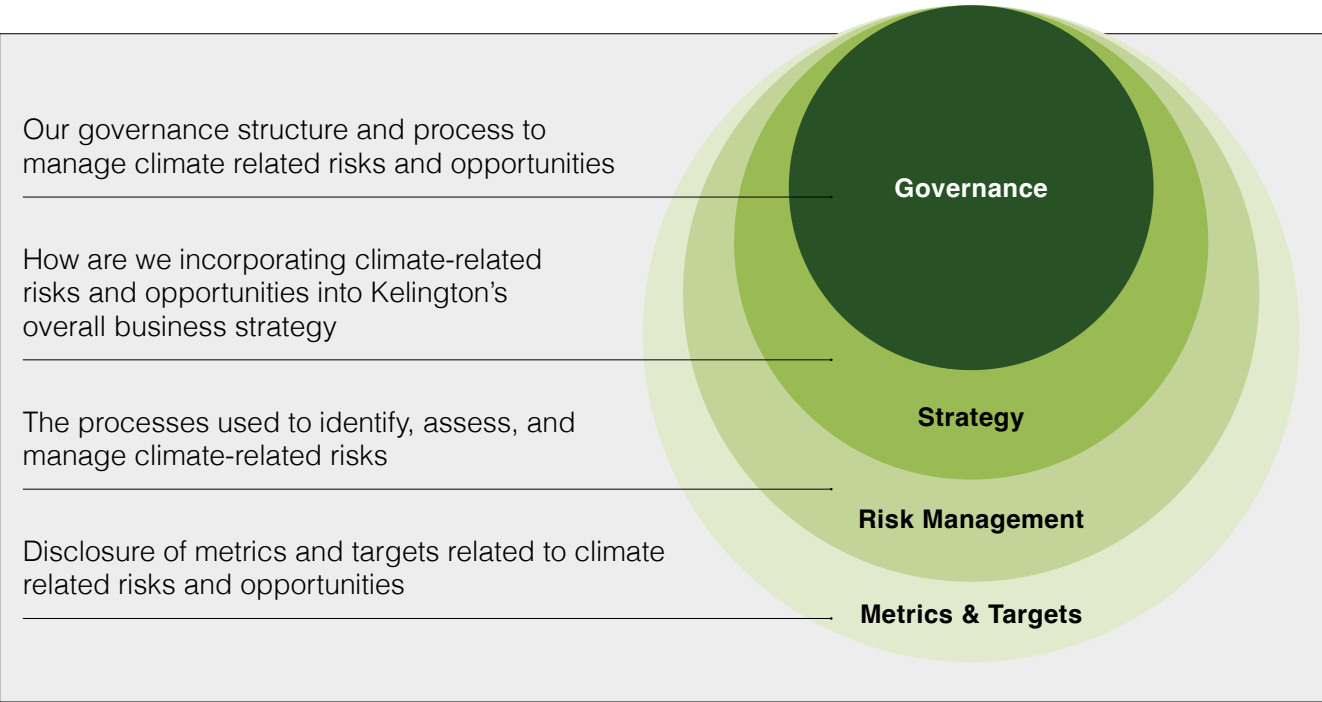
Valuable materials used in manufacturing process can be expensive to dispose of as waste.	How can Kelington be a part of the solution?
<p>The photolithography process is widely used in the semiconductor industry to create microcircuits and microelectronic devices, such as computer processors, memory chips, and integrated circuits. It is also used in the production of flat panel displays, including LCD, OLED, and plasma displays.</p> <p>The photolithography process is a critical manufacturing process for many high-tech industries to create the circuitry and components on the wafer.</p> <p>After the circuitry is completed, a chemical solution is used to strip away the unwanted layers, leaving only the desired components on the wafer. The chemical solution used in this process can contain valuable metals or other materials that can be expensive to dispose of as waste.</p>	<p>Kelington design and build Stripper Reclaim System (SRS) and allowed the manufacturer to recover and recycle the valuable materials and thus reducing waste, saving on material costs, and minimise the environmental impact. The SRS involves the use of filters and chemical treatment processes to recover and purify the materials for reuse.</p> 

Emissions	How can Kelington be a part of the solution?
<p>Emissions from the combustion of fossil fuels, cement production and human activities increase, they build up in the atmosphere and warm the climate, leading to many other changes around the world - in the atmosphere, on land, and in the oceans.</p>	<p>Reduce CO<sub>2</sub> emission through Separation and Utilisation.</p> <p>Kelington captures waste gas emitted by petrochemical complex for re-use as key raw material to produce Liquid Carbon Dioxide via CO<sub>2</sub> separation technologies. Liquid carbon dioxide produced is used for freezing and chilling of food products, carbonation of beverages etc.</p>

SUSTAINABILITY STATEMENT

Climate related Disclosures

In FY2023, Kelington Group continues its commitment to transparency and sustainability by adopting the TCFD recommendations to disclose both our direct and indirect climate change-related impacts. While we have made significant progress in integrating the TCFD recommendations into our existing management processes, we acknowledge the need for further enhancement, particularly in refining our strategy and disclosure on metrics and targets.



Climate related Disclosures

TCFD Key Pillars	Kelington's Key Approaches	Refer to page
Governance	Kelington's board maintains oversight of the group's climate-related risks and opportunities. They receive biannual updates on the sustainability strategy and initiatives and approve the Sustainability Statement, which comprehensively discloses the company's environmental and climate change agenda.	40
Strategy	The Executive Management Committee acknowledging the significant impact of environmental and climate change issues on our business operations and strive to integrate these concerns into the Group's business operations, strategy, and financial planning, encompassing both adaptation and mitigation efforts.	42
Risk Management	As part of our sustainability strategy, the Board and the Risk Management Committee have actively considered the risks and opportunities associated with climate change within the context of Kelington's businesses, recognising them as key material issues for the Group. Environmental and climate change concerns have been integrated into the Group's risk profile and are deliberated during Risk Management Committee meetings.	43
Metrics and Targets	Kelington employs environmental data monitoring to track and benchmark our environmental progress and performance. We initiated the monitoring of direct and indirect greenhouse gas emission data from our operational business units since FY2020.	49

In FY2023, we achieved zero case of significant fines and non-monetary sanctions for environmental non-compliance from government authorities.



SUSTAINABILITY STATEMENT

Our Approach to Climate Change

Governance

Climate Change is discussed at senior management level and by the Board. The Board Risk Management Committee has oversight of the key sustainability risks, including climate change, the quality of the controls and performance against our targets.

The Board Risk Management Committee met two times in FY2023.

The assessment of the resilience of our business to transition risks and to climate scenarios have been discussed with both the Executive Management Committee (“EMC”) and the board as a key part of the business strategy discussion.

In this evolving operational environment, the Board with the support from the management team, adapts and creates resilient business strategies and models that view progress on sustainability as a means of long-term value creation and innovation.

At the Management level, the Executive Directors are responsible for ensuring climate-related risks and opportunities are fully integrated into the Company’s long term business strategy. The Executive Directors oversee and report to the Board on management’s progress against the Company’s key strategic ESG objectives, covering various sustainability and climate-related topics and initiatives.

Summary of Climate Risk and Opportunity Governance

	Governance	Overview
Board Oversight	Board of Directors	The Board develops strategies to promote and strengthen ESG culture across the Group in pursuit of long-term sustainability. The Board carries the ultimate responsibility over the effectiveness of our ESG risk management practices and ensures Kelington’s sustainability principles are in line with the Group’s long-term business objectives.  ESG discussions have been integrated into the boardroom agenda and infused into the board’s deliberations regarding the company’s strategies.
	Audit Committee	The Audit Committee, with the assistance of RMC, has oversight over the Group’s risk management framework and obtains assurance, through the independent consultant appointed, on the adequacy and effectiveness of the risk management and internal control systems.
	Risk Management Committee	The RMC reviews and discusses with management the Company’s Enterprise Risk Management process including its risk governance framework, risk management practices and key risk factors.  The RMC review the risks and opportunities associated with climate change; review climate change adaptation strategies and initiatives; address climate risks and opportunities; and ensure that climate risks and opportunities are integrated into KGB’s overall corporate strategy.
Executive Leadership	Executive Directors	Executive Directors oversee corporate risk functions such as Business Continuity Management and Disaster Recovery. They are members of the Board and are accountable for reporting to the Board on all risks and opportunities.
	Chief Operating Officer	The Group COO holds responsibilities for the Group’s climate change strategy and implementation framework, with direct oversight by the Risk Management Committee.
	Chief Financial Officer	Reports directly to the Executive Directors and oversees functions related to the governance of climate risks and opportunities including those related to the Company’s reporting on its management of financially material climate-related risks and opportunities and footprint.

SUSTAINABILITY STATEMENT

	Governance	Overview
Sustainability Management	Executive Management Committee	In 2023, the Executive Management Committee (EMC) convened to review the strategic plan for FY2024-2026, now fortified with the incorporation of ESG considerations and opportunities.  The EMC proactively addresses climate impacts, navigating the challenges posed by escalating energy costs while capitalising on cost savings from operational efficiency enhancements.  Furthermore, the EMC advocates for continuous monitoring and quantification of company-wide climate-related risks and opportunities. Additionally, proactive resiliency measures are undertaken to mitigate the potential impacts of natural disasters on Kelington’s operations.
	Sustainability Working Group	The SWG is involved in collecting and tracking of key environmental metrics, monitoring environmental performance targets and has ownership of related policies and programming.  The SWG is also tasked with developing the Sustainability Statement and reporting directly to the COO on a quarterly basis.



Ir. Raymond Gan (Group CEO), Puan Rahima (Independent Non-executive Director), Mr. Chin Wei Min (Independent Non-executive Director) attended **JC3 Journey to Zero Conference 2023** on 23 Oct 2023 at the prestigious Sasana Kijang, in Kuala Lumpur. By engaging with JC3’s initiatives, the board demonstrated a profound awareness of the urgency surrounding climate action and a willingness to lead by example.

SUSTAINABILITY STATEMENT

KELINGTON’S CLIMATE CHANGE STRATEGY



**Expected Outcome:**  
Reduce our carbon footprint and support our customers to achieve sustainable manufacturing process and mitigate climate change.

We are focused on:

- (1) **Carbon reduction:** We have successfully met our goal of reducing carbon emissions intensity by 20% by 2024, and our focus has now shifted to setting science-based targets to achieve Scope 1, 2 and 3 net-zero emissions by FY2050. Kelington’s Industrial Gases manufacturing activities are energy-intensive as the production and machinery operations run for 24 hours daily. We are taking action to improve both productivity and efficiency, as we reduce emissions.
- (2) **Value engineering for sustainability:** Incorporating sustainable design principle into our projects. Consider climate risks from the way we design and construct new projects to closure and beyond.
- (3) **Engineer solutions to reduce environmental impact:** Environmental engineering solutions to design and build wastewater treatment plants that remove contaminants from wastewater before it is discharged into the environment. We design and build Stripper Reclaim System (SRS) and allowed the manufacturer to recover and recycle the valuable materials and thus reducing waste. Committed to designing exhaust systems that reduce noise pollution and equipped with emissions reduction technology.
- (4) **Advocacy:** Increase awareness of the urgent need to address climate change and engage both internal and external stakeholders to drive change.
- (5) **Innovation:** Explore opportunity to collaborate with international players to develop innovative technology that can contribute the mitigation and adaptation to climate change. i.e solutions that can help to address climate change such as energy storage, carbon capture and storage.

Since its inception, Kelington has been diligently developing a strategic plan that considers both environmental and social risks. The greatest risk associated with the gas and chemical delivery system is the flammable, explosive, or toxic materials that it carries. These substances can pose danger to people and property if a release occurs because of a delivery system failure.

The climate change actions we take are consistent with our objectives of delivering world class and quality services to meet our customers’ requirement without unnecessary harm, safely and cost effectively.

SUSTAINABILITY STATEMENT

Climate Change Adaptation Strategies & Initiatives

Given that greenhouse gas (GHG) emissions are a significant contributor to climate change, transitioning to a low-carbon economy will profoundly impact Kelington's long-term strategy and operations. Assessing the full range of impacts is complex, as it involves navigating technical, social, and political factors over an extended period. Consequently, we integrate climate change considerations into our strategic planning and commercial frameworks to comprehensively address risks and opportunities.

Climate change is not just a concern but a strategic imperative for our business, requiring a holistic approach across all facets of our operations. To ensure continual improvement, Kelington pledges to conduct an annual review of our climate change approach as an integral part of our ongoing strategy refinement process.

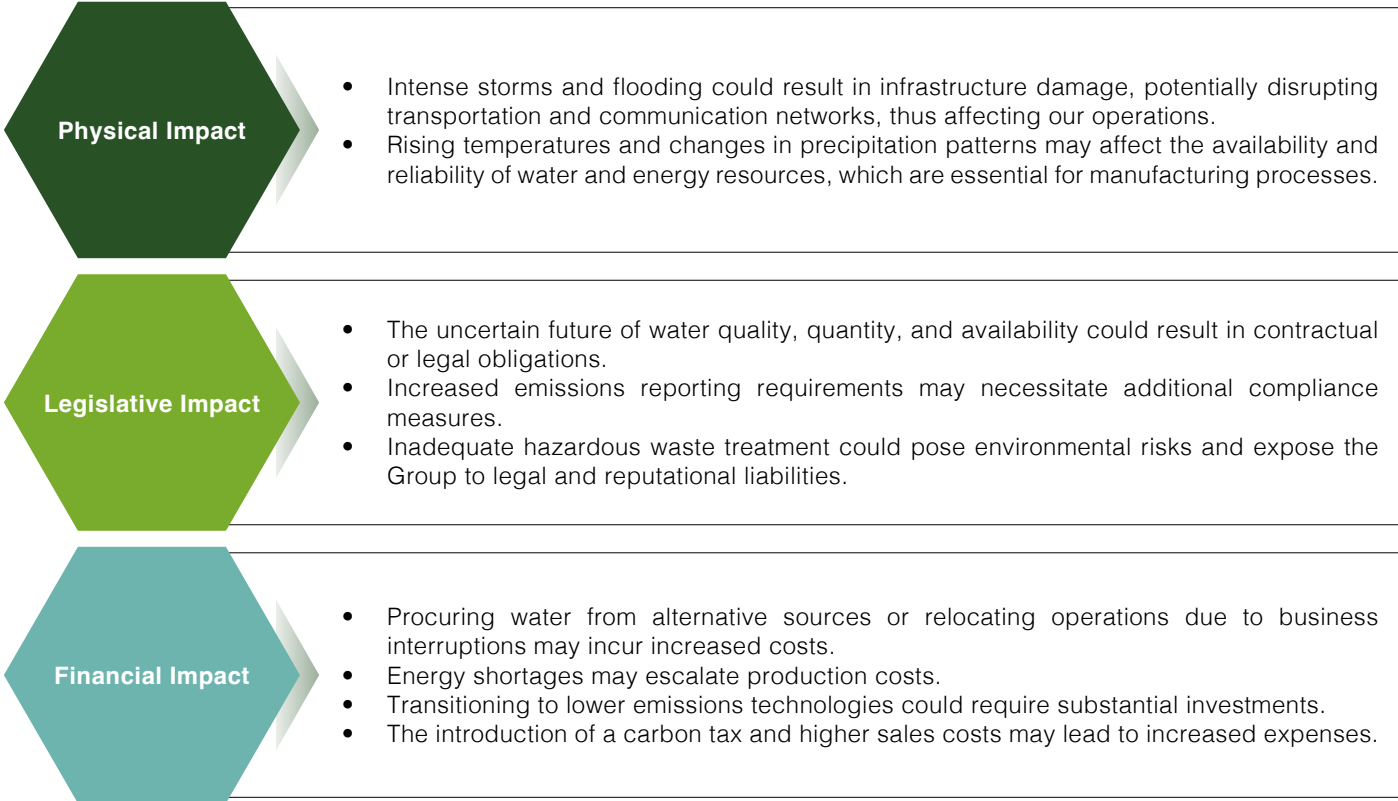
We recognise that there may have been instances of inadequate or underreporting of total emissions data within the Kelington Group. To address this, we are committed to enhancing our data collection processes by leveraging advanced technology. This proactive step will enable us to attain more accurate and comprehensive emissions data, thus laying the groundwork for setting science-based targets and advancing our commitment to environmental sustainability.

MANAGING CLIMATE RISKS AND OPPORTUNITIES

We address climate risks through our risk management framework. The framework reflects our exposure to a variety of uncertainties that can have financial, operational and compliance impacts on our business performance, reputation and ability to operate successfully. It includes clearly defined oversight responsibilities for the Board, Risk Management Committee, and the Executive Management Committee, who are supported by the Sustainability Working Group and support functions, to enable effective risk identification, evaluation and management across Kelington.

Climate Change Scenario Analysis

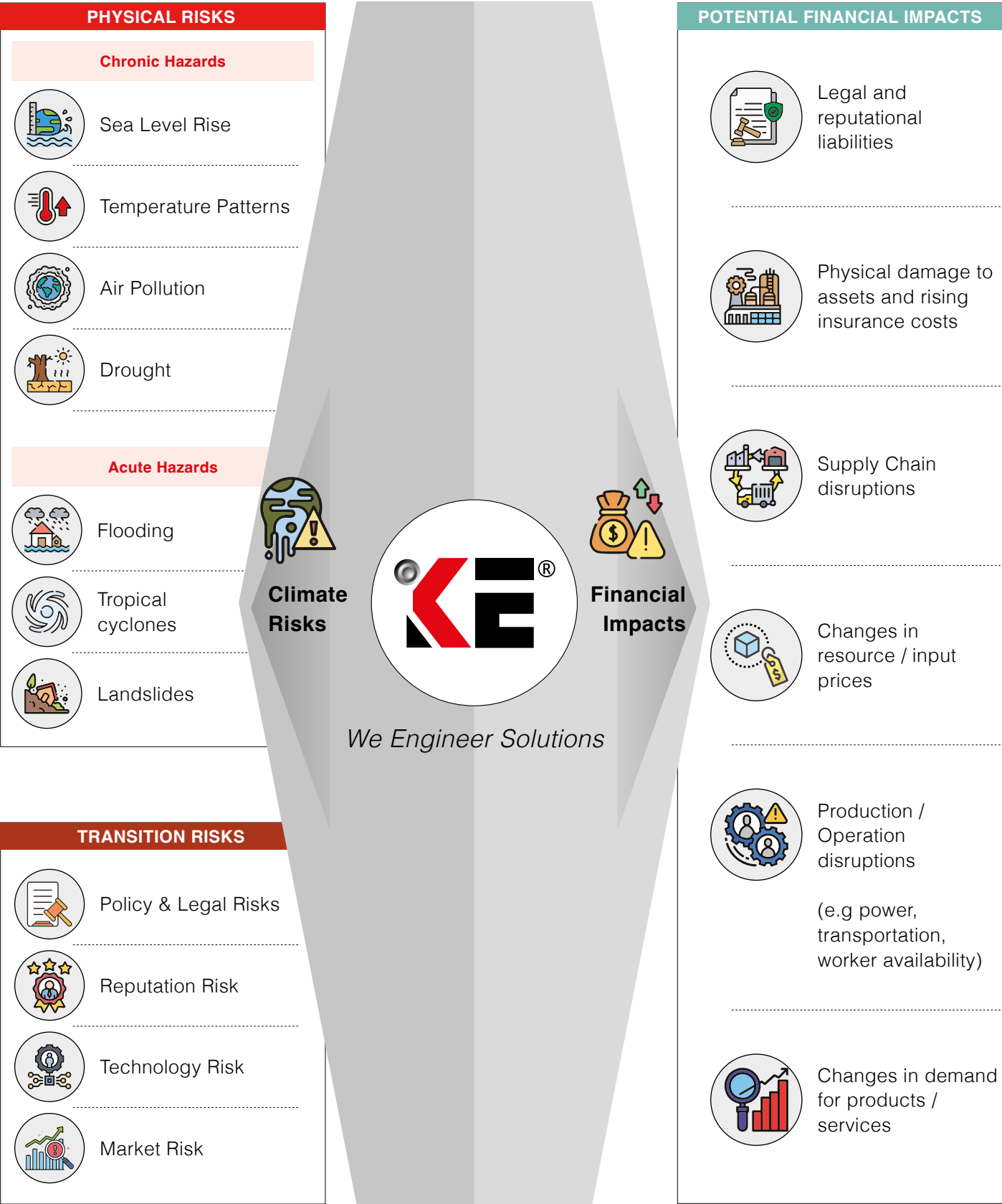
The Executive Management Committee conducted a comprehensive climate change scenario analysis to assess potential impacts on our business operations under varying temperature increases, specifically focusing on short, medium, and long-term effects. The study encompassed our key business segment, namely engineering and industrial gases. Based on our analysis, climate change is anticipated to directly affect our business in the following ways:





SUSTAINABILITY STATEMENT

Climate-related risks and financial impacts



SUSTAINABILITY STATEMENT

Potential Impacts of Climate-related Risks & Opportunities

Under Kelington's risk management framework, emerging risks are identified, assessed and appropriately managed. Kelington has used the major risk categories identified in the TCFD recommendations as the basis for its risk assessment:-

- (i) Risks related to the transition to a lower-carbon economy
- (ii) Risks related to the physical impacts of climate change

Potential Financial Impact Level:						Timeline:
<div>Low</div>	<div>Medium</div>	<div>High</div>	<div>Risk</div>	<div>Opportunity</div>		
			Short Term : 0-1 year Medium Term : 1-5 years Long Term : 5-20 years			
Transition Risks	Potential Impacts of Climate-related Risks and Opportunities on our business	Short	Medium	Long	Our Strategy	
Policy and Regulations	<div><div>▲</div>Current and emerging regulation has the potential to impact business costs associated with meeting regulatory requirements and the impact on semiconductor markets.  This includes the potential for increases in carbon pricing and emissions reporting obligations.</div>	<div></div>	<div></div>	<div></div>	<div>Implementing ISO14001 Management System, to ensure full compliance with environmental regulations.  Continuous improvement of resource efficiency and reduction of greenhouse gas emissions across our operations.</div>	
Market	<div>Chip manufacturing contributes to the climate crisis. As the semiconductor industry grows, and so with its carbon footprint. The chip industry used different gases during the production process, many of which have a significant climate impact.  <div>●</div>Kelington's products and services have an important role in a low-carbon economy.</div>	<div></div>	<div></div>	<div></div>	<div>To develop innovative solutions that address environmental challenges and enhance Kelington's competitiveness and attract environmentally conscious clients.  Explore tender opportunities on Wet Scrubber System; Greenhouse Gas Reduction System; VOCs Removal System; Odor Control System; and acid / general / exhaust / solvent ductwork system which capable to remove harmful gases from semiconductor fabrication processes.  Promote our capability to design and build Stripper Reclaim System (SRS) and allowed the manufacturer to recover and recycle the valuable materials and thus reducing waste, saving on material costs, and minimise the environmental impact.</div>	
Technology	<div><div>●</div>The development and deployment of low-emissions technology minimise environmental impact while meeting consumer needs.  <div>▲</div>Technology deployment in the electricity sector, and the sector's transition to low carbon, has the potential to impact the future price of purchased electricity.</div>	<div></div>	<div></div>	<div></div>	<div>Opportunity to collaborate with international players to develop innovative technology that can contribute the mitigation and adaptation to climate change. Thus to increase corporate value and revenue from expanded collaborations. We are seeking to identify the technologies that are most relevant and valuable to our business and, where appropriate, to partner and collaborate with others.  Negotiate long-term supply contracts with energy providers or renewable energy developers to secure stable and predictable electricity prices.</div>	



SUSTAINABILITY STATEMENT

Transition Risks	Potential Impacts of Climate related Risks and Opportunities on our business	Short	Medium	Long	Our Strategy
Legal	▲ Climate change has the potential to result in legal compliance problems and litigation. There is increasing emphasis on the duty of directors to consider and disclose climate change risks.	■	■	■	Regularly review sustainability management framework includes policies, governance structure, ESG integration process, communications and continuous improvements.
Reputation	▲ Stakeholder expectations on climate change are evolving and will impact the sector and Kelington's reputation and operational capabilities.	■	■	■	We are committed to demonstrating our adherence to public commitments regarding climate change by adopting sustainable practices, minimise our carbon footprint, and aligning our disclosures with best practices and globally accepted frameworks.
Physical Risks					
Acute physical risks	▲ Changes to the intensity and frequency of extreme events, such as severe floods, have the potential to damage infrastructure and interrupt business operations. This could result in increased operational costs and loss of revenue from reduced LCO2 production or suspension of works. The changing nature of extreme weather events also has the potential to impact on the design criteria for new projects.	■	■	■	We consider climate risks from the way we design and construct new projects to closure and beyond. We have seen the impacts of climate change in recent years and we are using scenarios to assess further medium to long-term risks.
Chronic physical risks	▲ Longer-term trends can be more difficult to identify and respond to. For example: extreme weather resulting in supply chain disruptions and increased operational costs; rainfall patterns may vary both in terms of average rainfall, and seasonal variability, impacting water availability and requiring stronger discipline in water balance management; and temperature increases will result in more extreme-heat days. This could have knock-on, indirect impacts, including employee and community health. We anticipate that energy use profiles at facilities may change, particularly where energy is used for heating or cooling.	■	■	■	GHG Emission Reduction Initiatives. We measure and track our carbon emissions at our offices and subsidiaries, with the base year of 2019.  Kelington is committed to enhancing our data collection processes by leveraging advanced technology. This proactive step will enable us to attain more accurate and comprehensive emissions data, thus laying the groundwork for setting science-based targets towards achieving net zero emissions by 2050.

SUSTAINABILITY STATEMENT

Green House Gas (GHG) Emission Management

One of the significant contributors to climate change is the emission of greenhouse gases (“GHG”). In line with global efforts to reduce GHG releases, Kelington is committed to respond and act accordingly whilst improving our operational efficiency. In return, Kelington enjoys cost savings by spending less on raw materials, energy, water and resource recovery.

We strive to protect our environment and planet via mitigation of carbon dioxide emissions, waste reduction and the preservation of natural resources. In FY2023, we reviewed and managed our environmental risks according to the ISO 14001:2015 Environmental Management System.

Kelington's Environmental Initiatives in the areas of energy management, water management, waste management, emission management, biodiversity conservation and recycling are presented in the table below:

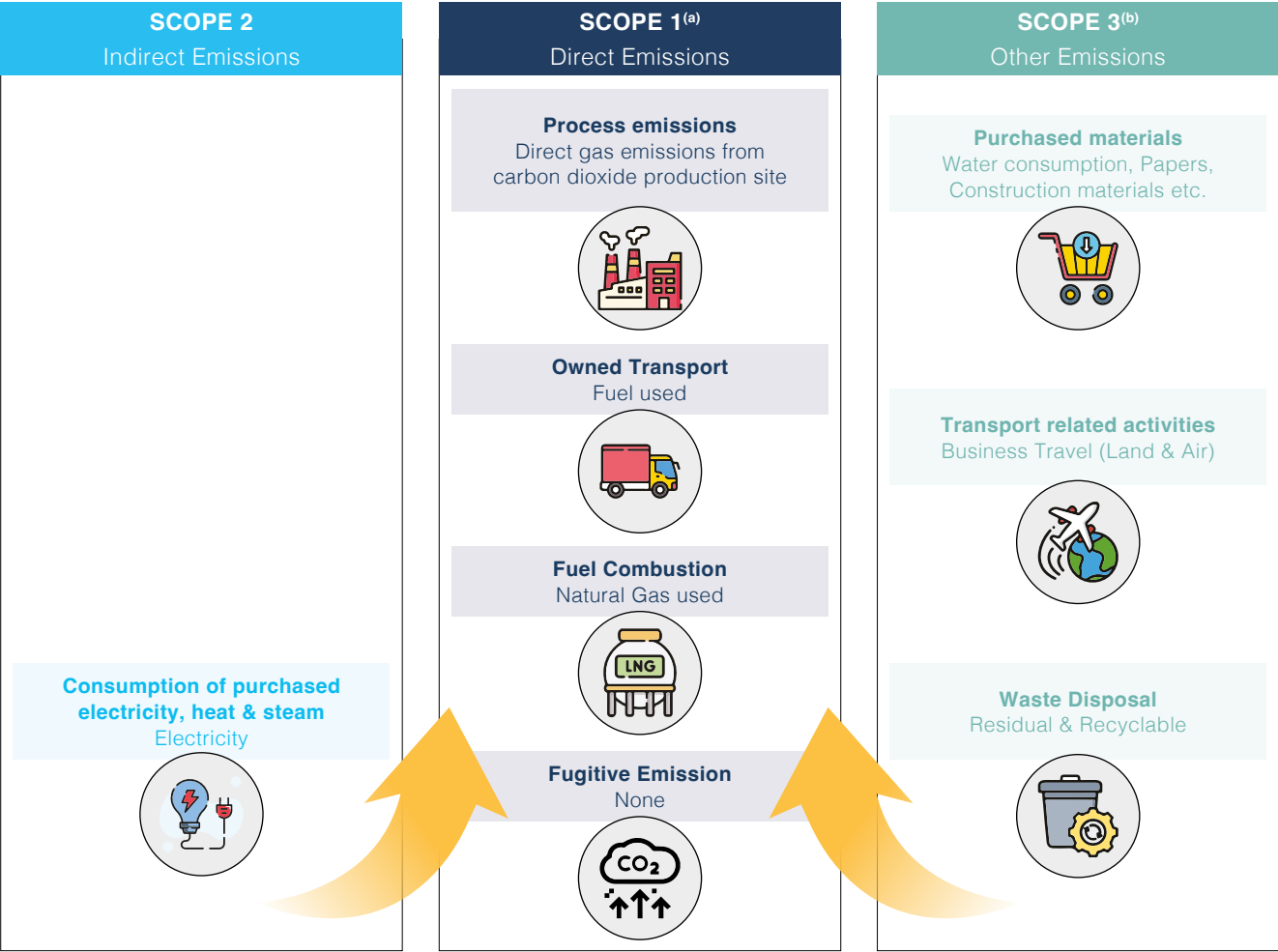
Environmental focus area	Environmental Initiatives	Company / Operation country
Energy Management	<ul style="list-style-type: none"><li>Optimise manufacturing processes to reduce energy usage.</li><li>Temperature control for air conditioning.</li><li>Turn off lights in rooms not used.</li><li>Replacing faulty lights to LED lights which is more environmentally friendly.</li><li>Educating employees on energy saving through posters &amp; emails.</li><li>Solar Panel Installation Investment.</li><li>Video Conferencing to replace air travel.</li></ul>	Malaysia & China Group Group Group Group Malaysia Group
Water Management	<ul style="list-style-type: none"><li>Water Management Plan outlining approach to manage and reduce water resources.</li><li>Regular checking and immediate action taken for any water leakage.</li></ul>	Group Group
Waste Management	<ul style="list-style-type: none"><li>Scheduled / hazardous waste to be stored in designated container for onward disposal by Department of Environment (DOE) licensed contractor to licensed location.</li><li>Monitor non-recycled waste intensity and track progress towards waste reduction targets.</li><li>Introduction of e-waste bin at office for employees to dispose household or office e-waste properly.</li><li>Implement waste segregation practices to separate recyclable materials from general waste streams.</li></ul>	Malaysia Malaysia Malaysia Group
Emission Management	<ul style="list-style-type: none"><li>Capture waste gas emitted by a petrochemical complex, to be reused as a key raw material in our liquid CO2 production.</li><li>Committed to enhancing emissions data collection processes, thereby laying the groundwork for setting science-based targets aimed at achieving net-zero emissions by 2050.</li></ul>	Malaysia Group
Biodiversity Conservation	<ul style="list-style-type: none"><li>Conducted Environmental Aspect Identification (EAI), Risk &amp; Opportunities for Environment and Hazard Identification, Risk Assessment and Risk Control (HIRARC) before new construction.</li><li>Regular monitoring programme, continuous risk assessment and audits covering water quality, air quality and noise.</li><li>Continuous participation in programmes that contribute towards positive biodiversity impacts.</li></ul>	Malaysia Malaysia Malaysia
Recycling	<ul style="list-style-type: none"><li>Implement comprehensive recycling program at all offices.</li><li>Reduce paper printing under digitalisation program</li></ul>	Group Group

SUSTAINABILITY STATEMENT

OUR CARBON FOOTPRINT

To determine the carbon footprint of Kelington, we categorise our GHG emissions in Scope 1, Scope 2 and Scope 3 in accordance with the Greenhouse Gas Protocol. Our calculation of Scope 1, Scope 2 and Scope 3 emissions are based on the guideline on how to measure and report GHG emissions published by the Department for Environment, Food and Rural Affairs, UK ([www.defra.gov.uk](http://www.defra.gov.uk)).

In addition, we also refer to the UK Government's GHG Conversion Factors for Company Reporting Rev 1.0 for the CO<sub>2</sub>e data computation.



Notes:

(a) Except for Carbon Dioxide (CO<sub>2</sub>), the current operations of Kelington do not emit other Scope 1 GHG emissions i.e Methane (CH<sub>4</sub>); Nitrous Oxide (N<sub>2</sub>O); Chlorofluorocarbons (CFCs); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); sulfur hexafluoride (SF<sub>6</sub>); and Nitrogen Trifluoride (NF<sub>3</sub>) in FY 2023.

Furthermore, the operations of Kelington Group (included manufacturing and construction processes) are not likely to cause Nitrogen Oxide (NO<sub>x</sub>), Sulphur Oxides (SO<sub>x</sub>), Particular Matter (PM) and Volatile Organic Compounds (VOC) Emissions or air pollution.

(b) Scope 3 emissions are indirect emissions that occur because of Kelington's operations, but from sources not owned or controlled by Kelington i.e employee commuting, use of sold products, processing of sold products, investment, capital goods, transportation and distribution etc.

Managing Scope 3 emissions is important because it allows Kelington to identify opportunities for reducing emissions throughout its value chain. Addressing Scope 3 emissions is crucial for effectively managing climate change and achieving long-term sustainability goals. Kelington's SWG are working hard to gather the best information possible about scope 3 emissions to begin addressing this significant part of our footprint.

SUSTAINABILITY STATEMENT

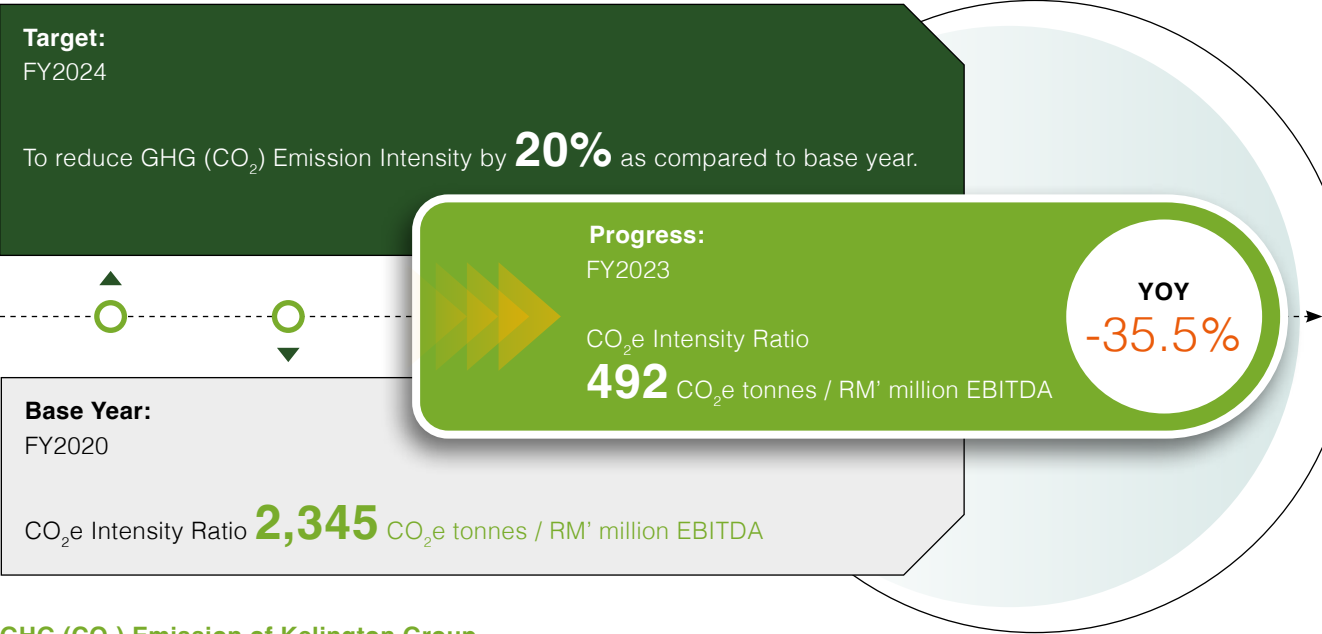
We recognise that there may have been instances of inadequate or underreporting of total emissions data within the Kelington Group. To address this, we are committed to enhancing our data collection processes by leveraging advanced technology. This proactive step will enable us to attain more accurate and comprehensive emissions data, thus laying the groundwork for setting science-based targets and advancing our commitment to environmental sustainability.

Acknowledging the possibility of inadequate or underreporting of total emissions data within the Kelington Group, we are dedicated to improving our data collection processes through the leveraging of advanced technology.

Through digitalisation, all ESG data can be seamlessly collected, inputted, and managed in a unified platform, ensuring compliance with reporting standards or frameworks and eliminating the need for manual processes. This streamlined approach not only enables Kelington to consolidate information but also facilitates the validation of data and tracking of goals, empowering the company to take corrective actions promptly when necessary.

This proactive approach will facilitate the attainment of more precise and comprehensive emissions data, thereby establishing the foundation for setting science-based targets and reinforcing our dedication to environmental sustainability.

METRICS AND TARGETS



GHG (CO<sub>2</sub>) Emission of Kelington Group

GHG (CO <sub>2</sub> ) Emission	Unit of Measure	FY2020	FY2021	FY2022	FY2023
<b>Scope 1:</b> Direct Emissions from manufacturing facilities, distribution tankers	tCO <sub>2</sub> e	9,349	10,688	11,173	<b>12,495</b>
					+11.8%
<b>Scope 2:</b> Indirect Emissions from electricity purchased and used	tCO <sub>2</sub> e	2,281	2,270	3,004	<b>3,807</b>
					+26.7%
<b>Scope 3:</b> Other Indirect Emissions from the Group activities	tCO <sub>2</sub> e	5,583	5,470	33,605	<b>24,137</b>
					-28.2%
<b>Total GHG (CO<sub>2</sub>) Emission</b>	tCO <sub>2</sub> e	17,213	18,428	47,782	<b>40,439</b>
					-15.4%

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

Scope 3 GHG (CO <sub>2</sub> ) Emission	Unit of Measure	FY2020	FY2021	FY2022	FY2023
Purchased goods and services	tCO <sub>2</sub> e	5,246	5,181	32,137	<b>23,215</b>
					-27.8%
Capital goods	tCO <sub>2</sub> e				Estimate Pending
Fuel and energy related activities (not include in Scope 1 or 2)	tCO <sub>2</sub> e				Estimate Pending
Upstream transportation and distribution	tCO <sub>2</sub> e				Estimate Pending
Waste generated in operations	tCO <sub>2</sub> e	159	94	332	<b>193</b>
					-41.9%
Business Travel (By Land)	tCO <sub>2</sub> e	150	157	260	<b>517</b>
					+98.9%
Business Travel (By Air)	tCO <sub>2</sub> e	23	29	865	<b>186</b>
					-78.5%
Employee Commuting	tCO <sub>2</sub> e				Estimate Pending
Upstream leased assets	tCO <sub>2</sub> e				Data not available
Investments	tCO <sub>2</sub> e				N/A
Downstream transportation and distribution	tCO <sub>2</sub> e				Data not available
Processing of sold products	tCO <sub>2</sub> e				Data not available
Use of sold products	tCO <sub>2</sub> e				Data not available
End of life treatment of sold products	tCO <sub>2</sub> e				Data not available
Downstream leased assets	tCO <sub>2</sub> e				Data not available
Franchises	tCO <sub>2</sub> e				N/A
Water Supply	tCO <sub>2</sub> e	5	9	11	<b>26</b>
					+136%
Other	tCO <sub>2</sub> e				Data not available
<b>Total Scope 3 GHG (CO<sub>2</sub> e) Emission</b>	tCO <sub>2</sub> e	5,583	5,470	33,605	<b>24,137</b>
					-28.2%

CO <sub>2</sub> Equivalent Intensity Ratio	Unit of Measure	FY2020	FY2021	FY2022	FY2023
<b>Scope 1:</b> Direct Emissions from manufacturing facilities, distribution tankers	tCO <sub>2</sub> e	9,349	10,688	11,173	<b>12,270</b>
					+9.8%
<b>Scope 2:</b> Indirect Emissions from electricity purchased and used	tCO <sub>2</sub> e	2,281	2,270	3,004	<b>3,339</b>
					+11.2%
		11,630	12,958	14,177	<b>15,609</b>
*EBITDA – Industrial Gases Division	RM' million	4.96	10.35	18.58	<b>31.70</b>
					+70.6%
<b>CO<sub>2</sub>e Intensity Ratio</b>	tCO <sub>2</sub> e / RM' million EBITDA	2,345	1,252	763	<b>492</b>
					-35.5%

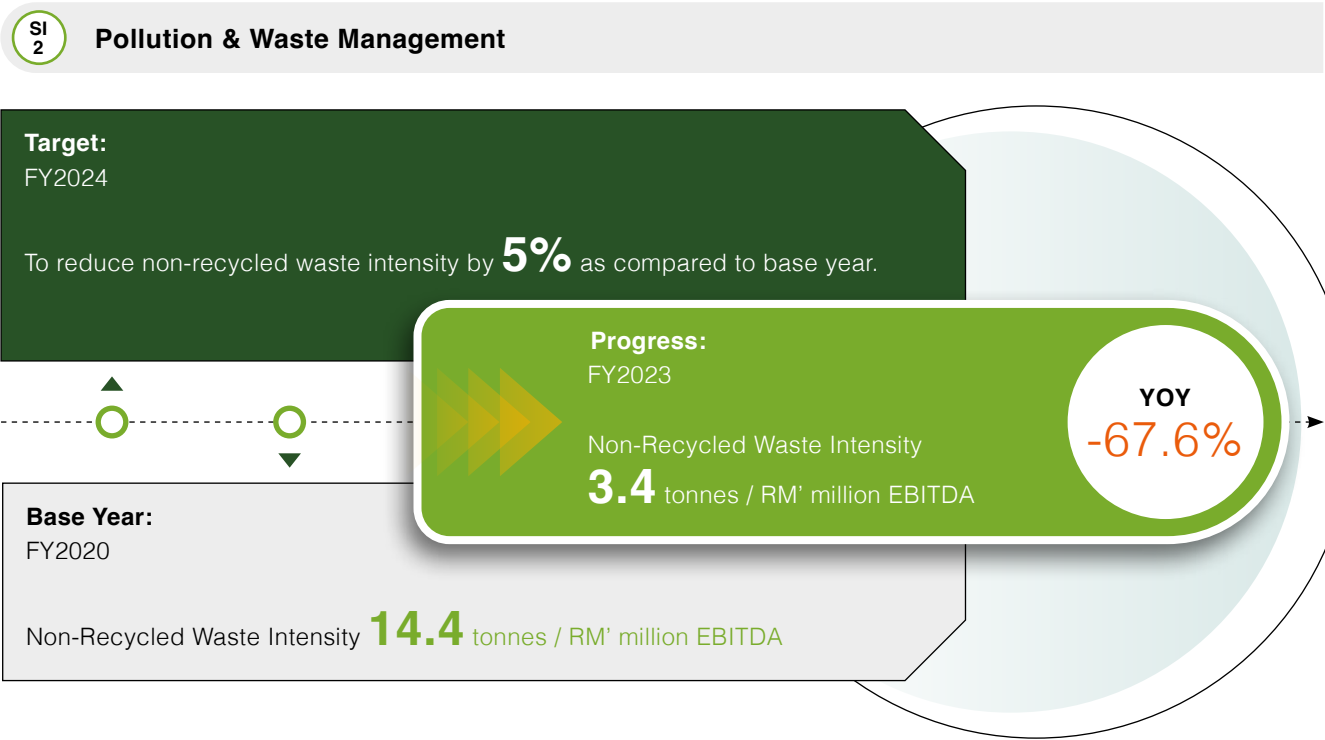
*\*Note: In view that Kelington's Scope 1 and Scope 2 CO<sub>2</sub> emission are mainly contributed from Industrial Gases Division's LCO<sub>2</sub> manufacturing process and business activities, the EBITDA of Industrial Gases Division (excluding revenue generated from one-off project) was adopted for CO<sub>2</sub>e Intensity ratio calculation.*

Key Highlights:-

- Kelington's Industrial Gases Division has shown a positive trend towards sustainability by emitting fewer greenhouse gases per unit of revenue. In FY2023, the CO<sub>2</sub>e intensity ratio improved by 35.5% to 492 tCO<sub>2</sub>e / RM' million EBITDA. This enhancement in CO<sub>2</sub>e intensity ratio is closely linked with a significant 70.6% increase in EBITDA, indicating improved energy efficiency and productivity within the division.
- In FY2023, the increased in LCO<sub>2</sub> production required more electricity, heat, or steam, which in turn affected Scope 2 emissions. Kelington's Scope 2 emissions increase by 26.7% in FY2023, primarily due to the Industrial Gas Division. However, the additional LCO<sub>2</sub> production led to increased plant efficiency and energy-efficiency, which mitigated the impact of the rise in Scope 2 emissions, resulting in a lower electricity intensity ratio. (Cross Reference: page 59)
- Kelington achieved a 28.2% reduction in Scope 3 emissions, largely attributed to a 41.9% decrease in total waste generated during operations, driven by reduced civil and structural works. Additionally, a 27.8% decrease in material purchased was observed due to decreased construction activities, contributing significantly to the reduction in emissions.
- The reduction in business travel related Scope 3 greenhouse gas (GHG) emissions by 37.5% in FY2023 mainly attributed to optimise travel and increased use of virtual communication platforms.
- Collecting and compiling data on Scope 3 emissions poses significant challenges, as it entails sourcing information from various entities such as suppliers, customers, and other stakeholders. This process can be hindered by the unavailability or incompleteness of data, making accurate quantification of emissions a daunting task.
- Scope 3 emissions encompass a wide array of indirect emissions throughout the entire value chain, rendering them intricate and multifaceted. Identifying and prioritising the most impactful emission sources becomes challenging, impeding the development of effective reduction strategies.
- To tackle these challenges, Kelington will implement ESG digitalisation solutions coupled with cloud-based software and benchmarking data. This integrated approach aims to resolve complex issues such as accurately quantifying tCO<sub>2</sub>e linked to acquisitions and precisely capturing employee commuting data. For example, during the acquisition of plant and machinery, Kelington will utilise digital tools to conduct a thorough assessment of GHG emissions. This encompasses evaluating emissions associated with both manufacturing and transportation processes, enabling a comprehensive understanding of the carbon footprint.



SUSTAINABILITY STATEMENT



Prevent Pollution

In recognition of the heightened pollution risks inherent in manufacturing industries, Kelington prioritises environmental stewardship in all our operations. We are committed to stringent pollution prevention measures, diligently ensuring compliance with both local and international environmental standards.

At our Kerteh facility, where manufacturing activities occur, we proactively mitigate pollution risks through rigorous monitoring initiatives. Engaging an independent company, we monitor key environmental parameters such as water quality in nearby rivers, air quality, and noise levels on a monthly basis. These efforts align with the standards established by the Department of Environment (DOE) Malaysia. We maintain transparency by making detailed data on sampling locations and collected information readily available for inspection upon request.

All collected data undergoes monthly review by our management team, with prompt action taken should any sampling test results approach alert thresholds. Additionally, we compile an Environmental Monitoring and Auditing Report quarterly, which is then submitted to the local Department of Environment (DOE) office.

	Sampling Locations	Reference Standards
Water Quality	<ul style="list-style-type: none"><li>Sungai Labohan (Upstream,Midstream,Downstream)</li><li>Sungai Kerteh (Point 1 &amp; Point 2)</li></ul>	Class IIB of the National Water Quality Standards of Malaysia
Air Quality	<ul style="list-style-type: none"><li>Boundary of Factory</li><li>Masjid Kampung Labohan</li></ul>	Malaysian Recommended Ambient Air Quality Guidelines, 1989
Noise	<ul style="list-style-type: none"><li>Boundary of Factory</li><li>Masjid Kampung Labohan</li></ul>	Guidelines for Environmental Noise Limits and Control by DOE Malaysia 2007

In the FY 2023, we are proud to report zero instances of non-compliance with local government regulations and standards, and consequently, no penalties were imposed related to environmental pollution.

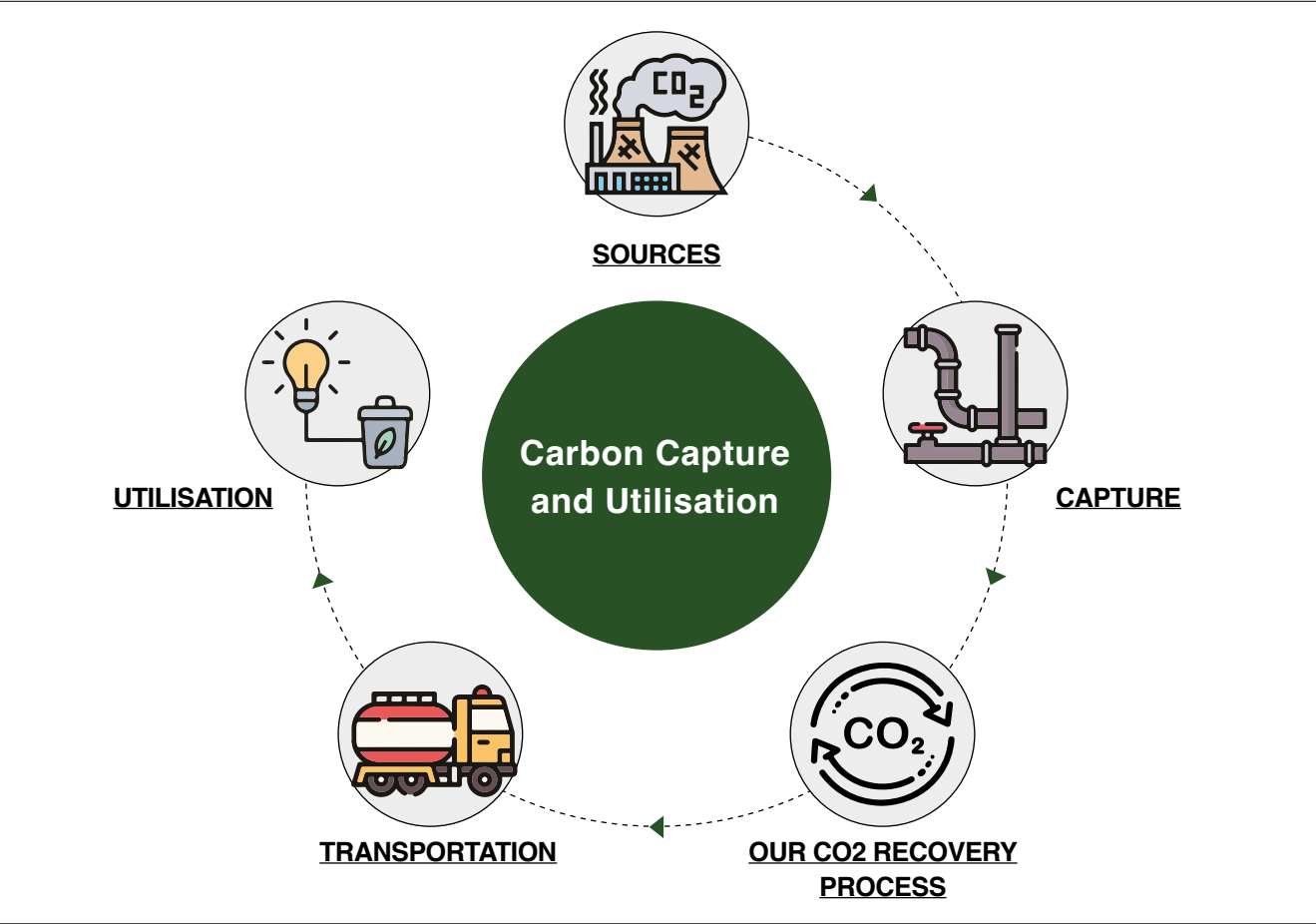
SUSTAINABILITY STATEMENT

Waste Management and Reduction

As part of our sustainability efforts, Kelington aims to minimise the amount of waste we generate. Our Environmental Working Committee monitors the Group's waste management processes as we aim to mitigate the impact of waste on the environment through the reduction, reuse, recycle and disposal hierarchy of waste management. We also exploring innovative solutions such as carbon capture and utilisation.

Our approach to sustainable waste management / waste reduction

Industrial Gases Division



Our LCO2 manufacturing process is engineered to capture the waste CO<sub>2</sub> emitted by our raw gas supplier, a petrochemical complex, which is then transformed into liquid CO<sub>2</sub> (LCO<sub>2</sub>). This innovative approach effectively curtails the release of CO<sub>2</sub> into the atmosphere, previously vented as emissions.

Through carbon capture and utilisation (CCU) processes, we repurpose CO<sub>2</sub> for various beneficial applications, including enhanced oil recovery, carbonation of beverages, and industrial manufacturing. By harnessing and repurposing CO<sub>2</sub> in this manner, Kelington not only mitigates environmental impact but also generates economic value from what would otherwise be classified as waste.

	FY2020	FY2021	FY2022	FY2023
Waste Gas (Carbon Dioxide)	30,369	47,599	60,471	<b>70,278</b>
Reuse	tonnes	tonnes	tonnes	<b>tonnes</b>



SUSTAINABILITY STATEMENT

UHP / Engineering Division

For UHP / Engineering division, our approach to waste management encompasses several key strategies:

**Value Engineering:** We focus on maximising value while minimising waste throughout our operations.

**Active Employee Involvement:** We encourage and promote the active participation of our employees in our recycling program, fostering a culture of sustainability within our organisation.



**Effective Solid Waste Segregation:** We implement robust solid waste segregation practices at every stage of our general construction projects, facilitating recycling efforts and reducing overall waste output.

**Comprehensive Site Induction:** We prioritise comprehensive site induction for both staff and subcontractors, emphasising the importance of responsible waste management practices and providing detailed information on site-specific waste management measures.



SUSTAINABILITY STATEMENT

**Continuous Monitoring and Improvement:** We diligently monitor non-recycled waste intensity, achieving a remarkable 76.4% reduction in FY2023 compared to the base year of FY2020.

Engineering Division	Unit of Measure	FY2020	FY2021	FY2022	FY2023
Construction Waste	tonnes	330	200	717	422
EBITDA – Engineering Division	RM' million	22.9	43.1	68.2	123
Non-Recycled Waste Intensity	tonnes / RM'million EBITDA	14.4	4.6	10.5	3.4
					-67.6%

However, we recognise that the volume of construction waste is primarily influenced by the project mix, including factors such as the nature of construction activities, materials used, and project duration. For instance, projects involving extensive demolition or renovation typically result in higher waste volumes compared to new construction projects.

The waste generated by Kelington can be segregated into three main categories: Construction Waste, Scheduled Waste and E-waste:-

Construction waste / Non-Recycled Waste

Construction waste usually comprises metal / steel, wood, concrete / cement and other paper / cardboard. In FY2023, the total construction waste generated by Kelington was recorded at 422 tonnes, mainly generated by our general contracting division in Malaysia. All construction wastes are separated at the designated waste collection areas at the work sites. We engage licensed waste collectors to collect and dispose the wastes to the approved dumpsite and landfill areas.

The total volume of construction waste / non-recycled waste generated in FY2023 witnessed a significant decrease of 41.1% compared to FY2022. This decline attributed to a reduction in civil and structural activities during the year





SUSTAINABILITY STATEMENT

	Construction waste generated in				How we manage construction waste
	FY2020	FY2021	FY2022	FY2023	
KE Malaysia	303	193	621	406	Manage waste in accordance to The Solid Waste and Public Cleansing Management Act 2007 as well as the local government rules and regulations.
KE Singapore	0	0	94	0	Dispose construction waste via site waste management facilities and in compliance with the waste management regulations.
KE China	26	6	1	3	
KE Taiwan	1	1	1	2	
Ace Gases - Malaysia	0	0	0	11	N/A
Total Construction Waste generated	330	200	717	422	-41.1%

Resource Efficiency Program

Kelington's resource efficiency program is a continuous initiative aimed at waste reduction by identifying and implementing waste minimisation measures during detailed design phases. Leveraging Building Information Modeling (BIM) software, our engineers create intricate digital representations of buildings and infrastructure. This technology empowers us to optimise designs, accurately quantify materials, detect clashes, and assess environmental impacts. These capabilities collectively contribute to significant waste reduction during the crucial design stage of construction projects.

Furthermore, our resource efficiency program prioritises the enhancement of on-site waste prevention strategies, aligning closely with our commitment to sustainable practices and minimising environmental impact. Through the implementation of these strategies, we aim to not only reduce waste during the design phase but also throughout the entire construction process. This dedication to waste prevention is reflected in our company's recycling waste data, demonstrating tangible progress towards our sustainability goals.

According to our recyclable waste collection record, we recycled a total of 47 tonnes of industrial waste in FY2023.

	Unit of Measure	FY2021	FY2022	FY2023
Recyclable steel and metal	tonnes	39	60	44
Wood	tonnes	0	1	3
Total Industrial Waste Recycled	tonnes	39	61	47
				-22.9%

Scheduled Waste

A small percentage of hazardous waste has been regarded as intractable, or difficult to safely dispose of without special technologies and facilities. These wastes are known as scheduled wastes. To ensure adequate protection of human health and the environment, Kelington is committed to handling our scheduled waste strictly according to specific guidelines and regulations.

To bolster our waste management practices, Kelington is embracing and implementing the ISO14001:2015 Environmental Management System as a guiding framework for the management of scheduled and hazardous waste generated. Within our industrial gases division, we strive to curtail the generation of scheduled waste to minimise the need for handling. Routine monitoring and maintenance protocols are diligently carried out at our plant site to mitigate the risk of leakage. Furthermore, we have established an emergency response plan to swiftly and effectively manage any potential spillage of hazardous materials, ensuring preparedness for unforeseen circumstances.

	Unit of Measure	FY2021	FY2022	FY2023
Scheduled Waste	tonnes	27	38	33

We disposed scheduled waste in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. Only licensed contractors are allowed to transport these scheduled wastes offsite to a suitable treatment facility.

SUSTAINABILITY STATEMENT

Electronic Waste

E-waste is electronic appliances that are broken, obsolete or reaching the end of their useful life. E-waste has been categorised as Scheduled Waste SW110 First Schedule according to the Environmental Quality (Scheduled Wastes) Regulations 2005 as it contains chemicals like mercury, lead, beryllium, and cadmium. Improper disposal or mishandling during disposal can cause the release of hazardous and toxic chemicals into the soil, water, and air.

This would induce adverse health effects and cause a deterioration of environmental quality. With this in mind, Kelington is committed to recycling this e-waste and creating awareness among employees on proper disposal of e-waste.

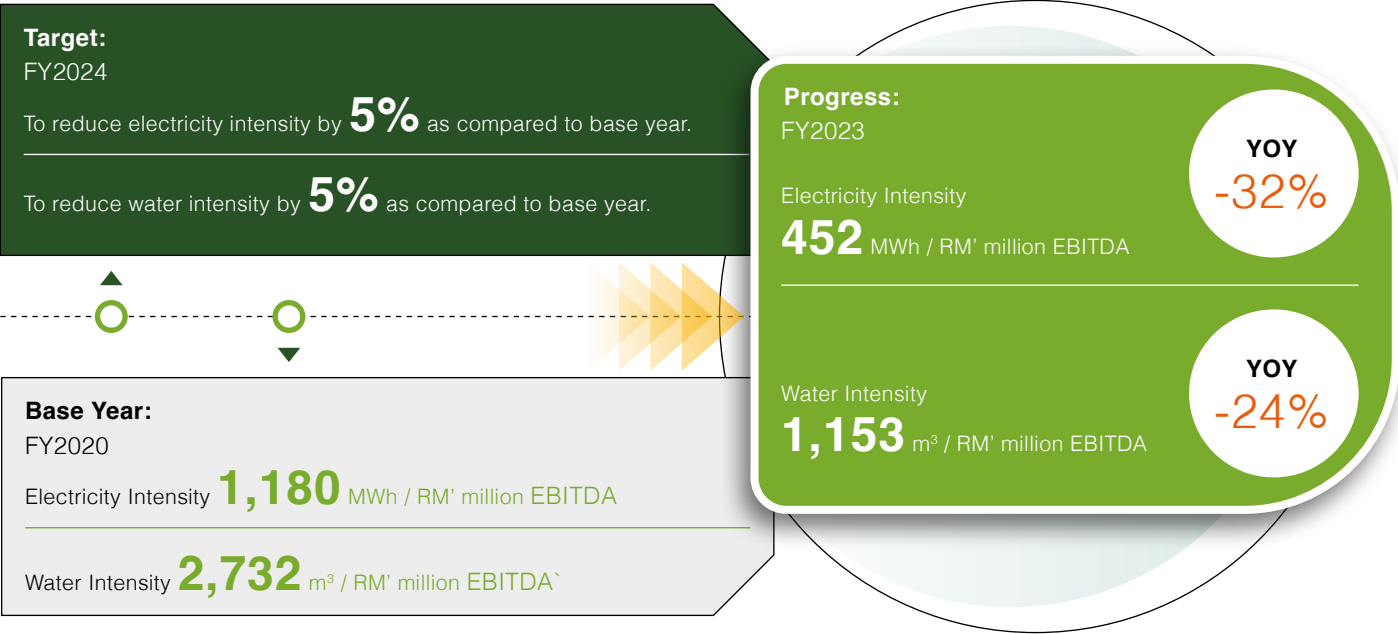
Dispose your electronic waste safely

In FY2023, we provide E-waste Collection Box at all offices in Malaysia, aimed to educate and raise awareness among employees on the appropriate disposal process of e-waste. All the collected e-waste during this programme was sent to licensed and DOE-registered e-waste recyclers for proper discard.

The breakdown of e-waste recycled for the past three years are as below:

E-Waste Type	Unit of Measure	FY2021	FY2022	FY2023
Monitor	Number	5	2	3
Notebook Computer	Number	7	-	-
Printer	Number	1	1	2
Server	Number	-	-	-
Others i.e typewriter, desk phone, wireless mouse, laptop battery, laptop adapters & cables	Kg	30	6	20

3 Resources Management



As stated in our Sustainable Development and Climate Change Position Statement, Kelington is channelling efforts to maintain sustainable development and reduce climate change impacts by optimising our own environmental resource usage, including energy, water and other utilities.



SUSTAINABILITY STATEMENT

Energy Management

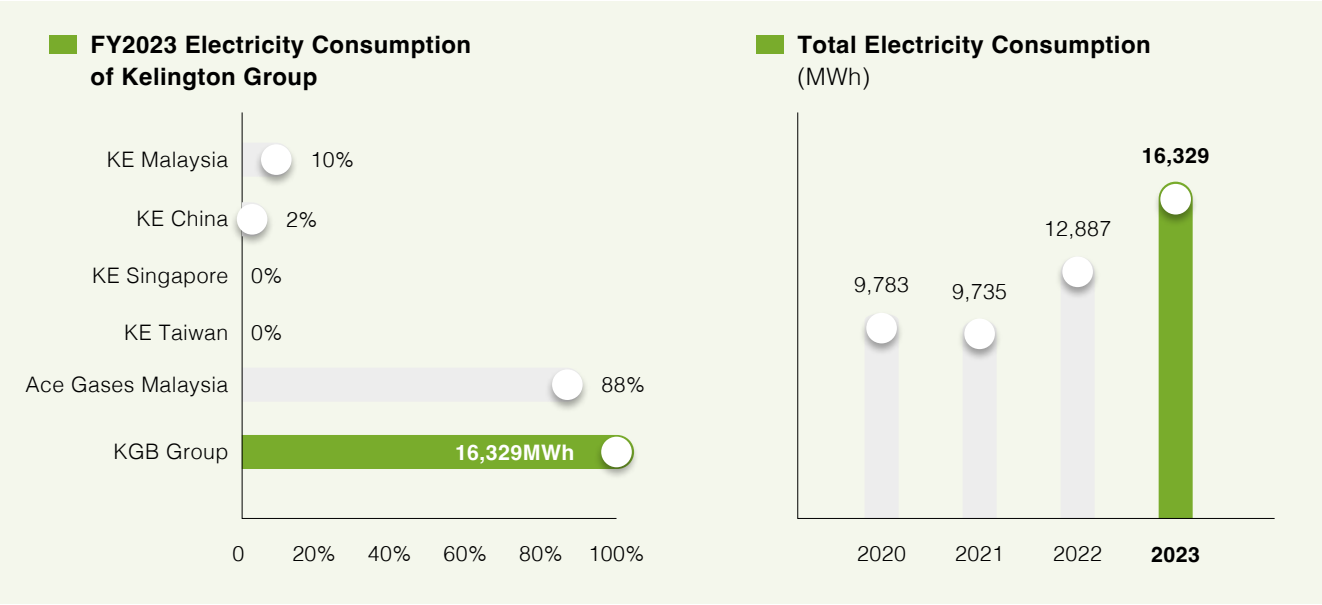
At Kelington, a significant portion of our business operations take place at customers' sites and fabrication facilities. Given the nature of our manufacturing activities, electricity consumption constitutes a substantial component of our operations. Particularly within Kelington's Industrial Gases manufacturing division, our production and machinery operations run round-the-clock, necessitating a focused approach to energy management to optimise production efficiencies and mitigate greenhouse gas emissions.

One of our primary strategies involves closely monitoring and analysing the Group's energy usage. This meticulous scrutiny enables us to identify opportunities for improvement in terms of cost-effectiveness, performance enhancement, and quality assurance. Kelington is committed to enhancing energy efficiency by proactively identifying avenues for energy reduction and exploring the adoption of cost-effective practices and technologies.

Our production teams diligently assess both internal and external impacts arising from our processes, with a keen focus on the energy consumed during production activities. Energy reduction targets are set in alignment with the Group's key financial metrics, such as the cost of goods sold. Additionally, our local committees conduct monthly assessments of the plant's energy consumption to identify areas for improvement and address performance gaps. As part of our energy-saving strategies, we prioritise seamless and efficient operations while adhering to scheduled equipment maintenance to minimise downtime. Furthermore, management regularly compares energy usage across similar plants to uncover further efficiency opportunities.

To ensure continuous improvement, we track and benchmark our energy usage against industry peers and engage our employees in discussions about our long-term goals and commitments. It's worth noting that our trackable electricity consumption is notably lower compared to other industrial manufacturing facilities in Malaysia, a testament to our ongoing efforts in energy management and sustainability.

The trackable electricity consumption of Kelington Group in FY2023 are as follows:



SUSTAINABILITY STATEMENT

Electricity Intensity

The chart above demonstrates that the major portion of the Group's electricity consumption was derived from our Industrial Gases division, representing 88% of the total electricity consumption in FY2023. As such, we measure the energy performance of our Industrial Gases division with energy intensity by determining how much energy is required to generate RM1 million in EBITDA.

Industrial Gases Division	Unit of Measure	FY2020	FY2021	FY2022	FY2023
Electricity Consumption	MWh	5,853	9,377	12,331	14,321
EBITDA	RM' million	4.96	10.35	18.58	31.70
Electricity Intensity	MWh / RM'mil EBITDA	1,180	906	664	452
					-32%

In FY2023, our industrial gas manufacturing division witnessed a remarkable 70.6% growth in EBITDA, alongside a commendable 32% reduction in energy intensity. This significant reduction can be attributed to various factors, including enhanced productivity, improved plant efficiency, and strategic energy efficiency initiatives. These initiatives encompassed effective production planning, optimisation of gas loading and unloading processes, and meticulous maintenance of major equipment, among others.

Renewable Energy Generation



The Group's commitment to mitigating our climate change impact involves looking at our working environment. It is our objective to minimise the environmental effects of our operations and buildings.

As part of our endeavours, we aim to increase the usage of clean energy. Renewable energy ("RE") is increasingly playing an important role in decarbonising the power generation sector, and solar has been one of the top RE sources for electricity generation. Since FY2011, Kelington has installed and maintained solar photovoltaic ("PV") panels on the rooftops of our office building in Shah Alam for a more sustainable energy source. Although the power generation from solar PV tends to be deficient due to environmental impacts i.e dust accumulation, water droplets and bird droppings, we managed to maintain the standard performance of our solar PV systems and generated 13,908 KWh solar power in FY2023.

KE Malaysia – Renewable Energy	Unit of Measure	FY2020	FY2021	FY2022	FY2023
Solar Power Generated	KWh	20,538	18,557	11,236	13,908

SUSTAINABILITY STATEMENT

Water Management

Clean freshwater is a scarce resource, and it is crucial that we manage its distribution and use. In fact, the significance of clean water and sanitation has been highlighted as one of the United Nations' Sustainable Development Goals ("SDG"). As such, Kelington endeavours to aid millions of people to gain two of life's most fundamental necessities: clean water to drink as well as safe and private restroom to use via strict implementation of our water management plan.

Our comprehensive water management plan encompasses the following key actions:

**Engineering Solutions:** We design and install wastewater treatment systems aimed at effectively removing contaminants before returning water to the sewage system, ensuring environmental responsibility and regulatory compliance.

**Data Analysis and Monitoring:** Our Plant Operation team conducts regular collection and analysis of water consumption data from meters. Through monthly monitoring, we gain insights into our water usage patterns, setting targets based on historical data and industry benchmarks. We diligently track progress toward reducing water consumption and promptly implement conservation measures if consumption trends indicate deviation from targets.

**Regulatory Compliance:** We closely monitor our plant's process parameters to ensure that all water discharges meet local government regulations. At our primary operating site in Kerteh, Terengganu, we conduct monthly checks on water quality, rigorously ensuring that test results adhere to limits set by Malaysian government authorities.

**Health and Safety Measures:** Our cooling tower water treatment systems are equipped to prevent the growth of Legionella bacteria, safeguarding the health of our workforce and prioritising employee well-being.

Despite operating in regions not classified as water-stressed or scarce, we recognise the intrinsic value of water as a precious resource. As such, we remain committed to optimising water usage and continuously monitoring water quality at our manufacturing plant. This proactive approach underscores our dedication to sustainability and environmental stewardship.

Water Withdrawal

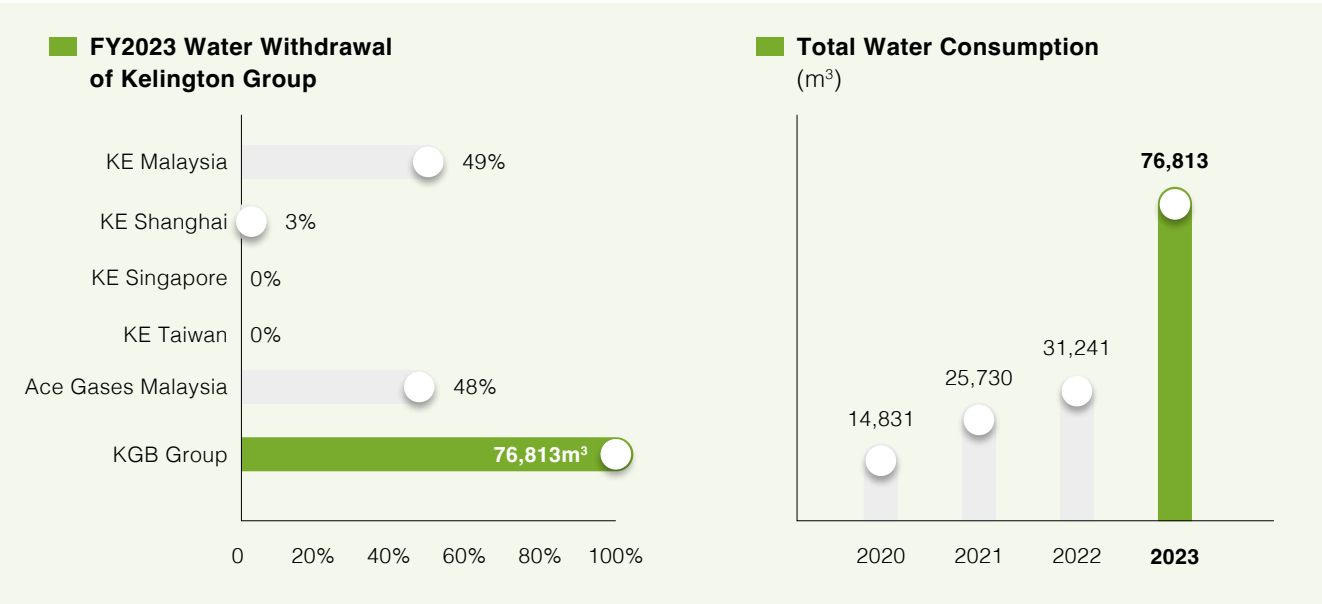
The Group primarily consumes municipal water supply, which is mainly derived from the water reservoir (municipal potable water). We do not utilise any other water sources such as surface water from rivers, lakes, natural ponds, groundwater from wells, or external wastewater. The total water withdrawal within our organisation amounted to 76,813 m³ in FY2023.

Water Withdrawal (by sources)	Unit of Measure	FY2020	FY2021	FY2022	FY2023
Surface water from rivers, lakes, natural ponds	m³	0	0	0	0
Groundwater from wells, boreholes	m³	0	0	0	0
Used quarry water collected in the quarry	m³	0	0	0	0
Municipal potable water	m³	14,831	25,730	31,241	76,813
External wastewater	m³	0	0	0	0
Total Water Withdrawal	m³	14,831	25,730	31,241	76,813
					+145.8%

SUSTAINABILITY STATEMENT

Water Consumption

Our LCO2 manufacturing plant located in Kerteh relies on a significant volume of water for essential processes, including wash water and cooling tower make-up water. In 2023, our engineering division in Malaysia utilised a significant amount of water, surpassing levels observed in previous years. This increase was primarily driven by the extensive cleaning efforts undertaken by our team, who were tasked with cleaning 22 units of newly constructed stainless steel tanks in preparation for project handover.



In our Industrial Gases division, we utilise water intensity parameters to gauge the water consumption required to generate an EBITDA of RM1 million. In FY2023, with the EBITDA of the LCO2 business division experiencing a notable growth of 70.6%, water consumption also saw an increase of 30.4%. Despite this rise in water usage, there was a noteworthy improvement of 23.5% in water intensity.

Industrial Gases Division	Unit of Measure	FY2020	FY2021	FY2022	FY2023
Water Consumption	m³	13,552	24,791	28,012	36,539
EBITDA	RM' million	4.96	10.35	18.58	31.70
Water Intensity	m³ / RM'mil EBITDA	2,732	2,395	1,508	1,153
					-23.5%

Water Discharge

The relationship between water discharge and adverse environmental effects is not linear as an increase in water discharge volume does not necessarily correspond to a greater impact. With this in mind, the environmental impacts shall depend on the quality of the water discharged and the sensitivity of the receiving waterbody.

Our LCO2 manufacturing facilities at Kerteh generates an intensive volume of water discharge. Nonetheless, this discharge does not require treatment and is mainly emitted to the drains and subsequently flows to the rivers and sea.

We undertake quarterly monitoring of the water discharge according to the DOE's Environmental Management Plan. In FY2023, there were no reported incidents of non-compliance with the local government rules and standards, with no penalty imposed in relation to water supply and discharge.

SUSTAINABILITY STATEMENT

Furthermore, it is important to highlight that the water used in the cleaning process for the newly constructed stainless steel tanks was discharged without causing harm to the environment. This is ensured through our commitment to conducting regular inspections of the water discharge, ensuring that any potential environmental impact is minimised and compliance with environmental regulations is maintained.

Water Discharge by destination	Unit of Measure	FY2020	FY2021	FY2022	FY2023
Ocean total discharge	m³	0	0	0	0
Surface water total discharge	m³	14,831	25,730	31,241	76,813
Subsurface / well total discharge	m³	0	0	0	0
Off-site water treatment total discharge	m³	0	0	0	0
Beneficial / other use total discharge	m³	0	0	0	0
Total Water Discharge	m³	14,831	25,730	31,241	76,813
					+145.8%

SI 4 Support Biodiversity

Biodiversity provides functioning ecosystems that supply oxygen, clean air and water, pollination of plants, pest control and wastewater treatment, among others. Hence, supporting biodiversity is therefore an integral part of Kelington’s efforts to protect and preserve the environment. Kelington acknowledges that economic activities and population growth may result in pollution and climate change, which may threat biodiversity. As such, we are committed to reducing the impact of our operations on biodiversity through systematic management approaches.

Kelington’s Sustainable Development Position Statement reaffirms our commitment to environmental protection and biodiversity preservation. We adhere to a systematic approach to ensure that our business activities minimise adverse effects on the environment. Additionally, we actively engage with governmental agencies and non-governmental organisations (NGOs) to promote positive impacts on biodiversity conservation.

Key Initiatives and Strategies

Kelington implements a range of initiatives and strategies to reduce our operational impact on biodiversity:

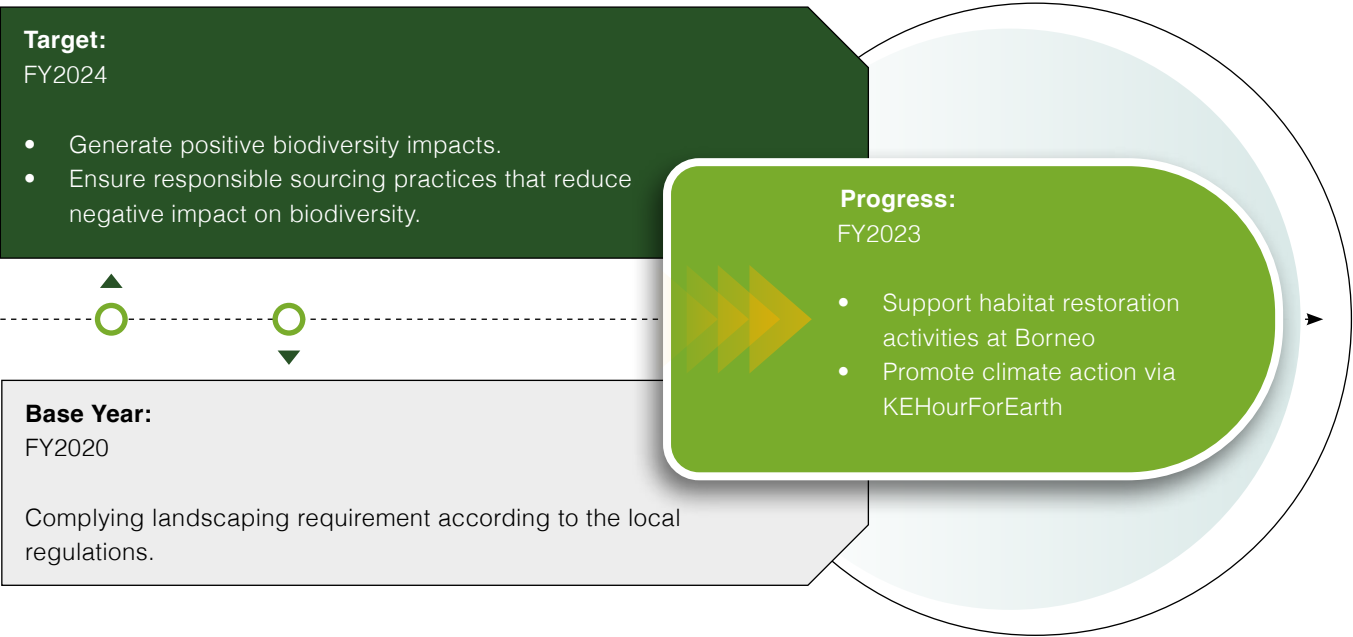
- **Environmental Management Systems:** We integrate environmental considerations into our management systems to identify and address potential impacts on biodiversity.
- **Stakeholder Engagement:** We collaborate with stakeholders, including governmental agencies and NGOs, to support biodiversity conservation efforts and promote sustainable practices.
- **Environmental Impact Assessment:** We conduct environmental impact assessments for any new proposed projects that we intend to develop to understand local ecosystems and identify measures to minimise our impact.
- **Habitat Restoration:** Kelington supports habitat restoration projects to enhance biodiversity and mitigate the effects of habitat loss.

SUSTAINABILITY STATEMENT

Achieving Net Positive Biodiversity Impact

None of our operational sites, either owned or leased, are located in or adjacent to protected areas or areas of rich biodiversity value. Nonetheless, Kelington strives to preserve the biodiversity of the locations and their surrounding environment. Except for the Group’s major gas plant located in Kerteh, Kelington carries out its business activities at our customers’ premises or within developed industrial areas.

Our overarching goal is to achieve a net positive biodiversity impact. By implementing sustainable practices and supporting biodiversity conservation initiatives, we aim to contribute to the enhancement of biodiversity and ecosystem resilience in the areas where we operate.



Continuous auditing and monitoring

At Kerteh, local employees are assigned responsibilities to manage our biodiversity impacts through regular monitoring programme, risk assessments and audits covering water quality, air quality and noise. Guided by the relevant regulatory environmental standards and guidelines, we conduct regular air and water quality test, as well as a noise level survey at Kerteh to ensure the effective implementation of pollution prevention and mitigation measures to minimise negative biodiversity impacts on the surrounding environment.

Environmental Impact Assessment shall be conducted for any new proposed projects that we intend to develop and subsequently carry out business activities. In FY2023, our operations at Kerteh conducted monthly monitoring of the air and water quality (rivers nearby), in addition to the noise level survey. All the test results are within the limits set by the Malaysian government authorities.

Additionally, we also submit the Environmental Monitoring and Auditing Report (“EMAR”) to the DOE on a quarterly basis to report on our compliance with the relevant standards and guidelines. During the year, we did not encounter any negative comments or fine penalties from the local authorities in the locations where we operate.



SUSTAINABILITY STATEMENT

Continuous participation in programmes that contribute towards positive biodiversity impacts

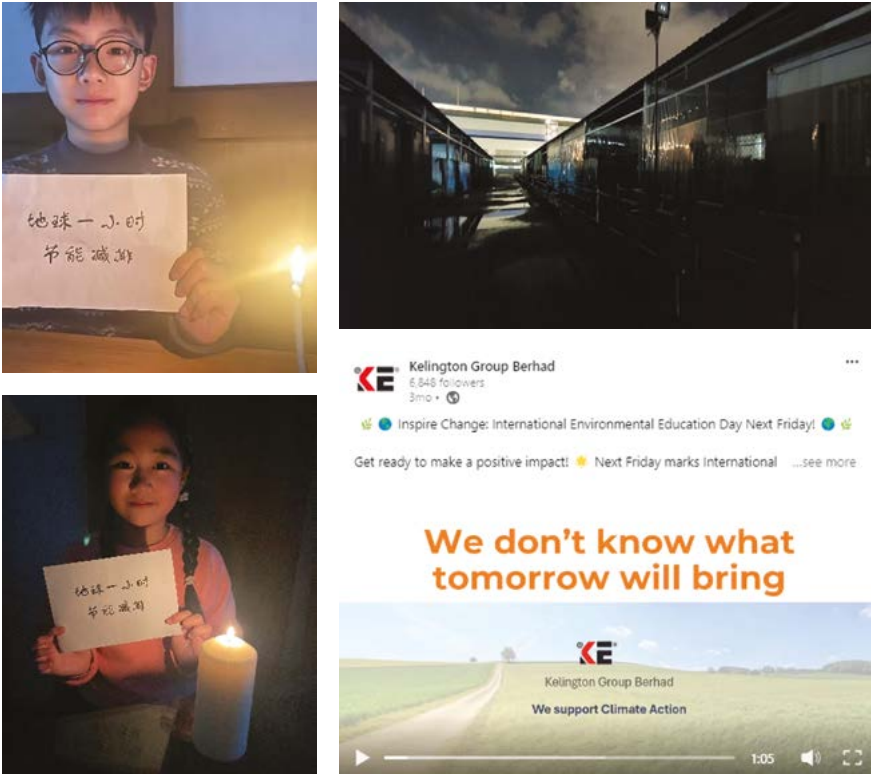
Known for its incredible biodiversity, Borneo is home to numerous rare and unique animals. Through the “ROAR initiative”, Kelington contributes to the restoration of vital forest corridors that have been degraded through deforestation. Kelington’s support for this reforestation project helps to create habitats for endangered animals (which include the Bornean orangutan and Borneo Pygmy Elephant).

In the “ROAR Initiative” program, coordinated by APE Malaysia (Animal Projects & Environmental Education Sdn Bhd), the primary objective is to revive and safeguard the biodiversity of the Lower Kinabatangan region in Sabah, Malaysia.



KE Hour for Earth

On 23 March 2023, we participated in World Wildlife Fund’s landmark movement, Earth Hour and encouraged all our employees to switch off their lights and spend 60 minutes doing something positive for our planet. On Earth Day, we encouraged our people to take a natural walk, sorting trash at home, separate recyclable items into different bins, cooking dinner with sustainable ingredients etc.



SUSTAINABILITY STATEMENT

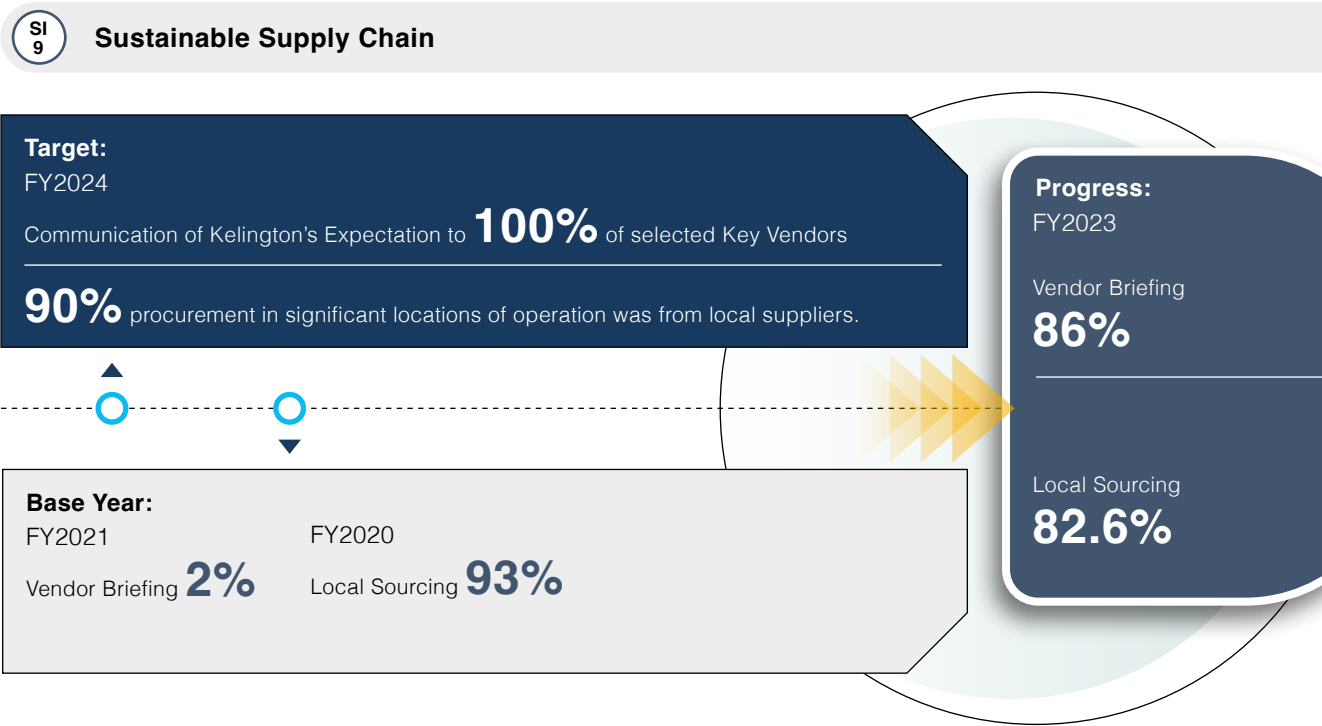
Value Engineering through Innovation and Collaboration

Be an effective, accountable and transparent organisation



	Highlights	Page
SI 9 Sustainable Supply Chain	<ul style="list-style-type: none"><li>Create awareness on Kelington’s Expectation</li></ul>	67
SI 11 Governance & Ethics	<ul style="list-style-type: none"><li>Business Ethics and Policies</li><li>Risk Management – our approach to a better business</li></ul>	69 70
SI 12 Economic Growth & Profitability	<ul style="list-style-type: none"><li>Our Journey Towards Sustainability for a Greener Growth</li></ul>	71
SI 13 Quality Products & Services	<ul style="list-style-type: none"><li>Ensuring Customer Satisfaction</li></ul>	73
SI 14 Technology & Operational Innovation	<ul style="list-style-type: none"><li>Technology and Innovation framework</li></ul>	74

SUSTAINABILITY STATEMENT



With operations spanning across four key geographies - Malaysia, Singapore, China, and Taiwan - Kelington has actively engaged with over 2,208 global and local external providers in our supply chain during FY2023. These providers encompass material suppliers, subcontractors, transporters, and professional service providers.

Given the diverse nature of our business, Kelington boasts a broad customer base spread across various geographies, primarily comprising multinational corporations committed to stringent standards in social, safety, health, and environmental practices. Aligning with these requirements, we ensure that our next tiers of suppliers and subcontractors uphold similar parameters.

Recognising the paramount importance of integrating sustainability into our operations, Kelington has embedded sustainability goals into our long-term strategy. We hold our external providers accountable for adhering to high standards, thereby fostering a cascade of sustainable practices throughout our supply chain.

Throughout FY2023, our focus remained steadfast on key areas including occupational health and safety, environmental preservation, combating corruption, and upholding human rights. Additionally, we maintained rigorous tracking and monitoring mechanisms for local procurement, prioritising local sourcing whenever feasible to directly contribute to the economies of the regions where we operate.

SUSTAINABILITY STATEMENT

Management approach

Effective supply chain management is imperative for optimising operational efficiency, fulfilling customer demands, and achieving sustainable business success. At Kelington, we prioritise fostering robust collaboration and partnerships with key stakeholders, including suppliers, distributors, logistics providers, and customers. Through strategic alliances, Kelington leverages expertise, resources, and innovative practices across our supply chain network.

Proactive identification, assessment, and mitigation of supply chain risks are fundamental components of our management approach. We embrace a culture of continuous improvement, driving operational excellence and innovation within our supply chain. To this end, we conduct regular performance evaluations, implement feedback mechanisms, and engage in benchmarking exercises to identify and capitalise on opportunities for optimisation.

We integrate sustainability principles into our supply chain strategy to minimise environmental impacts, ensure compliance with regulations, and align with customer expectations regarding responsible sourcing and manufacturing practices.

Since FY2022, we have strengthened our external provider screening process by integrating additional evaluation sections into our subcontractor qualification process. These added qualification criteria align closely with our Responsible Supply Chain Policy, Environmental Policy, and Safety and Health Policy, ensuring that our partners uphold the same high standards of sustainability and responsibility that we do. In addition, our Sustainable Supply Chain (SSC) working group has been tasked with advancing sustainability initiatives and engaging with our selected key external providers through formal and informal channels. Our objectives include:

- a) Assessing the level of understanding among our key vendors regarding sustainability practices and their ethical commitments.
- b) Identifying any challenges they face in delivering supplies or services to our esteemed customers.
- c) Offering assistance and support to our vendors in their sustainability journey, as needed.

Through these efforts, we aim to foster collaborative relationships, promote sustainable practices, and enhance the overall resilience and responsibility of our supply chain ecosystem.

Create awareness on Kelington's Expectation

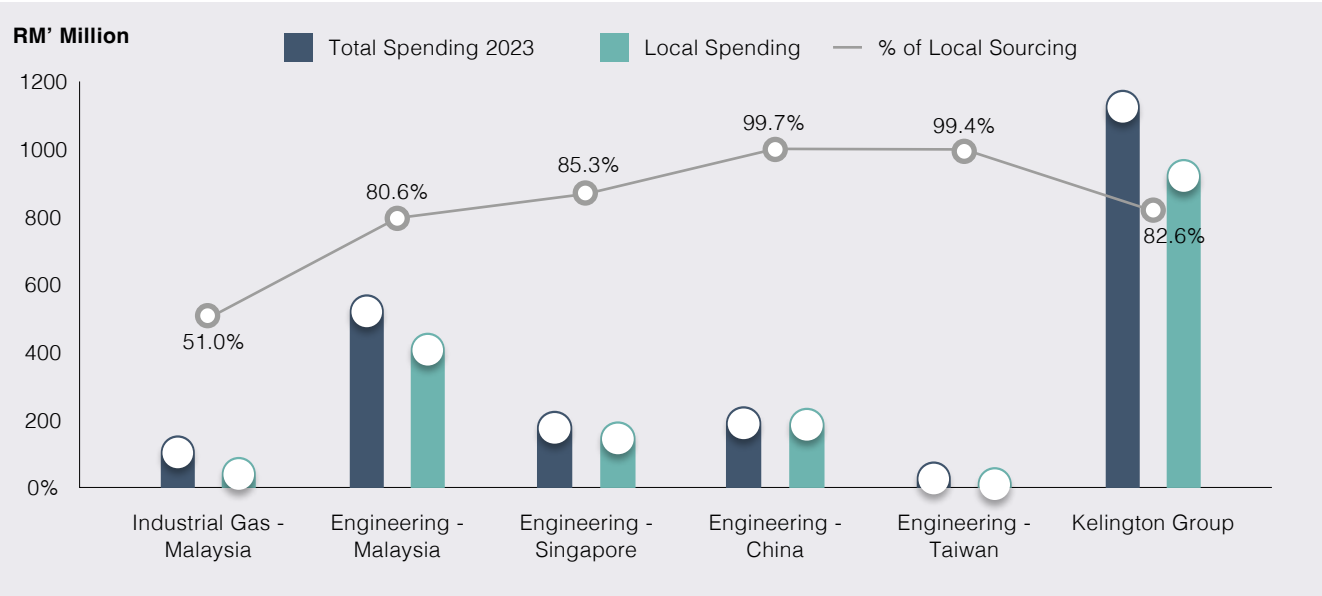
In FY2023, Kelington conducted sustainability briefings for 43 out of 50 selected subcontractors, outlining our company's sustainability policies. Moreover, we actively encourage our key vendors to enhance their performance through participation in a sustainable development management program. This program incorporates specific Key Performance Indicators (KPIs) and targets aligned with local government regulations and international standards.

To effectively monitor the sustainability commitment of our key subcontractors and ensure the delivery of mutually beneficial solutions in a sustainable manner, our SSC working group communicates Kelington's expectations and collects relevant data through due diligence questionnaires. In FY2023, 80 questionnaires were completed, revealing that Kelington's key subcontractors range from "pre-compliance" to "compliance" on the sustainability spectrum.

Recognising the critical importance of ethical issues within the supply chain, we understand their potential impacts on our business, including reputation, legal and financial liability, and customer loyalty. As such, our SSC working group diligently assesses potential risks on a regular basis and promotes collaboration and coordination across the supply chain to ensure resilience and continuity of operations.

SUSTAINABILITY STATEMENT

Local Sourcing

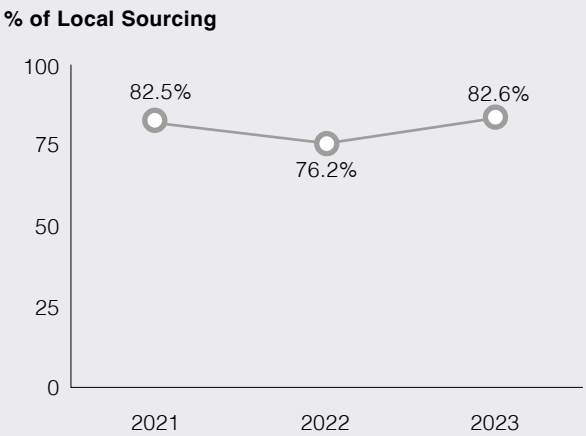


We are dedicated to supporting local vendors whenever possible, as part of our commitment to bolstering homegrown businesses and contributing to the growth of our nation's economy. This not only fosters economic development but also helps maintain positive community relations. In our procurement process, Kelington actively seeks opportunities to procure materials and services from local suppliers, prioritising their inclusion whenever feasible.

Aligned with our core value of building partnerships, we actively engage in developing smaller local companies by offering them favorable supply conditions. These may include more flexible payment terms, technical assistance, and guidance, among other benefits.

Since our inception, we have remained steadfast in our efforts to nurture the local economies where we operate, cultivating strong relationships with various stakeholders in these markets. Leveraging our established innovation network, Kelington and our local partners are mutually benefiting from these enduring relationships, driving sustained growth and prosperity for all involved.

In FY2023, we successfully procured over 82.6% of our total purchases groupwide from local external providers, demonstrating our commitment to supporting local economies. Geographically, KE Taiwan and KE China led the way with an impressive 99% local sourcing, closely followed by KE Singapore and KE Malaysia at 85% and 81% respectively. The industrial division's lower procurement percentage of 51% was primarily attributed to the acquisition of capital assets from overseas sources. Moving forward, we remain steadfast in prioritising local external providers for our purchases, aligning with our ongoing commitment to fostering economic growth and sustainability within the communities we operate in.



Note: After careful review and analysis, the decision was made to reinstate the three-year local sourcing data, accounting for the change in calculation methodology. Instead of solely considering the number of vendors, the new formula now incorporates the total value of sourcing. This adjustment ensures a more comprehensive assessment of local sourcing practices, capturing the full extent of sourcing activities and their regional impact.

SUSTAINABILITY STATEMENT

SI 11

Governance and Ethics

Target:  
FY2024

Committed to train all employees on the Anti Bribery and Corruption Policy (ABC Policy) and risk management.

Committed to **100%** communication for all vendors on the ABC Policy.

**Zero** incident of corruption and bribery case

Base Year:  
FY2020

**100%** employees was trained on ABC and risk management.

**100%** vendors acknowledged on ABC Policy

**ZERO** incident of corruption and bribery case

Progress:  
FY2023

**100%** employees was trained on ABC and risk management.

**100%** vendors acknowledged on ABC Policy

**Zero** incident of corruption and bribery case

Sound corporate governance is a material topic to Kelington and forms the basis for us to ensure long-term viability and business growth. Kelington is committed to deliver sustainable value to our stakeholders, guided by the Malaysian Code on Corporate Governance in ensuring the principles and best practices of good corporate governance are applied throughout the Group. The corporate governance framework and practices, as in the Corporate Governance Overview Statement on pages 121 to 149 of the Annual Report, demonstrate the robust board and management accountability to our stakeholders.

Business Ethics and Policies

In adherence to the principles of sound corporate governance, the Board endeavours to promote a culture of integrity and ethical values. Kelington has put in place its set of Code of Ethics and Conduct, which includes the Whistleblowing Policy and No Gift Policy.

The Code of Ethics and Conduct is applicable to all directors and employees within the Group as well as third parties performing works or services for and on behalf of the Company. It governs the desired standard of behaviour and ethical conduct expected from each individual to whom the Code of Ethics and Conduct applies.

Apart from that, Kelington has enforced a number of Company codes and policies that establish the rules of conduct within the organisation; representing the main points of reference for all who work for and with us. These codes and policies can be found on the Company's website.

Board Policy	Corporate Code and Policies	Sustainability Policies
<ul style="list-style-type: none"><li>Board Diversity Policy</li><li>Remuneration Policy</li></ul>	<ul style="list-style-type: none"><li>Risk Management Policy</li><li>Anti-Bribery and Corruption Policy</li><li>Whistleblowing Policy</li><li>Code of Ethics and Conduct for employees and third parties</li><li>Corporate Disclosure Policy</li><li>Conflict of Interest Policy</li><li>Fit and Proper Policy</li><li>External Auditors Policy</li></ul>	<ul style="list-style-type: none"><li>Sustainable Development Position Statement</li><li>Environmental Policy</li><li>Community Investment Policy</li><li>Diversity, Equity and Inclusion Policy</li><li>Human Rights Policy</li><li>Responsible Supply Chain Policy</li><li>Safety and Health Policy</li><li>Quality Policy</li><li>Drug Free Environment Policy</li><li>Sexual Harassment Policy</li></ul>



SUSTAINABILITY STATEMENT

At Kelington, annual awareness training on ethics is required to reinforce the importance of ethical behaviour, promote a culture of ethics and mitigate risk for the Group. The percentage of employees who have received training on ABC policy and risk management in FY2023 are as below:-

	Malaysia	Singapore	China	Taiwan
Director and Senior management	100%	100%	100%	100%
Middle management	100%	100%	100%	100%
Engineers / Executive	100%	100%	100%	100%
Operators / Technicians / Non Executive	100%	100%	100%	100%

In FY2023, there were no reported incidents of corruption and bribery; no employee dismissed due to non-compliance with ABC Policy; and no fines, penalties or settlements made in relation to corruption. Kelington Group also confirm that no political contributions were made during the year.

Risk Management: our approach to a better business

Kelington integrates material sustainability topics into our overall Risk Management framework by identifying specific risks, opportunities, and key priorities to drive our strategic decisions.

Sustainability risks are considered from three perspectives: review of risks from external sources, such as environmental trends, expectations from stakeholders, and legal and regulatory developments; review of potential impact on the environment; and review of new and emerging risks from external sources as well as within the organisation.

Examples of ESG-related risks considered in our risk profile include workplace injuries, waste & hazardous material disposal, collusion frauds and supply disruption, among others. Read more about the risk management process in our Annual Report on page 155.

Violations of any codes and policies can be reported through any of these mechanisms:

Application	Mechanisms
<ul style="list-style-type: none"><li>Employee to raise their grievance in matters involving work relations and conditions.</li><li>Member of the Public to raise any concern or complaint in their dealing with or in relation to Kelington Group.</li></ul>	Grievance Procedures email: <a href="mailto:grievance@kelington-group.com">grievance@kelington-group.com</a>  Grievance Procedures Hotline: +603 7845 8751
<ul style="list-style-type: none"><li>Stakeholder / Public to report wrongdoings by any employees in the conduct of Kelington's business or affairs</li></ul>	Whistleblowing Email: <a href="mailto:ccid@kelington-group.com">ccid@kelington-group.com</a>

In FY2023, there has been only one instance of whistleblowing reported, concerning matters related to staff ethics and internal processes. Following our established protocols, the reported issue was promptly investigated by our corporate compliance and integrity department and the appointed independent internal auditors.

We are pleased to confirm that the matter has been thoroughly addressed and resolved in accordance with our policies and standards. As part of our commitment to transparency and accountability, we take all whistleblowing reports seriously and ensure that appropriate actions are taken to address any concerns raised. We remain steadfast in upholding the highest ethical standards and maintaining the integrity of our internal processes.

SUSTAINABILITY STATEMENT



Economics Growth and Profitability

Our Journey Towards Sustainability for a Greener Growth		Revenue RM'000
2012	The global wafer and semiconductor industries cut back on capital expenditure in view of the weaker consumer sentiment globally. We realised our revenue was heavily reliant on semiconductor industry.	116,168
2013	The high technology industry in which we served was subject to cyclical fluctuations. We adapted to the change and successfully captured new opportunities across the market. We embarked on our sustainability commitment and published our 1 <sup>st</sup> Sustainability Statement which was incorporated in our 2012 Annual Report.	117,416
2014	Leveraging on our core skill in engineering, we expanded to healthcare and process engineering industries.	189,102
2015	Gained traction in Singapore and continued expanding our presence in the market.	206,356
2016	We continued to remain true to our core expertise in engineering and have accumulated a strong portfolio of civil, mechanical and electrical projects. We commenced new business activity involving supply of industrial gases.	343,344
2017	Succesfully clinched several contracts for UHP works from global semiconductor giants in China, adding significant credence to our global customer profile with high-tech clients in China.	313,333
2018	Along with our delivered continuous improvement in the operational performance as well as constant growth in orderbook, our market capitalisation has doubled in Y2017 with increasing interest in the Group's shares amongst institutional investors.	350,023
2019	Slow down of semiconductor industries were largely affected by the trade war between the largest chip producers, US and its largest chip consumer, China. Key development of the year was the opening of an in-house fabrication facility in China and commencement of operation of our new Carbon Dioxide Recovery Plant.  Identified the top 4 most material sustainable matters which are risk management; workers' safety & health; business growth; and quality products and services. Discussed sustainability topics on managing our business; our people; focus of customers; and environmental care and protection.	379,768
2020	The prospects of strong and promising global growth were muted by the rapid spread of Covid-19 pandemic that has severely impacted several key industries around the world. On the other hand, the demand for integrated circuits continued to be at an all-time high due to global chip shortages. Notwithstanding, Kelington continued to thrive with record-breaking revenue.  We initiated quarterly environmental monitoring process to monitor water quality, air quality and noise to minimise pollution risk for our manufacturing activities at Kerteh. Our operations in Singapore obtained Singapore Green and Gracious Builder ("SMC") certification. Kelington Group was added into the FTSE Bursa Malaysia EMAS Index.	394,599

SUSTAINABILITY STATEMENT

Our Journey Towards Sustainability for a Greener Growth		Revenue RM'000
2021	<p>2021 has been eventful for us at Kelington as we maneuvered through the fluid operating conditions due to the heightening Covid-19 cases around the globe. Notwithstanding, the Group remained steadfast and focused on fulfilling the surging orders from our customers, which bolstered our financial performance for financial year ended 31 December 2021 ("FY2021") to a historic high.</p> <p>We established Sustainability Policies and Guidelines, groupwide sustainability governance framework; and a base line for sustainability management.</p> <p>During the review period of December 2021, Kelington met FTSE4GOOD criteria and was added into:</p> <ul style="list-style-type: none"><li>• FTSE4Good Bursa Malaysia Index</li><li>• FTSE4Good Bursa Malaysia Shariah Index</li></ul>	517,825
2022	<p>Kelington accomplished its most successful year to date, breaking new records in terms of financial performance and value of new contracts secured. The revenue has exceeded RM1 billion for the first time, marking a significant milestone in the Group's history. In addition, Kelington is also building a new on-site gas supply scheme to provide hydrogen, nitrogen, and oxygen to an optoelectronics semiconductor giant in Kulim, Kedah.</p>	1,278,837
2023	<p>Despite headwinds from a semiconductor market downturn, Kelington's revenue continued to soar to a second year of record high of RM1.6 billion FYE 2023. The Group also reached a new significant financial milestone, surpassing the RM100 million mark in net profit for the first time.</p>	1,614,449

Kelington's business success is founded on the principle of long-term value creation for our stakeholders. We achieve this by upholding leadership positions in our core markets, harnessing innovative technologies, leveraging the expertise of our employees to meet the ever-evolving demands of customers, and strategically entering new markets. Our robust economic performance serves as a solid foundation, empowering us to consistently deliver excellence to our customers. Our business model is explained in detail on pages 8 to 9 of this Report.

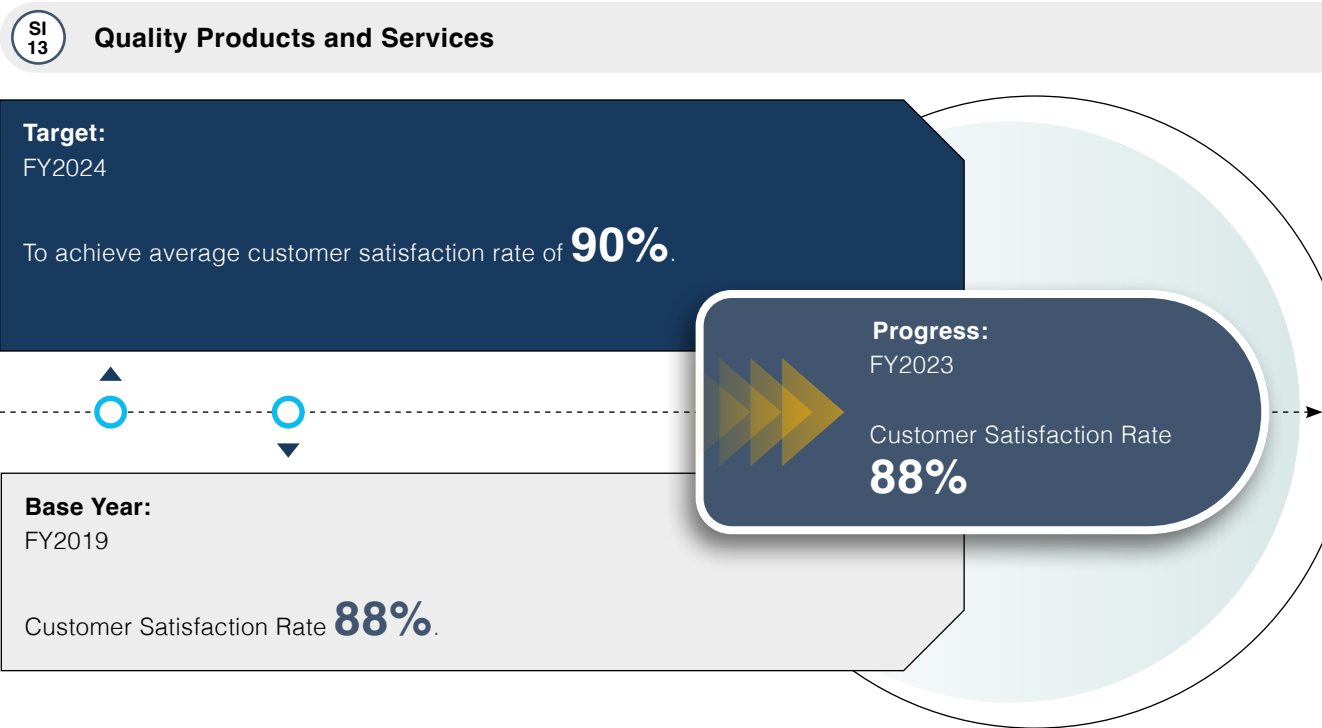
Kelington's economic performance is intricately linked to the utilisation of six essential capitals: Financial, Manufactured, Intellectual, Human, Social, and Natural. Our sustainability initiatives play a pivotal role in enhancing Kelington's capacity to generate financial value.

Our full economic performance can be found in our audited financial statements, as part of our FY2023 Annual Report:

Group Financial Highlights, pages 4 to 5.

Group Financial Statements, pages 172 to 280.

SUSTAINABILITY STATEMENT



Kelington serves a wide range of customers from various industries with different requirements but they have one thing in common: they require high quality products and services from us. We are expected to be meticulous and careful in the work that we perform from UHP systems, construction management to industrial gases supply. Each project we undertake must comply with the pre-defined objectives of our clients and we have tight control over project costs, delivery time, accurate specifications and prioritising safety. Some of our gases products from our Ace Gases group goes to the Food & Beverage industry, which requires us to maintain the highest quality to guarantee food safety to the public. Our working philosophy of "*Safety First, Quality Always*" underlines the superior working standards we place through implemented policies and is reflected in our zero lost time records.

Management approach

To ensure consistently high-quality standards across all our operations, the Group adheres to international quality and food safety standards in conducting our business activities. Our Engineering division, responsible for project management and construction, holds ISO 9001 certification, a testament to our commitment to quality management systems.

Additionally, our gas manufacturing business, serving the Food & Beverage industry, holds ISO 9001, FSSC 22000, and Halal certifications, underscoring our dedication to quality, food safety, and adherence to religious dietary requirements.

We rigorously monitor and maintain product quality through sophisticated analysers on a regular basis. Standard Operating Procedures (SOPs) are meticulously crafted in accordance with guidelines outlined by the aforementioned quality certifications. We also actively solicit feedback from customers, utilising Non-Conformity Reports (NCR) and Corrective Action Requests (CAR) to continually improve our performance and ensure the consistent delivery of high-quality products and services.

Our Business Operations	Certification
Malaysia - Engineering	ISO 9001:2015
Malaysia - Ace Gases	ISO 9001:2015, FSSC 22000, Halal certification (Jakim)
Singapore - Engineering	ISO 9001:2015
China - Engineering	ISO 9001:2015
China - Manufacturing	ISO 9001:2015, SEMI S2-0810E, SEMI S8-0218

SUSTAINABILITY STATEMENT

Ensuring Customer Satisfaction

Ensuring the satisfaction of our customers stands as a cornerstone of our business continuity. It not only dictates our capacity to secure new and repeat business but also reinforces our ongoing relationships, paving the path towards sustained economic success. With unwavering commitment, we prioritise meeting and exceeding our customers' needs and expectations.

Our annual customer survey serves as a pivotal tool designed to gauge the critical factors influencing customers in their choice of a business partner or long-term supplier. Kelington's comprehensive annual customer survey assesses various performance benchmark skills, including:

- Timeliness and Reliability of Product / Service Delivery
- Quality of Products and Services
- Responsiveness to Customer Needs
- Communication with Customers
- Compliance with Safety and Environmental Standards

By meticulously analysing feedback across these key areas, we continuously refine our practices to ensure unparalleled customer satisfaction and drive sustained growth and success for our business.

Customer Satisfaction Survey (“CSS”)

	2019	2020	2021	2022	2023
Average Customer Satisfaction Rate	88%	93%	91%	91%	<b>88%</b>
Total no. of CSS conducted	20	17	51	62	<b>88</b>

	2019		2020		2021		2022		2023	
	No. of CSS conducted	Average Rating %	No. of CSS conducted	Average Rating %	No. of CSS conducted	Average Rating %	No. of CSS conducted	Average Rating %	No. of CSS conducted	Average Rating %
Engineering Division	17	86%	12	90%	35	94%	40	93%	<b>47</b>	<b>94%</b>
Industrial Gases Division	3	100%	5	100%	16	85%	22	86%	<b>41</b>	<b>82%</b>

SI 14

Technology and Operational Innovation

Since 2000, Kelington has been at the forefront of engineering and installing highly specialised Ultra High Purity (“UHP”) systems tailored for the semiconductor and biotechnology manufacturing sectors. Our extensive expertise extends across diverse applications including wafer fabrication, LCD TFT, biotechnology, pharmaceuticals, solar cell production, and industrial gases, among others. Throughout the intricacies of the production line within manufacturing facilities, the precision of gas and chemical purity is paramount for chip-making processes.

Continuously advancing, Kelington is dedicated to enhancing our capacity for knowledge, creativity, and innovation, meeting and surpassing the rigorous demands of the semiconductor and biotechnology industries. Beyond traditional engineering roles, we distinguish ourselves by seamlessly integrating specialised engineering expertise with comprehensive insights into gas and chemical dynamics.

SUSTAINABILITY STATEMENT

In an industry characterised by dynamism and rapid technological evolution, Kelington's unwavering commitment to safety and quality is globally recognised and endorsed by our esteemed clientele.

We firmly believe that sustainable competitive advantages and value creation are attainable only through strategic technology investments and operational innovation. Thus, we continuously scrutinise and optimise our operations, leveraging the latest technological advancements. Through our dedication to innovation, we not only enhance operational efficiency and reduce costs but also minimise environmental footprints. Our organisational ethos fosters a pervasive Technology and Innovation mindset among our workforce, ingrained as an integral aspect of our corporate DNA, driving us towards excellence.

Kelington adopts a robust Technology and Innovation framework, guiding our endeavors and channeling innovative initiatives towards targeted focus areas.



Research and Development (R&D)

Our UHP division operates in a high-tech environment sees constant advancement in new technology. To stay competitive in the market, we endeavour to roll out new products designs to offer to customers. In this respect, we had set up a Research and Development (“R&D”) center in China to focus on developing new UHP equipment to support our other subsidiaries in bidding for new UHP contracts. The R&D center, which is located at Chuzhou, China had so far submitted two applications for patents of our new innovations of highlow temperature-controlled exchanger and specialty gas cabinet together with its exhaust system.

In FY2023, we had spent a total amount of RM11.9 million for R&D and this marks the sixth consecutive year we invest in R&D since we set up our Chuzhou center. The R&D activities have so far yielded encouraging results where our newly developed Gas Cabinet designs had managed to obtain the SEMI S2 and SEMI S8 certification and accepted as qualified vendors by major Wafer Fabs customers.



SUSTAINABILITY STATEMENT

Collaboration and Partnerships

Kelington actively pursues collaborations with international stakeholders to spearhead the development of innovative technologies aimed at both mitigating and adapting to the challenges of climate change. Our focus lies in fostering solutions designed to combat climate change, including advanced greenhouse gas treatment systems, exhaust gas abatement technologies, energy storage solutions, and carbon capture and storage innovations.

By partnering with leading technology vendors and service providers, we tap into their specialised expertise and solutions to fortify our cybersecurity measures, ensuring they are finely tuned to the unique needs and complexities of our industry.

Digitalisation

Digitalisation is an overall driver of organisational transformation that impacts every part of our business. Kelington advocates that the smart application of business digitalisation will lead to significant increase in business productivity and cost reduction, thus resulting in enhanced business performance.

With this concept in mind, Kelington is committed to exploring opportunities for digitalising our operations and processes, covering various aspects from corporate endeavours to project and manufacturing activities. We embrace digitalisation initiatives with the goal of optimising operations, enhancing efficiency, and leveraging cutting-edge technologies. Furthermore, we prioritise the seamless integration of robust cybersecurity controls into our digital transformation efforts.

Digitalisation has transformed the landscape of engineering drawings, with computer-aided design (CAD) software revolutionising the creation process by offering versatile tools for generating precise 2D and 3D drawings, eliminating the need for manual drafting and reducing errors. Building Information Modeling (BIM) has further enhanced project visualisation and collaboration by providing detailed 3D models containing comprehensive project data, facilitating better understanding and decision-making among stakeholders. Additionally, BIM facilitates clash detection and construction sequencing, pre-emptively addressing conflicts and minimising errors and delays.

Moreover, digitalisation streamlines processes by automating tasks previously performed manually, enhancing efficiency, and minimising errors. Collaboration tools such as video conferencing and instant messaging foster seamless teamwork, while centralised document management systems enable easy access and management of documents from a single location. Remote access to systems and data promotes flexibility and agility, reducing dependency on physical office presence. Leveraging Enterprise Resource Planning (ERP) systems enables real-time data-driven decision-making and faster information sharing across the organisation, empowering management with timely insights for strategic planning and execution.

Risk Assessment and Identification

In FY2023, we diligently conducted cybersecurity risk assessments to pinpoint potential vulnerabilities and threats across all digital assets and systems. Our methodology included prioritising risks based on their potential impact on critical business operations, safeguarding intellectual property, protecting client data, and maintaining regulatory compliance standards.

Network Security and Data Protection

Kelington employs robust network segmentation and firewall solutions to effectively isolate critical systems and safeguard sensitive data from unauthorised access. Additionally, all sensitive data is encrypted both in transit and at rest, ensuring comprehensive protection against potential breaches. Furthermore, we have implemented data loss prevention controls to proactively mitigate unauthorised data exfiltration, thereby ensuring full compliance with stringent data privacy regulations. In FY2023, Kelington experienced zero incidents of complaints regarding breaches of customers' privacy or loss of customer data.

Continuous Improvement & Adaptation

We diligently monitor customer needs, market dynamics, and regulatory shifts to pinpoint opportunities where emerging technologies can provide solutions or add value for our clients. By proactively engaging with customers, we gain insights into their challenges and collaborate with them to develop innovative solutions.

Internally, we cultivate a culture of continuous learning to ensure that our team stays abreast of emerging technologies and their potential applications. We encourage participation in training programs, workshops, and industry conferences to foster expertise and stay updated on the latest trends.

In tandem, Kelington maintains its agility and adaptability in response to evolving cyber threats and emerging technologies. We continually refine our cybersecurity strategies and frameworks to effectively mitigate new risks, while nurturing a culture of cybersecurity awareness and accountability across all levels of the organisation. Our employees are encouraged to promptly report any suspicious activities or security concerns, enabling us to proactively address potential threats.

SUSTAINABILITY STATEMENT

Building  
a Thriving  
Workplace  
for Employees



We Care for People

	Highlights	Page
SI 5 Occupational Safety & Health	<u>Our approach to workplace safety and employee well-being</u>	78
	A. Management System	79
	B. Safety Governance	79
	C. Hazard Identification, Risk Assessment and Risk Control Procedure	83
	D. Emergency Preparedness	83
	E. Communication makes workplace safer	83
	F. Safety & Health Awareness and Competencies	84
	G. Safety Recognition Program	85
	H. Prioritise Employees' Health and Welfare	85
	Our Commitment to Global Health	85
SI 6 Talent Management & Development	Safety and Health Performance	86
	Recognition and Awards	87
SI 7 Diverse & Inclusive Workplace	• Employee Turnover Rate	88
	• Employee Engagement	89
	• Employee Benefits	91
	• Opportunities for Growth & Development	92
	• Workforce analysis	94
SI 8 Respect Human Rights		
	• Human Rights Management	98
	• Contact Points for the general public and other stakeholders	98

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

SI 5 Occupational Safety & Health

We place a high priority on the safety and well-being of our employees, recognising that occupational safety and health (OSH) is of paramount in the workplace. In the construction industry, where the risk of injury is particularly high, ensuring a safe working environment is crucial. This responsibility extends not only to individual work sites, but to all operations across the organisation.

We are committed to implementing safety measures aimed at preventing work-related illnesses and injuries, fostering a productive and healthy workforce. We strive to enhance our occupational health and safety performance by proactively implementing globally recognised standards such as ISO 45001:2018 Occupational Health & Safety Management System (OHSMS).

Our dedication to safety is in line with UN SDG No. 3, which aims to ensure health and well-being for all. By prioritising occupational safety and health (OSH) and implementing measures to prevent accidents and enhance employee well-being, we are confident in our contribution to this global objective.

Kelington is committed to fostering a secure and healthy workplace for our employees and workers. Recognising safety as a collective obligation, we are dedicated to continuously enhancing our occupational health and safety performance by adhering to internationally recognised standards. Through these efforts, we safeguard our personnel while also playing a role in creating a healthier and safer global community.

Our approach to workplace safety and employee well being

Our operations span various locations, making it vital for us to adopt a systematic approach to creating a safe working environment at all project sites. To achieve this, safety considerations and practices have been incorporated into our Standard Operating Procedures (SOP) as a guideline for all employees and workers who perform work involving hazardous materials, equipment or operations.

Our Safety and Health Policy, along with our SOP and protocols, articulate our principles and unwavering dedication to fostering a secure and healthy workplace for our employees and stakeholders. This commitment also extends to our approved suppliers, appointed subcontractors, and service providers. We maintain a vigilant approach, ensuring rigorous adherence to our safety and health policies. Any unsafe practices are deemed unacceptable, and swift action will be taken against violations.

To ensure effective communication and accessibility, employees and workers can access safety manuals and safety information via various channels, such as emails and newsletters, safety info and signage posted throughout the workplace, daily tool box meetings and mass tool boxes, occupational safety and health training and education, and communication during routine safety inspections and safety line walks. We also share quarterly S&H Communication Report to promote learning and best practices.

We believe that enhancing safety efforts is essential, which is why we ensure that all employees and workers at our sites have proper training, experience and knowledge to conduct their tasks in a proper manner. In addition, we equip our staff with ergonomic tools, protective equipment and first aid kits. All relevant safety requirements, measures, work rules, procedures and protocols set out in safety manuals, handbooks and documents are reviewed and updated regularly to ensure continuous improvement of our safeguards.

At Kelington, we prioritise building a healthy workforce, and our Human Capital Strategy reflects that. We have crafted employment packages with a range of entitlements and benefits to improve the well-being of our employees and assist them in achieving work-life balance. We also offer healthcare insurance and medical coverage for accidents and hospitalisation to all employees and direct family members who qualify for a health insurance subsidy.

At Kelington's workplace, we prioritise a culture of caring for the well-being of our people, where safety and health stand as paramount values. We maintain unwavering vigilance and dedicate continuous efforts to ensure that all practices align with our stringent safety and health policies.

We believe that investing in our employees' well-being and prioritising a culture of caring ultimately leads to our continued success.

How does Kelington manage occupational health and safety

A) Management System

Kelington has implemented comprehensive and well-documented Occupational Safety and Health (OSH) policies and procedures with the aim of creating a safe and supportive working environment for all individuals working at our workplace. Our OHS Management System (OHSMS) encompasses all employees of Kelington Group as well as individuals who are not employees but whose work or workplace is under the control of Kelington.

As at 31 December 2023, Kelington's OHSMS has achieved 92% certification to ISO 45001:2018, demonstrating our strong commitment to maintaining a high standard of health and safety measures for our employees and other individuals under our care. Kelington is committed to advocating best practices and to ensure its safety performance is benchmarked against industry standards.

Activities	Workplaces	Group Operating Revenue (%)	Occupational Health & Safety Management System
• Construct specialised facilities	Customers' site-Singapore	38%	• ISO 45001:2018 certified since December 2020*
• Construct mechanical and electrical systems	Customers' site-China; UHP Fabrication Facilities-China	14%	• Certified to OHSAS 18001:2007 from June 2019 to June 2020 • ISO 45001:2018 certified since August 2020*
• Installation of gas and chemical distribution system	Customers' site-Malaysia	40%	• Certified to OHSAS 18001:2007 from July 2014 to Sept 2019 • ISO 45001:2018 certified since July 2020*
• Fabrications	Customers' site-Taiwan	2%	• Adapting safety & health standards to ensure workplace safety.
Manufacturing and trading of industrial and specialty gases	Manufacturing Facilities-Malaysia	6%	• Adapting safety & health standards to ensure workplace safety and target to obtain ISO 45001:2018 certification by Y2024.

\* Note: Regular audit was performed by the certification institution to verify Kelington's conformity to the certification criteria of ISO 45001:2018. Continual improvement is an on-going process via internal audits and regular reviews of safety & health performance.

B) Safety Governance – Leading safety and health at work

At Kelington, our core belief is “Safety First, Quality Always”, which guides the way we operate our business. We are fully committed to safeguarding the health and safety of not only our employees but also workers and members of the public who may be impacted by our operations. This makes up an essential part of risk management led by the Board.

By prioritising safety and health, we aim to continue delivering high-quality services while ensuring the well-being of our people and the public.

In year 2023, Kelington adopted the following safety governance structure to lead and promote health and safety across the Group.

SUSTAINABILITY STATEMENT



The Board

- **Setting the Strategic Direction:** The Board sets the overall strategic direction of KGB, including our commitment to safety and health. The Board establish policies and guidelines that align with KGB's values and long term goals.
- **Oversight & Governance:** The Board provide oversight and governance regarding health, safety and environment matters. They review and approve safety policies, monitor compliance with regulations, and ensure that management implements effective safety programs.
- **Risk Management:** The Board via the Risk Management Committee (RMC) accesses and manages OSH risks and work with management to mitigate risk effectively. Agendas for RMC meetings include health, safety and environment topics.
- **Accountability:** The Board holds the CEO and executive management accountable for safety performance. They review safety metrics and quarterly reports.

CEO

- **Leadership & Culture:** The CEO provides leadership in creating a culture of safety throughout KGB Group.
- **Strategy implementation:** CEO work with EMC to develop action plans, allocate resources, and drive initiatives that enhance safety performance.

Executive Management Committee

- **Policy implementation:** The Executive Management Committee (EMC) is responsible for implementing safety policies and procedures in alignment with the Board's directive and CEO's vision.
- **Operational Implementation:** They oversee the operational aspects of safety & health programs, ensuring that safety measures are integrated into all levels of activities.

SUSTAINABILITY STATEMENT

Group Safety & Health Officer  
(a certified Greenbook holder who is registered as a certified safety and health officer with the Director General of the Department of Occupational Safety and Health in Malaysia.)

- **Developing Safety Policies & Procedures:** Developing and implementing comprehensive safety policies and procedures that align with regulatory requirements and industry best practices.
- **Training and Education:** Organise and facilitate safety training programs for employees at all levels.
- **Safety Audits and Inspections:** Arrange safety audits and inspections, provide recommendations for corrective actions to address any safety deficiencies identified during safety audits and inspections.
- **Safety Reporting & Analysis:** Maintain accurate records of safety incidents, near misses, and safety related data.
- **Emergency preparedness & Response:** Develops and implements emergency response plans to effectively respond to workplace emergencies.
- **Regulatory compliance:** Stay abreast of relevant safety regulations and standards applicable to KGB's industry and locations.

Regional Safety & Health Lead

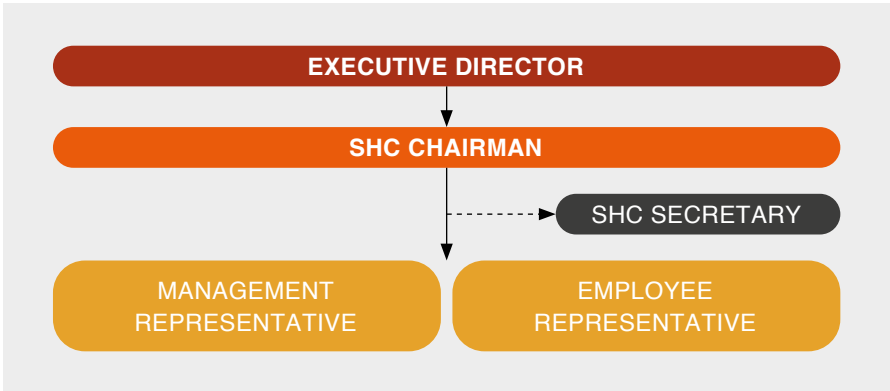
- **Developing Regional Safety Policies and Procedures:** The Regional Safety and Health Lead is responsible for developing and implementing safety policies and procedures tailored to the specific needs and regulatory requirements of the region. They work closely with KGB Group safety teams to ensure alignment with overarching safety goals and standards.
- **Training and Education:** They coordinate and deliver safety training programs for employees within the region.
- **Regulatory Compliance:** Provide guidance and support to local management teams to address regulatory requirements effectively.
- **Data Analysis and Reporting:** They analyse trends and metrics to identify areas for improvement and provide regular reports to regional and corporate leadership on safety performance.
- **Incident Management:** In the event of a safety incident or accident within the region, they lead the incident management process, including investigation, root cause analysis, and implementation of corrective and preventive actions. They collaborate with local management and corporate safety teams to ensure that lessons learned are shared and applied across the organisation.
- **Communication and Collaboration:** The Regional Safety and Health Lead serves as a point of contact for safety-related issues within the region, communicating regularly with local management, corporate safety teams, and other stakeholders.
- **Demonstrate a strong commitment to safety and health:** Tasked with overseeing various aspects of the working environment to ensure the safety and well-being of all individuals involved. This includes:
  - ✓ Conduct and review Hazard Identification, Risk Assessment and Risk Control ("HIRARC").
  - ✓ Emergency response testing.
  - ✓ Incident and accident investigation.
  - ✓ Workplace inspection/ audit.
  - ✓ Develop Safe Work Instructions.
  - ✓ Assist in development of safety and health rules and safe systems of work.
  - ✓ Review effectiveness of safety and health program.
  - ✓ Carry out studies on the trends of accidents and incidents.
  - ✓ Review the safety and health policies at workplace.



SUSTAINABILITY STATEMENT

On-site Safety & Health Committee (SHC)

- Our Safety & Health Committees (“SHC”) at project sites primarily responsible to identify, evaluate, and manage safety and health hazards within workplace the respective facilities. SHC is responsible for improving safety and health conditions, promoting safety awareness, and providing a forum for employees to voice their safety concerns. SHC shall ensure all workers are well-equipped with safety tools and equipment, and are responsible for scheduled maintenance of equipment.
- The duties and responsibilities of the SHC includes:-
  - ✓ Conducting regular safety inspections to identify potential hazards and make recommendation for improvement.
  - ✓ Establish and update health and safety standards, rules and procedures, that are communicated to all workers to ensure adherence to OSH requirements.
  - ✓ Use color codes, posters, labels or signs to warn employees of potential hazards.
  - ✓ Communicating safety information, conduct daily toolbox meeting and provide safety training.
  - ✓ Review and investigate accidents and incidents that occur in the workplace to determine the root cause and recommend corrective actions.
  - ✓ Keep records of work-related injuries and illnesses.
  - ✓ Convene meetings on a quarterly basis while providing a communication and participation channel that can be utilised to discuss safety matters of our employees, appointed contractors and visitors at our premises and workplaces. These meetings actively involve worker representatives in the discussions.
- The Chairman of SHC reports directly to the Executive Management Committee to ensure that the Board is kept abreast of Kelington’s overall health and safety performance and matters.
- The SHC is formed with representative of employees and employers as illustrated in the figure below.



All Employees and Workers

- All Kelington’s employees, approved vendors and appointed subcontractors are obligated to work in a safe manner, to co-operate and to act responsibly with the aim of preventing injury to themselves and others as well as to the environment.
- Promptly report all accidents or incidents, as well as near miss cases to line management, according to the Incident Reporting Guidelines.

SUSTAINABILITY STATEMENT

C) Hazard Identification, Risk Assessment and Risk Control Procedure

Kelington places safety as a top priority, employing thorough risk assessment procedures for new operations and large-scale projects. The Hazard Identification, Risk Assessment, and Risk Control (HIRARC) committee meticulously evaluates potential risks throughout various project stages, including project scope, risk assessment matrix, timelines, and approval levels. This process undergoes an annual review, with additional reviews conducted as required or upon the identification of new work processes. Led by the HIRARC team in collaboration with process experts, this approach aligns with the ISO 45001:2018 standard.

The HIRARC team is tasked with identifying potential hazards, assessing associated risks, and implementing strategies to mitigate or manage them. This may involve developing policies and procedures, delivering employee training, or introducing engineering controls. The outcomes of hazard identification and risk assessment are communicated to relevant stakeholders, including management, employees, and external parties such as regulators and customers.

Within our industry, specific work-related hazards pose a risk of high-consequence injury, including falling from height, electrocution, exposure to flammable materials, and machinery toppling. In the fiscal year 2023, due to the continuous implementation of hazard management measures, no incidents were reported relating to these identified hazards.

The management of change process oversees modifications to existing operations or projects, mandating risk assessments based on project classification to identify and address potential risks early on. To bolster safety measures, Kelington implements a “Stop Work Policy,” enabling individuals, including non-employees, to halt unsafe activities without fear of reprisal. Additionally, a “Bad Weather Policy” suspends outdoor work during adverse conditions. Daily toolbox meetings at project sites foster communication about safety concerns, while a “Whistleblowing Policy and Procedure” provides a secure reporting channel for unsafe acts or hazards, safeguarding workers against reprisals.

Kelington has implemented a Permit-To-Work (PTW) system, requiring employees and contractors to conduct Risk Assessments or Job Hazard Analyses for high-risk and non-routine tasks. These evaluations gauge hazard risk levels and must be accompanied by detailed Job/Work Method Statements outlining work scope, activities, identified hazards, and control measures. All PTWs undergo evaluation and approval by the safety and health manager before work commencement, with daily monitoring ensuring adherence to safety protocols. Non-compliance results in PTW suspension until rectification, maintaining stringent safety standards.

D) Emergency Preparedness

Emergency preparedness is a cornerstone of the Occupational Health and Safety (OHS) Management System, comprising vital processes for anticipating and managing potential emergency situations. Our on-site Emergency Response Team (ERT) is tasked with implementing the Emergency Response Plan (ERP) in response to categorised emergencies. To ensure readiness and proficiency in our planned responses, we conduct drills at least once a year and review our ERPs as needed.

E) Communication makes workplace safer

Kelington places utmost importance on workplace safety and prioritises the well-being of employees and stakeholders. Our Occupational Health and Safety Communication, Participation, and Consultation Management Procedure Manual provide a comprehensive framework for fostering a culture of safety and accountability. Through this manual, we ensure that all stakeholders are informed about potential hazards and equipped with the knowledge and tools to prevent them, promoting effective communication and collaboration.

Our Safety and Health Working Group ensures dissemination of our Safety and Health Policy to suppliers and invites them to participate in awareness training programs. This aligns suppliers with our safety standards and helps identify and mitigate potential hazards in our supply chain. Employees and workers are actively involved in aspect and impact analysis, hazard identification, risk assessment, and incident investigations, promoting understanding and ownership of safety measures.

We have a robust incident and accident reporting procedure that mandates prompt reporting to line management and investigation by the safety and health department. Lessons learned from incidents are shared through toolbox meetings, facilitating preventive measures and swift action. Formal reviews of incidents occur at quarterly Safety, Health, and Environment (SHE) committee meetings and annual management review meetings, fostering continuous improvement in our safety and health initiatives. In FY2023, while no serious incidents were reported, five OSHE related reports were submitted and resolved internally, reflecting our commitment to proactive risk management.

Transparent Communication

Transparent communication is vital when addressing safety or health issues in the workplace. Kelington prioritises prompt and transparent communication to maintain trust and prevent further safety or health issues. Our biannual Safety and Health (S&H) Communication Reports are distributed to all employees and interested parties, detailing any accidents or incidents resulting in injuries or fatalities. These reports include information on safety leading indicators, incident details, root causes, and preventive measures. By fostering a culture of safety through open communication, we aim to address hazards proactively and prioritise safety for all. Transparent communication empowers employees to identify and mitigate potential hazards, enabling Kelington to effectively manage risks, prevent injuries and illnesses, and reduce associated costs.



SUSTAINABILITY STATEMENT

F) Safety & Health Awareness and Competencies

Kelington acknowledges the pivotal role of training in mitigating workplace accidents. Our commitment to safety is reflected in regular safety training sessions and daily on-job training during toolbox meetings.

Topic of training sessions covered in year 2023 includes:

- Hazard Communication
  - Chemical Safety
  - Personal Protective Equipment (PPE)
  - Fire Prevention and Emergency Evacuation
  - Working at Heights and Fall Protection
  - Confine Space Awareness
  - First Aid, CPR and AED
  - Authorised Entrant and Standby Person
- Fire Watcher
  - Flagman and Spotter
  - Workplace Ergonomics
  - Mobile Elevated Work Platform (MEWP)
  - Health Awareness
  - Scaffold Safety
  - Electrical Safety and Equipment Use
  - Rigging & Slinging

By monitoring training hours, we identify evolving training needs, enabling us to adapt programs to address emerging hazards effectively. In 2023, we conducted 4280.5 training hours in health and safety, benefiting 326 employees, underscoring our dedication to ensuring a safe working environment.

Country	Health & Safety		General Training which includes Safety	
	Total Training Hours	Total No. of Employee Trained	Total Training Hours	Total No. of Employee Trained
Malaysia	965	115	967	125
Singapore	2,379.5	145	3,457.0	274
China	846	63	1,601.0	325
Taiwan	90	3	38	2
Total	4,280.5	326	6,063	726



SUSTAINABILITY STATEMENT

G) Safety Recognition Program

Kelington implements a Safety Recognition Program to honor employees who uphold workplace safety standards, offering tangible rewards and meaningful recognition for their achievements.

Additionally, we celebrate safe man hours, acknowledging employees for their exceptional safety performance and fostering a culture of safety and excellence. These initiatives not only show appreciation for employees' dedication but also motivate others to prioritise safety protocols and strive for excellence in their work.



H) Prioritise Employees' Health and Welfare

Kelington prioritises the health and welfare of its employees, a core aspect of our human capital strategy. In addition to mandatory pre-employment health screenings, we provide comprehensive healthcare coverage for employees and their eligible family members. We invest in the professional development of our workforce through various training opportunities, empowering them with new skills and knowledge.

To ensure the immediate well-being of our employees, we have established first aid rooms and deployed medical professionals at project sites. This proactive approach ensures easy access to medical attention whenever needed, further demonstrating our commitment to employee health and welfare.

Our Commitment to Global Health

At Kelington, we are committed to improving global health equity by raising public awareness of non-communicable and infectious diseases such as HIV/AIDS, malaria, and tuberculosis. We firmly believe that prevention is better than cure, and community awareness is key to fighting these diseases effectively.

To this end, we regularly publish posters and newsletters that provide the latest information and preventative measures against these illnesses to our employees. By raising awareness, we can help our employees understand the risks associated with these diseases and encourage them to take preventive measures to protect themselves.



SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

Safety and Health Performance

Figure 1

Work-related injuries	All Employees <sup>(1)</sup>			All workers who are not Employee <sup>(2)</sup>		
	FY2023	FY2022	FY2021	FY2023	FY2022	FY2021
Number of fatality <sup>(3)</sup> as a result of work-related injury	0	0	0	0	0	0
Number of high-consequence work-related injury	0	0	0	0	0	0
Number of recordable work-related injury	1	2	1	4	2	2
Number of lost time injury <sup>(4)</sup>	0	0	0	3	0	0
Lost time incident rate	0	0	0	0.12	0	0
Number of hours worked	1,741,838	1,400,120	954,803	5,158,312	3,940,817	1,827,048

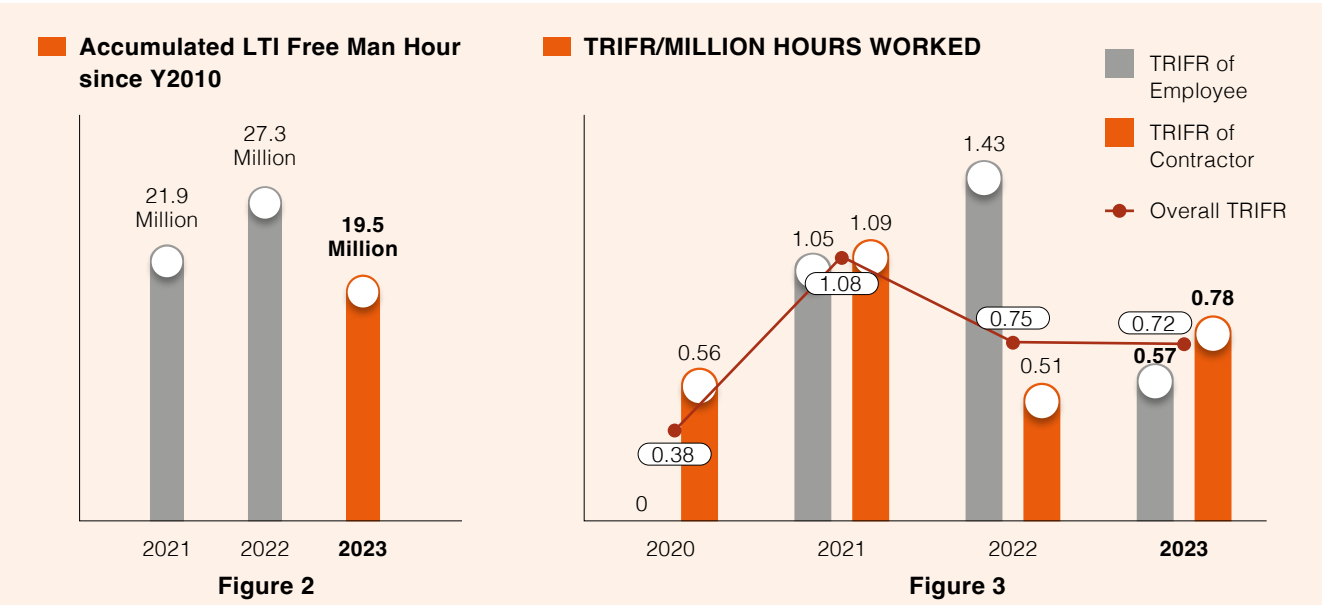
Notes:

<sup>(1)</sup> All individuals who are employed by the company, including both permanent and contract employees regardless of their job function or whether they work full-time or part-time.

<sup>(2)</sup> All individuals who were working as contractors for the company, regardless of the specific project they were working on.

<sup>(3)</sup> An injury leading to immediate death or death within one year from the date of the accident.

<sup>(4)</sup> Lost days (consecutive or not), counted from and including the day following the day of accident, includes injury, diagnosis of occupational poisoning and occupational disease measured in calendar days, the employee was away from work.



Our group has recently achieved a notable safety milestone by reaching zero fatalities and accomplished a total of 19.5 million safe man hours since Year 2010. In 2023, our Malaysia operation encountered a challenge with three Lost Time Injuries (LTIs), necessitating the reset of our previously attained milestone of 14 million LTI-free man-hours for Malaysia, resetting it to zero. Despite this setback, our commitment to safety remains resolute. We are proud to report zero fatalities, and we are actively reducing our Total Recordable Injury Frequency Rate (TRIFR), demonstrating our continuous progress toward achieving significant safety milestones.

Our Total Recordable Injury Frequency Rate (TRIFR) has demonstrated year-on-year improvement, decreasing from 0.75 per one million hours worked previously to 0.72 in FY2023. Additionally, our accident rate stands at 1.74 accidents for every 1,000 employees.

Our work-related injuries and TRIFR for both employees and non-employees are presented in Figure 1 and 3. The TRIFR is determined by dividing the total number of recordable work-related injuries by the total number of hours worked, then multiplying by one million hours. Our regional offices provide this information monthly, encompassing all Kelington employees and contractors, with no exclusions. Our health and safety data from Operation in Malaysia undergo verification by SHASSIC and Intertek.

Lost Time Injury

We regret to report that despite our utmost efforts, Kelington Group did not sustain a zero Lost Time Injury (LTI) rate for the year 2023. The recorded LTI rate for the year stands at 0.09, which, while commendable, does not meet our aspiration of achieving zero LTIs. The increase in the LTI rate to 0.09 can be attributed to various factors, notably the nature and extensive scale of our civil works in Malaysia. Moving forward, Kelington will take additional measures to improve LTI rate, including intensified safety training programs, enhanced risk assessment procedures, and stricter adherence to safety protocols on all our job sites. We recognise the importance of prioritising the safety and well-being of our employees above all else, and we remain dedicated to achieving our goal of zero LTIs in the future.

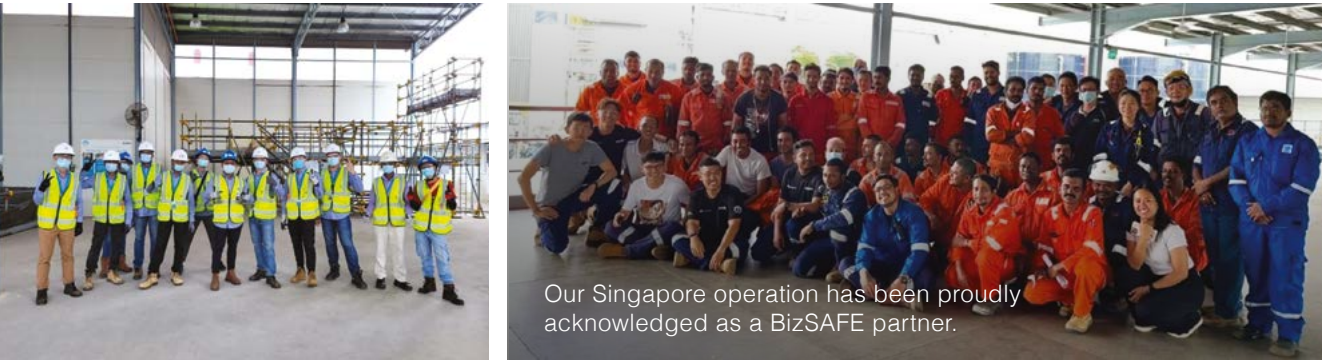
Recognition and Awards



We are delighted that our dedication to upholding elevated standards of quality, safety, and professionalism has been acknowledged through the CIDB SCORE program. The Construction Industry Development Board (CIDB) Malaysia has awarded Kelington's operations in Malaysia with a distinguished 4-star rating. One of our project sites in Malaysia underwent an Safety and Health Assessment System in Construction and attained a four-star rating with a score of 89%. In FY2023, our Kelington Group was privileged to receive safety accolades from esteemed customers, acknowledging our outstanding safety record. Additionally, we were presented with an appreciation certificate from DOSH for achieving 5 million safe man-hours at one of our project sites in Malaysia..

Furthermore, we were honored to receive the Premier GOLD Award in the 19th MOSHPA OSH Excellence Award for OSHE Management in EPCC. This prestigious accolade underscores our steadfast dedication to safeguarding the health and safety of our employees and all stakeholders engaged with our organisation.

Every award or expression of appreciation from our stakeholders serves as a testament to the tireless efforts and dedication of our entire team in upholding a safe and healthy work environment. We are steadfast in our commitment to maintaining the highest safety standards and will persist in prioritising the health and well-being of all individuals involved in our operations.



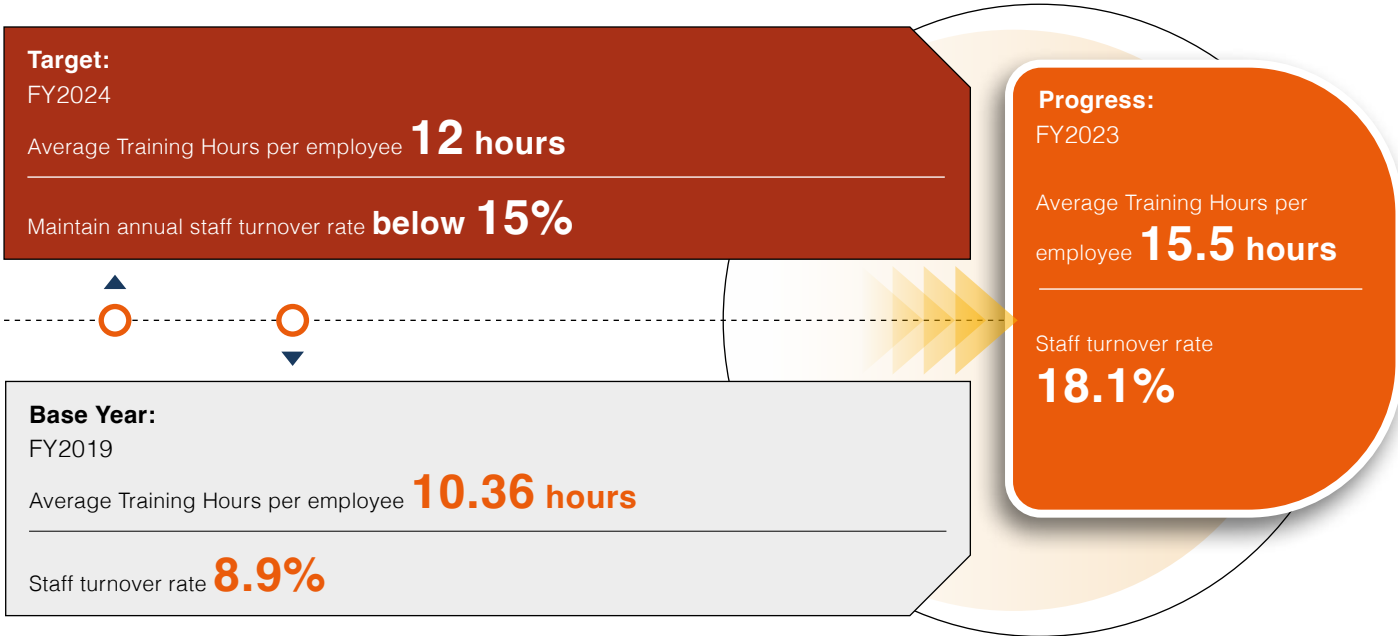
Our Singapore operation has been proudly acknowledged as a BizSAFE partner.



SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

SI 6 Talent Management and Development



Kelington's strength lies in the collective talent of our team. To nurture this asset, we prioritise maintaining a supportive work environment conducive to growth and productivity. Employees who feel connected to the organisation work harder, stay longer, and motivate others to do the same. We believe engaged and well-trained employees create and deliver better products and services, and thus, contribute to the improvement of the Group's business performance and results.

Employee engagement is critical in driving every important aspect of our organisation, including profitability, revenue, customer experience, employee retention, and more. Our Group Human Resources ("HR") function takes ownership of employee engagement initiatives and holds teams accountable.

Furthermore, we invest in comprehensive employee training programs to foster continuous growth and development. These initiatives aim to enhance the knowledge and skills of our workforce, keeping us agile and adaptable to industry dynamics. By enhancing the productivity of our employees, we strive to improve the efficiency and financial performance of the organisation.

As part of our commitment to sustained growth, we regularly evaluate our strategic talent management processes. This enables us to attract top-tier talent from the market and fill critical roles to advance our operations seamlessly. Additionally, it helps alleviate the workload for our employees, mitigating the risk of exhaustion and burnout.

Overall, Kelington's dedication to nurturing talent and fostering a supportive work culture underscores our commitment to excellence and sustainable growth.

Employee turnover rate

The turnover rate for Y2023 stands at 18.1%, with 115 permanent employees resigning out of total permanent workforce of 635 individuals. This increase in staff turnover rate within Kelington Group was primarily attributed to the operational adjustments made in Singapore, where the emphasis was placed on enhancing productivity. Throughout the year, a total of 52 staff in Singapore resigned, while 8 new hires were brought onboard.

We recognise that turnover can have various underlying causes, ranging from career advancement opportunities to workplace culture and management effectiveness. Moving forward, we remain committed to addressing the factors contributing to turnover and implementing strategies aimed at enhancing employee engagement, satisfaction, and retention.

“We keep employee engaged, motivated, productive and happy in a diverse workforce”

Great managers create engaged employees

At Kelington, we encourage two-way communication where employees feel comfortable sharing their ideas, concerns, and feedback. We regularly review and implement suggestions that are deemed feasible and beneficial. This approach ensures that employees feel valued and empowered, as their contributions are taken seriously by the company. As a result, we see a boost in employee morale and job satisfaction, as they witness their ideas making a tangible impact on the organisation's success.

We prioritise employee growth and development by offering regular performance evaluations. These evaluations help identify strengths and areas for improvement, fostering excellence in roles. Additionally, we facilitate ongoing dialogue between managers and employees to ensure continuous improvement and goal setting.

Positive Work Environment

At Kelington, we are dedicated to cultivating a culture deeply rooted in Diversity, Equity, and Inclusion (DEI), recognising and cherishing the diverse backgrounds, perspectives, and contributions of each member within our organisation. In line with our commitment to DEI principles, In FY2023, we organised a series of activities to bring together our diverse workforce and create an inclusive environment where everyone feels valued, respected, and empowered to thrive.



At Kelington, we believe that diversity is our strength, and unity is our power. That's why we are thrilled to share that our annual dinner is not just a celebration of another successful year – it's a vibrant showcase of the rich tapestry of cultures, backgrounds, and talents that make up our incredible workforce!



SUSTAINABILITY STATEMENT



At Kelington, we're committed to fostering a culture of camaraderie, appreciation, and fun. What better way to celebrate our team's hard work and dedication than by indulging in one of nature's most unique and beloved fruits – the durian! This Durian Festival isn't just about savoring delicious fruit – it's about coming together as a team, creating lasting memories, and celebrating the unique flavors that make our workplace special.



At Kelington, our festival celebrations are much more than just moments of joy and merriment – they're powerful reminders of the rich tapestry of cultures, traditions, and beliefs that make our workplace thrive!

SUSTAINABILITY STATEMENT



Our monthly birthday celebrations are more than just a party – they're an opportunity to strengthen bonds, foster a sense of belonging, and make each member of our team feel valued and appreciated.

Employee Benefits

At Kelington, we offer a comprehensive range of employee benefits designed to support our employees in achieving their best work-life balance and professional growth. Engineers on site or outstation enjoy various employee benefits tailored to their needs and roles such as provision for hostel and meal allowances, as well as transport arrangement. We provide insurance coverage and and out-patient medical coverage to ensure our employees have access to the care they need, promoting their health and well-being. We go beyond mere compliance by providing extensive benefits, including generous annual leave, participation in Employee Share Scheme, and performance-based bonuses.

For instance, our Group recorded a higher bonus awarded to our employees in FY2023 of RM23.0 million. This initiative not only recognises the hard work and dedication of our team members but also aligns their interests with the success and growth of Kelington Group. By providing these incentives and opportunities for financial participation, we aim to foster a culture of excellence, loyalty, and mutual success within our workforce.

Work-life balance

At Kelington, we prioritise the well-being of our employees by advocating for a healthy work-life balance through the provision of flexible work arrangements. We encourage our team members to embrace regular breaks and utilise their vacation time. By fostering an environment that values personal time and rejuvenation, we empower our team members to achieve optimal performance while maintaining harmony between their professional and personal lives.



At Kelington, we believe in the power of exploration, adventure, and creating unforgettable memories. Our company trip is more than just a vacation – it's a testament to our commitment to fostering a culture of teamwork, appreciation, and adventure. By investing in experiences that bring us closer together, we strengthen our bonds, boost morale, and inspire creativity and collaboration in the workplace.

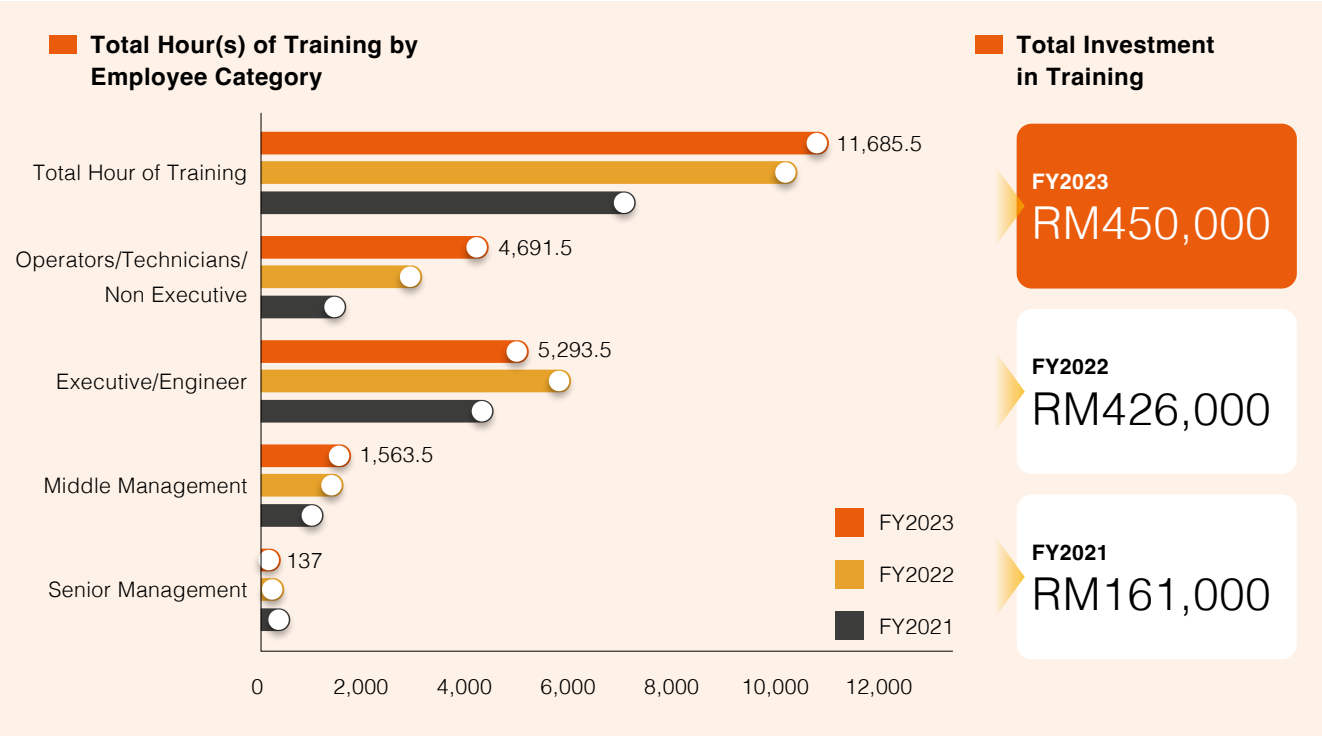


SUSTAINABILITY STATEMENT

Opportunities for Growth and Development

At Kelington, we are committed to facilitating the growth and development of our employees by providing robust avenues for enhancing their skills, knowledge, and career paths. Through a variety of tailored training programs, engaging workshops, and enriching mentorship opportunities, we empower our team members to expand their expertise and reach their full potential. By investing in our employees' development, we not only strengthen our workforce but also foster a culture of continuous learning and advancement within our organisation.

In FY2023, our Group's training expenses totalled at RM450,000. All employees received at least one training in FY2023. In total, our employees completed more than 200 training sessions via online and offline channels. During the year, the Group clocked in a total of 11,686 training hours, translating to an average of 15.5 training hours for each employee.



Recognition and Rewards

Recognition is a key part of our approach to retain talent. At Kelington, we have incorporated recognition into our culture, making peer-to-peer, team, manager, and leadership recognition a regular occurrence. Important milestones and personal achievements on and off-the-job are celebrated and appreciated on a frequent basis. These include reaching a goal, completing a project, learning a new skill, collaborating well with a teammate and hitting a quota, to name a few. Rewards can be monetary (additional bonuses) or non-monetary (public recognition, extra time off, career development opportunities etc).



SUSTAINABILITY STATEMENT



We celebrate milestones and recognising the dedication of our exceptional long-serving employees. We are proud and honoured to be entrusted by our employees who have a true sense of loyalty and commitment to the Group. Their unwavering resilience and dedication have driven the Group to where it is at today. In this regard, they have been instrumental in propelling Kelington to navigate and prosper beyond setbacks, enabling us to grow from strength to strength from each of these challenges.

Wellness initiatives

At Kelington, we are deeply committed to the well-being of our employees, recognising that physical, mental, and emotional health are essential for overall happiness and productivity. We ensure all employees have equal access and opportunities to participate, regardless of their individual circumstances. To uphold this commitment, we prioritise equity in every aspect of our event planning and proactively remove barriers that may hinder participation.



We understand the importance of fostering connections beyond office hours. That's why our bowling games and Escape Park adventures offer more than just fun – they're opportunities for our employees to come together, socialise, and build lasting connections in a relaxed environment.

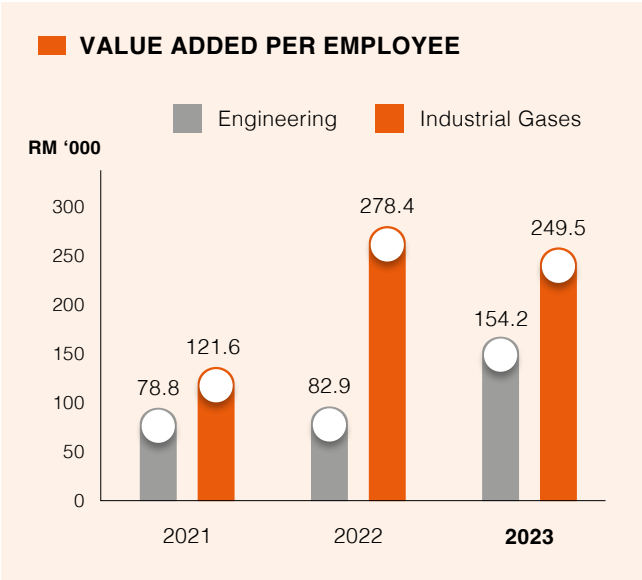


SUSTAINABILITY STATEMENT

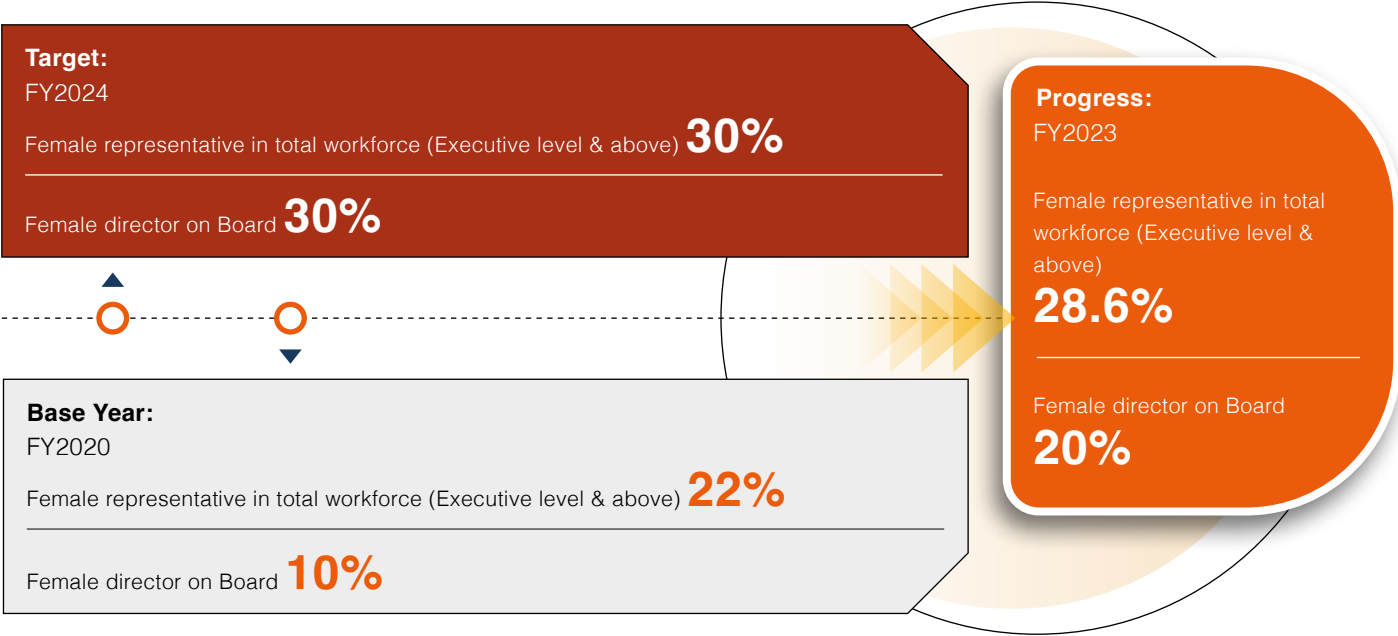
Employee Productivity

With the implementation of our talent development programs, we strive to bolster our employees' efficiencies to create a high performing workplace. To measure employee productivity, we use the value-added per employee as a performance indicator. The data mainly serves for inter-firm evaluation and for comparison against a benchmark for the industry as a whole.

In FY2023, the Engineering division witnessed a remarkable 86% improvement in value added per employee, reaching RM154,151 per employee. This significant enhancement can be primarily attributed to optimised resource allocation and the pursuit of high-value projects. In contrast, our industrial gas division experienced a 10.4% decline in value added per employee, primarily due to increased headcounts and administration costs resulting from business expansion. The value added per employee was calculated by dividing the business's profit after tax (PAT) by its total number of employees.



SI 7 Diverse and Inclusive Workplace



Kelington holds tightly the belief that employees are our most valuable asset and the key to growing a sustainable business is via employee empowerment. Therefore, we continue to promote and espouse diversity, non-discrimination, fair treatment and equal opportunity among our people to create a healthy, secured and motivated workforce by cultivating an inclusive organisational culture.

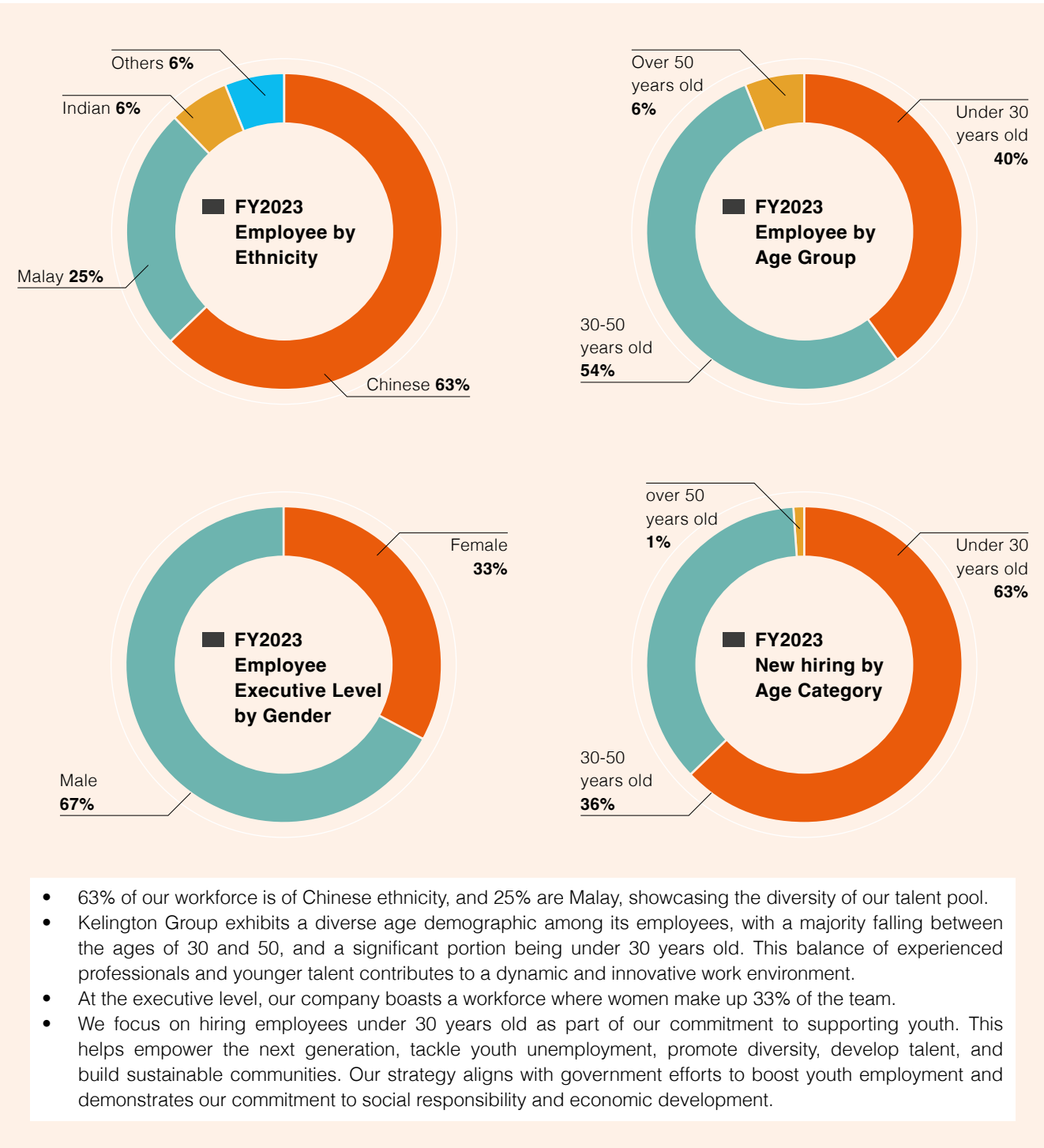
Kelington's Diversity, Equity and Inclusion Policy was updated in February 2023. KGB's diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of work environment. Employees who believe they have been subjected to any kind of discrimination that conflicts with the company's Diversity, Equity and Inclusion policy may seek assistance from a supervisor, an HR representative or through the Grievance Process available. Employees who do not comply with the Policy and/or are found to have engaged in discrimination, harassment or bullying, will be subject to appropriate disciplinary action, up to and including termination of employment.

SUSTAINABILITY STATEMENT

Detailed analysis of KGB's workforce is tabulated as below:-

	Unit of measure	FY2021		FY2022		FY2023	
No. of employee by employment type							
Full Time Employees	Number	417	85%	568	83%	635	84%
Contract Staff / Workers	Number	75	15%	113	17%	121	16%
Total Workforce	Number	492	100%	681	100%	756	100%
No. of full time employees resigned during the year	Number	56		110		115	
Permanent Employee Turnover Rate	%	11.84		16.22		18.11	
Total number of employee turnover by employee category							
Senior Management	Number	0		1		0	
Middle management	Number	3		2		2	
Engineers/ Executive	Number	17		43		52	
Operators/Technicians/ Non Executive	Number	36		64		61	
Employee Turnover Rate by geography							
Malaysia	%	9		11		7	
Singapore	%	18		16		26	
China	%	8		24		20	
Taiwan	%	11		0		0	
No. of employee with disability	Number	0		0		0	
No. of employee by gender							
Male	Number	380	77%	519	76%	578	76%
Female	Number	112	23%	162	24%	178	24%
No. of Female Employees by category							
Senior management	%	11		11		11	
Middle management	%	16		20		19	
Engineers/ Executive	%	29		31		33	
Operators/Technicians/ Non Executive	%	18		19		18	
Local Employment Rate							
Employees who are Local (Malaysian)	%	59		60		61	
No of employees who are foreigner (non Malaysian)	%	41		40		39	

SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT

Percentage of employees by age group and employee category	Unit of measure	FY2021	FY2022	FY2023
<b>Senior Management</b>				
Under 30	%	0.00	0.00	0.00
Between 30-50	%	55.56	52.38	52.60
Above 50	%	44.44	47.62	47.40
<b>Middle Management</b>				
Under 30	%	6.45	5.68	8.30
Between 30-50	%	85.48	80.68	84.40
Above 50	%	8.07	13.64	7.30
<b>Engineer/ Executive</b>				
Under 30	%	53.87	56.89	52.20
Between 30-50	%	43.10	40.64	45.00
Above 50	%	3.03	2.47	2.80
<b>Non-executive/ Technical Staff</b>				
Under 30	%	33.71	35.98	41.70
Between 30-50	%	57.14	58.48	54.70
Above 50	%	9.15	5.54	3.60

Percentage of employees by gender and employee category				
<b>Senior Management</b>				
Male	%	88.89	90.48	89
Female	%	11.11	9.52	11
<b>Middle Management</b>				
Male	%	83.87	79.55	81
Female	%	16.13	20.45	19
<b>Engineer/ Executive</b>				
Male	%	70.69	69.26	67
Female	%	29.31	30.74	33
<b>Non-executive/ Technical Staff</b>				
Male	%	81.71	80.62	82
Female	%	18.29	19.38	18

SI 8

Respect Human Rights

Base Year:  
FY2020

0 Number of Incidents.

100% Compliance

100% Compliance

Target:  
FY2024

Achieve zero incidents of unfair harassment, bullying and/or unlawful discrimination practices including gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of worker, etc

Committed to enforced zero tolerance approach to any child labour and/or modern slavery and/or forced labour of any kind within Kelington Group's operations.

Committed compliance and meet and/or exceed the minimum wage / meet living wage in each country of operations.

Progress:  
FY2023

0 Number of Incidents.

100% Compliance

100% Compliance

97

SUSTAINABILITY STATEMENT

Human rights are the fundamental rights and freedoms of every individual. These basic rights are based on the principles of dignity, fairness, respect and equality. In recent years, human rights initiatives in the corporate sector have become increasingly important. We recognise the need for human rights initiatives not only within Kelington, but also across the entire supply chain.

In FY2021, we formulated a Human Rights Policy to clarify our approach to human rights matters as the basis for initiatives in this area. In accordance with our Human Rights Policy, Kelington will respect human rights in our activities as an organisation. We also aim to promote respect for the human rights of all stakeholders connected to our activities in collaboration with our business partners. As such, we are committed to treating people with dignity and respect in our workplace, to provide equal opportunity to all and have zero tolerance on child & forced labour.

Human Rights management

The Board of Kelington is responsible for overseeing the adherence to the Human Rights Policy, while the Executive Management Committee makes material decisions regarding the execution of the policy. The Group-wide Sustainability Working Group shall work together to address key challenges in the areas of discrimination, working hours, low wages and allowances, occupational health and safety risks, sexual harassment and maternal health, labour compliance by the Ministry of Labour and industrial zone authorities.

In our daily dealings, we are guided by the core principles as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The Group's Respect Human Rights Framework includes three focus areas to implement our strategy in protecting human rights.

Policies	Audits	Actions
Kelington emphasises respect for human rights in our Code of Ethics and Conduct. Our Human Rights Policy, Diversity, Equity and Inclusion Policy and Responsible Supply Chain Policy lay out clearly the approaches we adopt to respect and protect the human rights of our employees and stakeholders, covering areas from diversity and inclusion, child labour, forced labour, health, sexual harassment and community rights at the locations where we conduct our business activities. Our policies are reviewed regularly to ensure they remain effective at all times.	<p>Our Human Rights Working Committee conduct assessments and audits at our operating sites, as well as our business activities to identify important and salient human rights impacts.</p> <p>Our Sustainable Supply Chain Working Group engages with our suppliers and subcontractors to create awareness on Kelington's expectations. We evaluate and prioritise the findings from the audits, understand their challenges in complying to our guiding principles and form action plans to manage the compliance risk.</p>	<p>When human rights impacts are identified, Human Rights Working Committee would draft out the relevant action plan for Executive Management's approval. Resources would then be allocated for remedial actions. The execution of remedial action plan shall be carried out by respective Business Units. Kelington's Executive Directors report to the Board/Risk Management Committee on ESG risks management, at least once a year.</p>

Contact Points for the general public and other stakeholders

Grievance Procedures was established for employees and workers to raise their grievance in matters involving work relations and conditions directly via email / grievance procedure hotline / submission of letter to Kelington's Headquarter or the Group's subsidiaries. In addition, the Grievance Procedures can also be utilised as a mechanism for the member of the public to raise any concern or complaint in their dealing with or in relation to Kelington.

In FY2023, Kelington did not have any reported incident of human rights violation, with no fine pertaining to human rights violation from the local authorities of where we operate.

SUSTAINABILITY STATEMENT

Improve access to Education for Underprivileged



We Care for Society



As part of the Company's Corporate Commitment, Kelington supports local community growth and serve the needs of the community through various corporate social responsibility ("CSR") initiatives. We are committed to working with NGOs and the local communities in devising programmes that contribute both directly and indirectly to create a positive business environment whilst improving the quality of life among local communities.

On top of supporting local suppliers and hiring of local employees, Kelington also allocates corporate contributions for local communities, focusing on the underprivileged, education and environment. We continued to perform several core programmes involving education and providing financial assistance to underprivileged children.



SUSTAINABILITY STATEMENT

In FY2023, the total spending on community program and environmental conservation are recorded at RM125,135. After regular scanning on Kelington's operating environment, the Sustainability Working Group would identify the social and environmental challenges and arrange meaningful CSR program that aligns with our community investment policy and priorities, addressing pressing social or environmental issues and create positive impact on our stakeholders and the communities where we operate. The local community programs conducted in FY2023 are as follows:-

Restore our amazing rainforest

Through the "ROAR Initiative" program, coordinated by APE Malaysia (Animal Projects & Environmental Education Sdn Bhd), Kelington contributes to the restoration of vital forest corridors that have suffered degradation due to deforestation. In FY2023, our participation in the ROAR program led to the planting of 200 trees at Lower Kinabatangan Wildlife Sanctuary.



Promoting Recycling practices in our Workplace

At Kelington Group Berhad, we prioritise the promotion of sustainable behaviors among our staff to mitigate our environmental impact and contribute to a greener future. As part of our environmental stewardship commitment, we actively encourage office-wide recycling initiatives.

To foster recycling practices, we have implemented several initiatives:

- ✓ Installation of recycling bins strategically placed throughout our office premises for convenient segregation of recyclable materials like paper, plastic, glass, and metal.
- ✓ Provide E-waste Collection Box at Kelington HQ, aimed to educate and raise awareness among employees on the appropriate disposal process of e-waste. All the collected e-waste during this programme was sent to licensed and DOE-registered e-waste recyclers for proper discard.
- ✓ Collaborating with a reputable recycling company for responsible disposal and processing of collected recyclable materials, ensuring minimal waste and maximum resource efficiency.

Our dedication to promoting recycling practices among staff exemplifies Kelington Group Berhad's commitment to environmental sustainability and corporate social responsibility. Through these efforts, we aim to instill a culture of sustainability within our organisation and contribute positively to the environment.



SUSTAINABILITY STATEMENT

Project Sambung Sekolah

"Project Sambung Sekolah" is a collaborative endeavor spearheaded by the Haematology Department of Hospital Ampang, in conjunction with The Max Foundation and Max Family Society Malaysia. The initiative aims to alleviate the educational burdens of economically disadvantaged children affected by chronic illnesses by offering financial aid for their schooling expenses.

For the third consecutive year, Kelington Group Berhad has continued its steadfast support for "Project Sambung Sekolah" through our CSR endeavors. Our sustained financial backing has enabled five deserving children to pursue their education, thereby easing the financial strain on their families.

Our ongoing involvement with "Project Sambung Sekolah" has brought about tangible improvements in the lives of the children and their families, providing them with access to education, financial relief, and a sense of empowerment. By instilling hope and demonstrating that their aspirations are attainable despite adversity, we are making a meaningful impact on their lives.

Kelington Group Berhad's enduring support for "Project Sambung Sekolah" underscores our commitment to effecting positive change in the community. Through our continued partnership with this initiative, we aim to create avenues for underprivileged children to access education and unlock their full potential, aligning with our broader CSR objectives.



Donation to Lion Befrienders Service Association

Kelington's operation in Singapore reaffirms its commitment to corporate social responsibility (CSR) through a significant donation of SGD25,000 to Lions Befrienders Service Association. Lions Befrienders aims to provide friendship and care to over 11,000 seniors in need, striving to enhance their lives by offering companionship, support, and a sense of belonging.

This contribution underscores our commitment to making a positive impact on the lives of others, especially vulnerable seniors facing social isolation and other challenges. By partnering with Lions Befrienders, we endeavor to address these issues by connecting seniors with vital services, resources, and social networks, thereby fostering a greater sense of community and belonging. Kelington Singapore's support for Lions Befrienders exemplifies our ongoing dedication to initiatives that promote social inclusion and well-being among Singapore's elderly population.

Through our CSR efforts, we aim to create meaningful change in the lives of seniors and contribute to the cultivation of a more compassionate and caring society.





SUSTAINABILITY STATEMENT

Core Liver baby Program - Help poor children undergo liver transplant at Renji Hospital.

Kelington Shanghai remains steadfast in its commitment to corporate social responsibility by continuing its support for the “Core Liver Baby Program,” spearheaded by the China Soong Ching Ling Foundation.

This initiative aims to facilitate life-saving liver transplantation surgeries for children in need at Renji Hospital, offering them the chance for improved health and a brighter future.



Kelington Shanghai proudly donated RMB 50,000 to bolster the “Core Liver Baby Program,” reflecting our dedication to enhancing the well-being of underprivileged children and making a positive impact in the community.

Visiting Orphanage – Provide children with enough love and care

Orphanage homes serve as vital sanctuaries, offering essential care, shelter, and support to children facing adversity due to the loss of parental care or vulnerable circumstances. Recognising the pivotal role these institutions play, Kelington Group Berhad initiated a visit to Rumah Amal Kasih Bestari, a nurturing home situated in Kampung Melayu Subang, to engage with the children and contribute to their well-being.

During the visit, Kelington demonstrated its commitment to supporting the orphanage by generously donating gently used hydraulic chairs along with new bedsheets and blankets. This act of kindness directly impacted approximately 148 children aged 1 to 17 years old, providing them with the comfort and support they deserve.



SUSTAINABILITY STATEMENT

Internship Placement

Kelington Group Berhad is dedicated to providing young talent with valuable opportunities to gain practical experience and develop essential skills in their chosen fields.

Our internship program offers students the chance to acquire technical knowledge and hands-on experience within their desired industry. Under the guidance of professionals, interns apply classroom theory to real-world projects and challenges, enhancing their skill sets and industry understanding.

Kelington Group Berhad’s internship program has grown significantly, offering numerous students the chance to learn and grow within our organisation.

The program’s positive impact is evident in both interns and the organisation. It bridges the gap between academic learning and practical application, equipping interns for successful careers. Additionally, the program injects fresh perspectives, innovative ideas, and energy into our organisation, contributing to our overall success and growth.

Kelington Group Berhad’s internship program exemplifies our commitment to talent development, education support, and the cultivation of future professionals. Through hands-on experience, mentorship, and skill development, we empower interns to excel and make meaningful contributions to their chosen fields.

The internship placement in Kelington from year 2019 – 2023 is tabulated as below.

	Malaysia	Singapore	China	Taiwan	Total
2019	2	2	1	0	5
2020	2	0	3	0	5
2021	4	0	9	0	13
2022	10	6	6	0	22
2023	10	7	3	0	20
Total	28	15	22	0	65

PERFORMANCE DATA TABLE  
FROM ESG REPORTING PLATFORM

Indicator	Measurement Unit	2021	2022	2023
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	10,688.00	11,173.00	12,495.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	2,270.00	3,004.00	3,807.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	5,470.00	33,605.00	24,137.00
Disclosure of three years of Nitrous Oxides (NOx) emissions (tonnes)	Metric tonnes	0.00	0.00	0.00
Disclosure of three years of Sulphur Oxide (SOx) emissions (tonnes)	Metric tonnes	0.00	0.00	0.00
Disclosure of three years of Volatile Organic Compounds (VOCs) emissions (kilograms)	Kilograms	0.00	0.00	0.00
CO2 Equivalent Intensity Ratio	tCO2-e	1,252.00	763.00	492.00
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	200.00	717.00	422.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	39.00	61.00	47.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	161.00	656.00	375.00
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	27.00	38.00	33.00
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	161.00	656.00	375.00
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	39.00	61.00	47.00
Total costs of environmental fines and penalties during financial year	MYR	0.00	0.00	0.00
Percentage of sites covered by recognized environmental management systems such as ISO14001 or EMAS	Percentage	97.00	97.00	98.00
Waste Gas Reuse (Carbon Dioxide)	Metric tonnes	47,599.00	60,471.00	70,278.00
Non-Recycled Waste Intensity Ratio	Metric tonnes	4.60	10.50	3.40
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	9,735.00	12,887.00	16,329.00
Electricity Intensity Ratio	Megawatt	906.00	664.00	452.00
Solar Power Generated	Megawatt	18.56	11.24	13.91
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	25.730000	31.241000	76.813000
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Number	0	0	0
Three years of total water discharge data is disclosed by destination - Ocean	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Surface water	Cubic meters	25,730.00	31,241.00	76,813.00
Three years of total water discharge data is disclosed by destination - Subsurface / well	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Off-site water treatment	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Beneficial / other use	Cubic meters	0.00	0.00	0.00

Internal assuranceExternal assuranceNo assurance(\*)Restated

PERFORMANCE DATA TABLE  
FROM ESG REPORTING PLATFORM

Indicator	Measurement Unit	2021	2022	2023
Bursa (Water)				
Three years of total water discharge data is disclosed by destination - Total	Cubic meters	25,730.00	31,241.00	76,813.00
Three years of total water withdrawal data is disclosed by source - Surface water from rivers, lakes, natural ponds	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Groundwater from wells, boreholes	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Used quarry water collected in the quarry	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Municipal potable water	Cubic meters	25,730.00	31,241.00	76,813.00
Three years of total water withdrawal data is disclosed by source - External wastewater	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Harvested rainwater	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Sea water, water extracted from the sea or the ocean	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Total	Cubic meters	25,730.00	31,241.00	76,813.00
Water Intensity Ratio	Cubic meters	2,395.00	1,508.00	1,153.00
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	83.00	76.00	83.00
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100.00	100.00	100.00
Middle Management	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-executive/Technical Staff	Percentage	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Disclosure of total amount of political contributions made	MYR	0.00	0.00	0.00
Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/ policies	Number	0	0	0
Disclosure of cost of fines, penalties or settlements in relation to corruption	MYR	0.00	0.00	0.00

Internal assuranceExternal assuranceNo assurance(\*)Restated



ENSURING SUSTAINABLE VALUE CREATION

PERFORMANCE DATA TABLE  
FROM ESG REPORTING PLATFORM

Indicator	Measurement Unit	2021	2022	2023
Corporate Governance				
Number of Board Directors	Number	10	10	10
Number of independent Directors on the board	Number	5	5	5
Number of women on the board	Number	1	1	2
Annual General Meeting: Number of days between the date of notice and date of meeting	Number	32	54	52
Percentage of women on the Executive committee or equivalent.	Percentage	0.00	0.00	0.00
Number of fines/settlements over the previous 3 years where each is valued > US \$100 million	Number	0	0	0
Combined total value of fines/settlements over the previous 3 years where each is valued > US \$100 million	MYR	0.00	0.00	0.00
Customer Satisfaction Rate	Percentage	91.00	91.00	88.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00	0.09
Bursa C5(c) Number of employees trained on health and safety standards	Number	492	389	326
Percentage of sites with OHSAS 18001 certification	Percentage	91.00	91.00	92.00
Number of work-related employee fatalities, over last 3 years	Number	0	0	0
Number of work-related contractor fatalities, over last 3 years	Number	0	0	0
Total Recordable Injury Frequency Rate (TRIFR)	Rate	1.08	0.75	0.72
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	207	193	137
Middle Management	Hours	1,013	1,366	1,564
Executive	Hours	4,320	5,803	5,293
Non-executive/Technical Staff	Hours	1,470	2,888	4,692
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	15.24	16.59	16.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	1	0
Middle Management	Number	3	2	2
Executive	Number	17	43	52
Non-executive/Technical Staff	Number	36	64	61
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Average Training hours per employee	Hours	14	15	16
Total investment in training	MYR	161,000.00	426,000.00	450,000.00
Number of incident of unfair employment practices	Number	0	0	0
Employee Turnover Rate	Percentage	11.84	16.22	18.11

Internal assuranceExternal assuranceNo assurance(\*)Restated

PERFORMANCE DATA TABLE  
FROM ESG REPORTING PLATFORM

Indicator	Measurement Unit	2021	2022	2023
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-50	Percentage	55.60	52.40	52.60
Senior Management Above 50	Percentage	44.40	47.60	47.40
Middle Management Under 30	Percentage	6.50	5.70	8.30
Middle Management Between 30-50	Percentage	85.50	80.70	84.40
Middle Management Above 50	Percentage	8.00	13.60	7.30
Executive Under 30	Percentage	53.90	56.90	52.20
Executive Between 30-50	Percentage	43.10	40.60	45.00
Executive Above 50	Percentage	3.00	2.50	2.80
Non-executive/Technical Staff Under 30	Percentage	33.70	36.00	41.70
Non-executive/Technical Staff Between 30-50	Percentage	57.10	58.50	54.70
Non-executive/Technical Staff Above 50	Percentage	9.20	5.50	3.60
Gender Group by Employee Category				
Senior Management Male	Percentage	88.90	90.50	89.00
Senior Management Female	Percentage	11.10	9.50	11.00
Middle Management Male	Percentage	83.90	79.50	81.00
Middle Management Female	Percentage	16.10	20.50	19.00
Executive Male	Percentage	70.70	69.30	67.00
Executive Female	Percentage	29.30	30.70	33.00
Non-executive/Technical Staff Male	Percentage	81.70	80.60	82.00
Non-executive/Technical Staff Female	Percentage	18.30	19.40	18.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	90.00	90.00	80.00
Female	Percentage	10.00	10.00	20.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00
Percentage of global staff with a disability.	Percentage	0.00	0.00	0.00
Percentage of women in the global workforce.	Percentage	22.80	23.80	23.50
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	85,000.00	43,085.00	125,135.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5	5	5

Internal assuranceExternal assuranceNo assurance(\*) Restated